

NEWS RELEASE

27 January 2009

GRANTING OF PRODUCTION PERMIT GAZONOR, FRANCE

HIGHLIGHTS

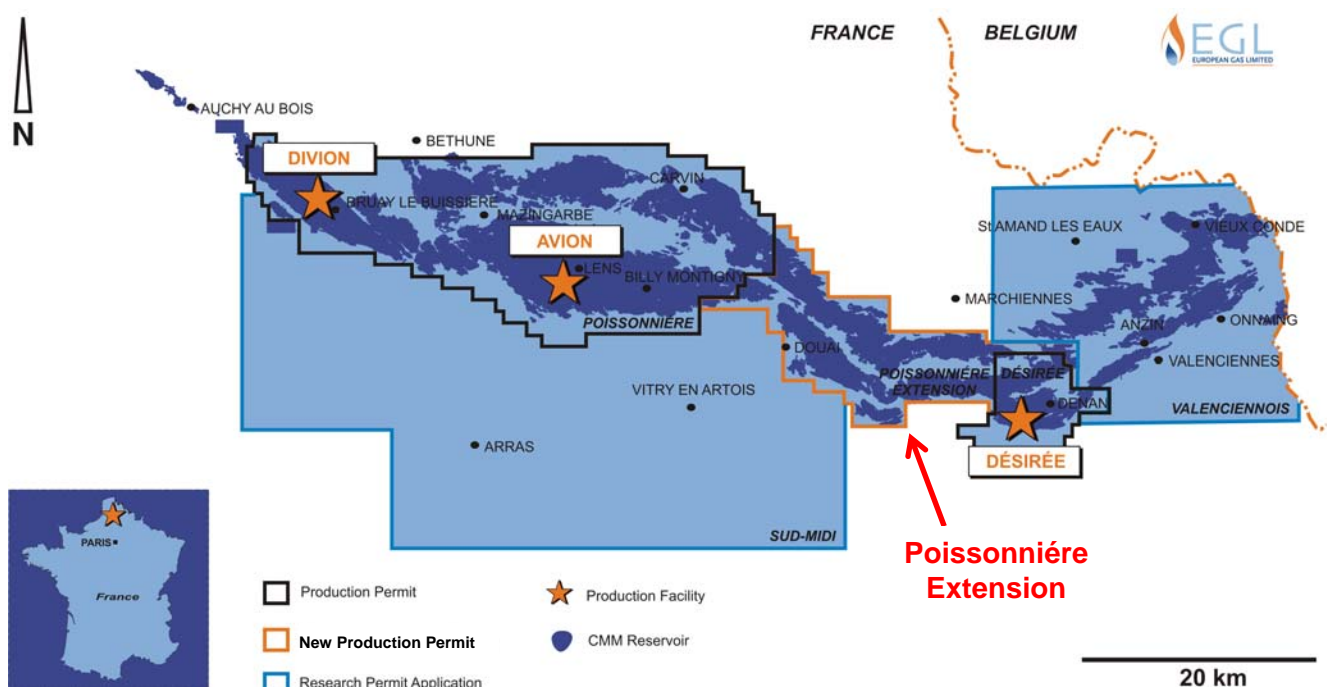
- Production permit “Poissonnière Extension” covering 188km² granted.
- Area is contiguous with the Company’s 100% owned Gazonor project.
- Production permit position at Gazonor now expanded by 33%.
- Resources calculations and program development in progress.

GRANTING OF PRODUCTION PERMIT

European Gas Limited (“European Gas” or “Company”) is pleased to announce that the French Government has formally granted the Poissonnière Extension production permit located in northern France.

The production permit area covers 188 square kilometres (km²) of the Nord Pas de Calais Basin and is contiguous with the Company’s 100% owned Gazonor Project. The production permit includes the exclusive rights to produce all hydrocarbons including coal bed methane (“CBM”) and coal mine methane (“CMM”). The granting forms an extension to the Company’s Poissonnière production permit and is valid until December 2017 and is renewable.

Further to the grant of the Poissonnière Extension, the Company is pleased to announce a review of the CBM Resources within the area of the extension. The aim is to provide an early optimisation of the resource potential of the total Nord Pas de Calais assets owned by the Company.



PROGRAM

The resource estimates for the Poissonnière Extension area are being conducted by the European Gas technical group under Society of Petroleum Engineers (“SPE”) and Petroleum Resource Management System (“PRMS”) guidelines.

Contingent Resources estimates for the Gazonor Project to date total 5090 Petajoules (PJ) (4800 Billion Cubic Feet (Bcf) or 136 Billion Cubic Metres (Bm³)). These resources are expected to increase with the Poissonnière Extension calculations in progress.

Details of the resource calculation program and ongoing work programs for Gazonor including the Poissonnière Extension area along with planning for development options will be advised shortly.

ABOUT EUROPEAN GAS LIMITED

European Gas Limited is a hydrocarbon producer/developer/explorer with projects in western Europe. The strategy of the Company is to develop Coal Bed Methane and Coal Mine Methane projects, in particular, in France where the Company, having major holdings under licence, holds a significant competitive advantage.

The western European natural gas market is substantial with advanced infrastructure, including extensive pipeline networks and a free and open high demand market.

The Company also holds hydrocarbon royalties in the Canning Basin of Western Australia.

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or refer to the European Gas Limited web-site: www.europeangas.fr

COMPLIANCE STATEMENT

The technical information quoted in this announcement has been compiled by Mr Alan Flavelle and Mr Rod Bresnehan and geoscientists under their supervision. Mr Flavelle is a Fellow of the Australasian Institute of Mining and Metallurgy and is a member of the Society of Petroleum Engineers. Mr Bresnehan is a member of the Society of Petroleum Engineers and is Chairman of the Society of Petroleum Engineers (Australia). Mr Flavelle and Mr Bresnehan have consented to the inclusion in this report of the matters based on the information in the form and context in which it appears.