

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EUROPEAN GAS LIMITED

ABN

75 075 760 655

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter 3 months €'000	Year to date 9 months €'000
1.1	Receipts from product sales and related debtors	1,821	3,966
1.2	Payments for		
	(a) exploration and evaluation	(170)	(719)
	(b) development	-	-
	(c) production	(1,252)	(3,907)
	(d) administration	(584)	(1,596)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	3
1.5	Interest and other costs of finance paid	(248)	(774)
1.6	Income taxes paid	-	53
1.7	Cashcalls – exploration & evaluation	-	-
	Net Operating Cash Flows	(432)	(2,974)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(5)	(80)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	22	22
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Cash assets acquired	-	-
1.12	Other	-	-
	Net investing cash flows	17	(58)
1.13	Total operating and investing cash flows (carried forward)	(415)	(3,032)

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1.13	Total operating and investing cash flows (brought forward)	(415)	(3,032)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,437
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	681	681
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Convertible notes (refer Note 6)	-	-
1.20	Other	-	-
	Net financing cash flows	681	2,118
	Net increase (decrease) in cash held	266	(914)
1.21	Cash at beginning of quarter/year to date	1,142	2,320
1.22	Exchange rate adjustments to item 1.21	2	4
1.23	Cash at end of quarter	1,410	1,410

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter €'000
1.24	Aggregate amount of payments to the parties included in item 1.2	148
1.25	Aggregate amount of loans to the parties included in item 1.10	

1.26	Explanation necessary for an understanding of the transactions
	Payment made to associate of former director

Non-cash financing and investing activities

2.1	
2.2	

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Financing facilities available

Add notes as necessary for an understanding of the position. ⁽¹⁾

		Amount available €'000	Amount used €'000
3.1	Loan facilities		
	Yorkville Advisors LLC – Equity Funding Facility (Limit of AUD\$10m undrawn at 31 March 2010)	6,827	-
	High Net Worth Private Investor - AUD\$2.5m	1,024	683
3.2	Credit standby arrangements	171	-

Estimated cash outflows for next quarter

		€'000
4.1	Exploration and evaluation	250
4.2	Development	-
	Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter €'000	Previous quarter €'000
5.1	Cash on hand and at bank	1,410	1,183
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22) <i>(see note 6)</i>		1,410	1,183

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Saint Etienne	Beneficial Holder	100%	0%
6.2	Interests in mining tenements acquired or increased	NIL			

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number on issue	Total Number quoted	Issue price per security (see note 3) (AU\$)	Amount paid up per security (see note 3) (AU\$)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	213,944,359	213,944,359		
7.4	Changes during quarter (a) Increases through issues Ordinary shares				
7.5	*Convertible debt securities Tranche A Tranche B (refer to note 6)	14,500 notes 9,750 notes			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Unquoted options Employee / Contractor options	<u>Number</u> 2,750,000 2,750,000	<u>Quoted</u> Nil Nil	<u>Exercise price</u> \$1.50 \$2.50	<u>Expiry date</u> 15/04/2010 15/04/2012
7.8	Issued during quarter	<u>Number</u>	<u>Quoted</u>	<u>Exercise price</u>	<u>Expiry date</u>
7.9	Exercised during quarter	<u>Number</u>	<u>Quoted</u>	<u>Exercise price</u>	<u>Expiry date</u>
7.10	Lapsed during quarter	<u>Number</u>	<u>Quoted</u>	<u>Exercise price</u>	<u>Expiry date</u>
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



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Mark Pitts
Company Secretary

Date 30 April 2010

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB6 Exploration for and Evaluation of Mineral Resources* and *AASB107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 **Convertible Notes** – The Convertible Notes are secured and have a face value of €1,500, carry a coupon rate of 5% and mature on 31 December 2010 (if not converted beforehand). Upon conversion, Tranche A and Tranche B would convert to 54,545,454 fully paid ordinary shares in the Company subject to customary adjustment provisions.

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