

On the Road to Success

EuroGas is a publicly traded US company with oil and gas assets in the Ukraine and in Poland, as well as talc mining interests in the Slovak Republic. After a difficult time during which the company was placed into involuntary bankruptcy (Chapter 7), everything is going in the right direction again, says Mr. Wolfgang Rauball, EuroGas CEO. "We feel very comfortable in the position we're in now."

Mr. Rauball is a geologist and has long experience in the Canadian mining industry. "EuroGas was established 1994 through the acquisition of large Polish assets which it acquired from a substantial American coal bed methane (CBM) producer. I was working as a geological consultant for EuroGas at that time and became later on Chairman and CEO of EuroGas," explains Mr. Rauball. In 1997, EuroGas signed a joint venture agreement with Texaco UK, which caused its stock to become prominent in Europe as well as in the United States. "On the Germany Stock Exchanges we were at that time the third largest volume trader of American companies, just behind IBM and Coca Cola," says Mr. Rauball. Regrettably a difficult time for the company followed. EuroGas spent tens of millions of dollars in court because of litigation, finally ran out of money in 2000 and was put into receivership.

"Unfortunately, in 2003 and 2004 all our assets, which were very valuable, were sold in auction by the receiver," says Mr. Rauball. EuroGas was placed into involuntary bankruptcy under Chapter 7. "This usually means the

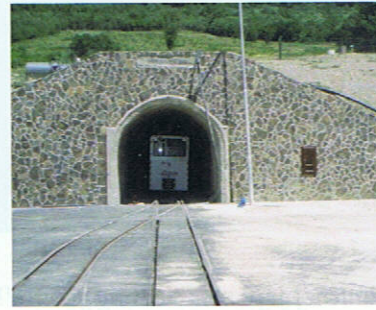


graveyard," explains Mr. Rauball. However, last year Mr. Rauball managed to get the company out of Chapter 7 and receivership and to rescue and revive the company. Parallel to that the stock started to show again some life, especially in Germany. EuroGas now has over 35,000 shareholders in Europe alone. "People realised that if EuroGas was able to get away from this severe Chapter 7 bankruptcy threat and could settle things with the receiver in the United States, there is life in the company after all." In addition, the company was able to buy some of its old valuable assets back.

One of these assets is a large block of oil & gas concessions in south eastern Poland, comprising appr. 3,600 square kilometres, the largest concession block held by a foreign company in Poland. "We had purchased this concession block originally from Amoco in 1998 when they quit the oil and gas business in Europe and merged with British Petroleum. During that time no one wanted to get involved with any oil and gas exploration in Europe as crude oil was traded for around 8 to 10 dollars per barrel. In 2007/2008 we were lucky to buy back our previous Polish oil & gas assets through a series of transactions and managed to get involved in a large joint venture in Poland," says Mr. Rauball. EuroGas now owns a 24% interest in this large Joint Operating Agreement (JOA) operated by Poland's national oil & gas concern Polish Oil & Gas (PGNiG), which itself

owns 51% in the JOA. The balance of 25% is held by Aurelian Oil & Gas Plc, a U.K. public company listed on the London Stock Exchange. The JOA comprises now appr. 3,600 square kilometres with 10 oil and gas concessions in the Polish Carpathian Mountains. The PGNiG and the Polish Ministry of Environment and Natural Resources have publicly stated in the Annual Reports on Poland's hydrocarbon reserves the existence of a potential reserve of 300.000.000 BOE (Barrels of Oil Equivalent) only in the southern portion of the huge concession area. Recently PGNiG announced to the JOA interest holders its intention to start the seismic program in the southern portion of the JOA's approximately 3,600 square kilometres concession blocks near the City of Sanok in South-East Poland. "PGNiG will conduct a 280 km 2D seismic program in the southern portion of the JOA's concession blocks starting in early August 2008," explains Mr. Rauball. Because they have made a huge natural gas discovery on the North-Eastern flank of the concession





blocks a couple of years ago with 2.5 TCF (trillion cubic feet) of gas at substantial depth between 3500-4000 meters, PGNiG believes that similar structures may be oil & gas bearing also on the JOA's concession blocks. In addition to this, RWE-DEA, a wholly owned subsidiary of Germany's giant utility concern RWE, recently announced an oil discovery situated approximately 40-50 km to the west of PGNiG's seismic site on RWE-DEA's neighbouring two Medusa concession blocks. "We feel that we are sitting in a very attractive oil & gas region. The huge increase in the price of oil and the advantage being involved in areas that are easily accessible within the European Union makes us feel very comfortable. Things are looking equally good for our talc mineral assets in the Slovak Republic, another Member Country of the European Union." Rozmin s.r.o. is a Slovak mining company in which EuroGas owns a combined 90 % interest. The Germerska Poloma Talc Deposit is the largest and purest talc deposit in the world. "What's great about it is that it's only a short drive away from Vienna, where EuroGas is headquartered," says Mr. Rauball. "Unfortunately due to our very weak financial position during the bankruptcy proceedings, this concession was taken away from us. But we went to court and the Supreme Court of Slovakia determined that the withdrawal of our concession was illegal for various reasons and ruled that it had to be given back to Rozmin. We are very hopeful and confident that we will win back the concession and that we'll subsequently be able to place this valuable deposit into production."

EuroGas recently acquired a 60% working interest in a large gold-silver-copper mining property near Tombstone in Arizona, which consists of 56 mining claims. "We like to have our foot in the door in case our partners come up with good drill results from the current drill program," comments Mr. Rauball. "If they do, we'll be ready to join the party." EuroGas also owns several Ukrainian joint ventures as well. Some of these go back for more than ten years when EuroGas was the first foreign company to drill for CBM in Ukraine in a partnership with the Ukrainian Government. "Last year we went back, because I personally believe that the Ukraine provides a lot of potential, despite the still unsolved legal problems. But I am confident that these problems will be solved," states Mr. Rauball.

The company's common stock trades in Germany on the Frankfurt-, Hamburg- and Stuttgart Stock Exchanges as well as on Xetra, the Frankfurt Computer Exchange, under the symbol EUG, and on the Other OTC (Pink Sheets) in the United States under the symbol EUGS. Mr. Rauball who had to personally finance the company through all the years when it was in bankruptcy, states: "Today we have substantial working capital funds on hand which enables us to carry on with our ambitious programs." ■

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