EUROGAS INTERNATIONAL INC.

NEWS RELEASE

EUROGAS INTERNATIONAL ANNOUNCES SECOND QUARTER 2011 FINANCIAL RESULTS

TORONTO, ONTARIO – (July 21, 2011) – Eurogas International Inc. (“Eurogas International” or the “Corporation”) today announced its financial results for the three and six months ended June 30, 2011. The Corporation’s unaudited interim financial statements, along with management’s discussion and analysis have been filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) and may be viewed under the Company’s profile at www.sedar.com or the Corporation’s website at www.eurogasinternational.com.

Eurogas International is conducting exploration and evaluation programs for oil and natural gas in the shallow Mediterranean waters offshore Tunisia, where it holds a 45% working interest in the Sfax Permit. The Corporation has entered into a joint operating agreement with Atlas Petroleum Exploration Worldwide Ltd. (“APEX”), a production sharing agreement with the Tunisian state oil company, and an exploration permit with the Tunisian government. Pursuant to these arrangements, the Corporation and APEX agreed to undertake exploration, evaluation and production operations on the Sfax Permit. APEX is the operating partner in the joint venture arrangement.

DECLARATION OF FORCE MAJEURE

On January 18, 2011, the Corporation announced that, together with APEX, it has declared a condition of Force Majeure with respect to the Sfax Permit and the related Ras-El-Besh concession. The joint venture partners believe that the political uncertainty and civil unrest in Tunisia adversely affects their ability to continue their exploration and evaluation activities in that region. Eurogas International believes that the declaration of Force Majeure will allow the joint venture partners to temporarily suspend activities while the conditions resulting in the Force Majeure continue. Once the situation is resolved, the joint venture partners will resume their exploration and evaluation activities in Tunisia.

BUSINESS DEVELOPMENTS

The Offshore Sfax Exploration Permit

On July 7, 2011, the Corporation announced that the Tunisian government approved an extension of the term of the Sfax Permit to December 8, 2012, with no additional obligations imposed on the Corporation.

On behalf of the joint venture, the Corporation has directed the reprocessing of four 3-dimensional seismic surveys on the Sfax Permit. The reprocessed data has resulted in the remapping of the main prospects and leads, which will be utilized to determine a future course of action with respect to the drilling of an exploration well required to satisfy the outstanding drilling obligation pursuant to the terms of the Sfax Permit.

Ras-El-Besh Concession

During the fourth quarter of 2010, the joint venture concluded that it was appropriate to abandon the REB-3 well and pursue other opportunities on the Sfax Permit. The Corporation is currently evaluating the cost and methodology for the abandonment, the timing of which will be determined by prevailing industry and political conditions.

Pursuant to a settlement agreement between the joint venture partners and Delta Hydrocarbons B.V. ("Delta"), a previous farmout partner in the Sfax Permit, Delta is committed to fund 50% of any costs associated with abandonment of the REB-3 well until December 8, 2011.

The Seawolf Litigation

During the first half of 2011, the Corporation received US$900,000 as its share of proceeds related to the settlement of the litigation against Seawolf Oilfield (Cyprus) Limited and Seawolf Oilfield Services Limited (collectively, "Seawolf") pursuant to which, in 2009, the Corporation sought damages for misrepresentations and breach of contract in respect of the drilling of the REB-3 well. At June 30, 2011, the Corporation's share of additional amounts receivable pursuant to the settlement was US$600,000.

2011 EXPENDITURES

During the first half of 2011, the Corporation capitalized $0.7 million to its exploration and evaluation properties.

	Sfax Exploration Permit	Ras-El-Besh Concession	Exploration and Evaluation Properties
Carrying value, January 1, 2010	$ 2,638,922	$ -	$ 2,638,922
Transactions during the six months ended June 30, 2010			
Investments	899,262	370,509	1,269,771
Changes related to decommissioning liability	-	18,387	18,387
Impairment	-	(388,896)	(388,896)
Carrying value, June 30, 2010	3,538,184	-	3,538,184
Transactions from July 1, 2010 to December 31, 2010			
Investments	1,126,817	124,484	1,251,301
Changes related to decommissioning liability	-	(98,088)	(98,088)
Impairment	-	(26,396)	(26,396)
Carrying value, December 31, 2010	4,665,001	-	4,665,001
Transactions during the six months ended June 30, 2011			
Investments	692,989	150,922	843,911
Changes related to decommissioning liability	-	(43,833)	(43,833)
Impairment	-	(107,089)	(107,089)
Carrying value, June 30, 2011	$ 5,357,990	$ -	$ 5,357,990

WORK PROGRAM FOR THE REMAINDER OF 2011

The Corporation has temporarily suspended its 2011 work program pending settlement of the events that resulted in the declaration of Force Majeure. Once activities resume, the Corporation's ability to undertake its future work programs is dependent on it securing the necessary financial arrangements.

COMMITMENTS

As part of the Tunisian government's approval of the extension on the Sfax Permit, the Corporation is committed to its pro rata share of drilling one new exploration well to a specified geological zone during the extension period. The actual cost for the exploration well will depend on the selection of the prospect and location within the Sfax Permit. In the event that work commitments as outlined in the terms of the extension are not completed, a compensatory payment of up to US$12 million will be payable by the joint venture partners to the Tunisian government, less any amounts incurred in respect of the completion of these obligations. The Corporation is also required to complete its pro rata share of the abandonment of the REB-3 well. The cost of abandoning the REB-3 well is dependent on the type of rig that will be used and on the costs of mobilizing and demobilizing the rig. The Corporation estimates that its pro rata share of the cost to meet these two commitments is US$7.6 million.

At June 30, 2011, the Corporation had cash and cash equivalents of $0.7 million. The Corporation's current cash resources are insufficient to meet its forecasted work programs and commitments. The Corporation is actively pursuing alternative financing options including farmout arrangements, potential debt or equity issuances and monetization of certain assets. There can be no assurance that the Corporation will be successful in these initiatives.

FINANCIAL RESULTS

During the three and six months ended June 30, 2011, the Corporation incurred a net loss of $0.5 million and $1.2 million, respectively, representing a loss of approximately $0.02 per share and $0.04 per share, respectively. This compares with a net loss of $0.9 million and $2.0 million for the three and six months ended June 30, 2010, respectively, representing a loss of $0.03 per share and $0.06 per share, respectively. The decrease in the net loss results primarily from a decline in legal costs associated with the settlement of the litigation with Seawolf.

ABOUT THE CORPORATION

Eurogas International Inc. is an independent oil and gas exploration company listed on the Canadian National Stock Exchange under the symbol EI. Eurogas International has filed its unaudited interim financial statements and related management's discussion and analysis for the three and six month periods ended June 30, 2011 with the Canadian securities regulatory authorities on SEDAR. All documentation may be viewed under the Company's profile on SEDAR (www.sedar.com) under the Corporation's website at www.eurogasinternational.com, or by contacting the Corporate Secretary of Eurogas International. For more information about Eurogas International, please visit the Listings Disclosure Hall at www.cnsx.ca.

FORWARD LOOKING STATEMENTS

Certain information set forth in these documents, including management's assessment of each of the Corporation's future plans and operations, contains forward-looking statements. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive from them. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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