



**Eurogas International Inc.
Annual General Meeting
June 24, 2014**

Farm-Out of 87.5% Participating Interest to DNO International

Terms

- DNO to fulfil the two-well drilling commitment;
- DNO to carry all future costs;
- DNO paid US\$6 million on completion of transaction; Eurogas' received US\$2.7 million;
- Eurogas has agreed to deferral of 50% of their entitlement to share in profit oil and gas until such time as DNO recovers \$150 million of total incurred costs paid US\$6 million on completion of transaction;
- Profit oil sharing:
 - i) Eurogas retains 5.6%, until Eurogas' share of gross revenues reaches \$56.2 million;
 - ii) Thereafter: 2.8% until gross revenues reach \$90 million;
- Cost oil sharing:
 - i) Eurogas to receive up to \$9 million from future production.