

**EUROGAS INTERNATIONAL INC.**

## **NEWS RELEASE**

### **EUROGAS INTERNATIONAL ANNOUNCES THIRD QUARTER 2012 FINANCIAL RESULTS**

TORONTO, ONTARIO – (October 15, 2012) – Eurogas International Inc. (“Eurogas International” or the “Corporation”) today announced its financial results for the three and nine months ended September 30, 2012. The Corporation’s unaudited condensed interim financial statements, along with the accompanying management’s discussion and analysis have been filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) and may be viewed by interested parties under the Corporation’s profile at [www.sedar.com](http://www.sedar.com) or the Corporation’s website at [www.eurogasinternational.com](http://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**

As a result of political uncertainty and civil unrest in Tunisia, in January 2011, the Corporation announced that, together with APEX, it had declared a condition of Force Majeure with respect to the Sfax Permit and Ras El Besh development concession. The Corporation believes that the declaration of Force Majeure allowed the Corporation and APEX to suspend their activities, while the conditions resulting in the Force Majeure continued.

#### **FINANCIAL RESULTS**

During the three and nine months ended September 30, 2012, the Corporation incurred a net loss of \$0.5 million and \$1.6 million respectively, representing a loss of approximately \$0.02 per share and \$0.05 per share, respectively. This compares with a net loss of \$0.5 million and \$1.7 million for the three and nine months ended September 30, 2011, respectively, representing a loss of \$0.02 per share and \$0.05 per share, respectively. The decrease in the net loss reflects a decrease in corporate activities as a result of the Force Majeure.

#### **COMMITMENTS**

On July 7, 2011, the Corporation received approval from the Tunisian government to extend the term of the Sfax Permit to December 8, 2012. The joint venture partners are committed to drilling an exploration well, with depth to a specified geological zone, during the extension period. The actual cost for an exploration well will depend on the selection of the prospect and the location within the Sfax Permit. Based on current information, the Corporation estimates that its share of the cost to meet this commitment ranges between US\$6 million and US\$9 million.

The Corporation, on behalf of the joint venture partners, has completed the reprocessing of approximately 1,280 km<sup>2</sup> of 3-D seismic surveys and select 2-D seismic lines over the Sfax Permit. The reprocessed seismic data was subsequently combined in order to allow a balanced interpretation over the entire Sfax Permit. The joint venture partners have identified three separate potential drilling locations which they consider prospective for containing oil reserves, each of which would, if drilled, meet the joint venture's current drilling commitment pursuant to the Sfax Permit.

In anticipation of commencing its drilling program, during the third quarter of 2012, APEX began a procurement process to identify a suitable offshore drilling rig. In September 2012, APEX determined that it would not be able to secure the appropriate drilling rig in sufficient time to meet the joint venture's current drilling commitment and, as a result, the joint venture partners filed an application with the Tunisian Director General of Energy for a renewal of the Sfax Permit for an additional three-year period. In addition, the joint venture partners requested an extension of the drilling commitment period to coincide with the renewal period. As of the date hereof, there can be no certainty that the Tunisian authorities will grant the three-year renewal to the Sfax Permit, or concede on the deferral of the drilling commitment. In any event, the drilling of an exploration well will only be undertaken if the conditions which resulted in the declaration of Force Majeure in January 2011, are alleviated.

During the third quarter of 2012, the Corporation received a commitment from its parent, Dundee Corporation, to provide the necessary financial resources to the Corporation to enable it to complete its drilling obligation pursuant to the terms of the Sfax Permit, subject to certain conditions, including obtaining the consent of the Tunisian authorities to an extension of the term of the Sfax Permit.

In the event that its drilling commitment is not completed, a compensatory payment of up to US\$12 million will be payable to the Tunisian government by the joint venture partners, less any amounts previously incurred by the joint venture partners in respect of the completion of the Corporation's obligations pursuant to the Sfax Permit. The Corporation continues to consider alternative financing options including farmout arrangements, possible debt or equity issuance, or the monetization of certain assets. There can be no assurance that the Corporation will be successful in any of these initiatives.

## **FORWARD LOOKING STATEMENTS**

Certain information set forth in this document, including management's assessment 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 risks of not being able to obtain or renew permits and licenses, the inability to access sufficient capital from internal and external sources, risks associated with foreign operations, the impact of general economic conditions, currency fluctuations, exploration and development risks, reliance on key personnel and management, risks relating to the abandonment of operations, environmental risks, and competition from other industry participants. 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.

## **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.

All documentation in respect of the Corporation may be viewed under the Corporation's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) or under the Corporation's website at [www.eurogasinternational.com](http://www.eurogasinternational.com). For more information about Eurogas International, please visit the Listings Disclosure Hall at [www.cnsx.ca](http://www.cnsx.ca).

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