

**FORM 51-101F1  
EUROGAS CORPORATION**

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking statements. These statements relate to future events or Eurogas' future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Eurogas believes that the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this document should not be unduly relied upon. These statements speak only as of the date of this document.

## CONVENTIONS

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars. The abbreviation "MM" stands for million.

## CONVERSION

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

# FORM 51-101F1

## STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

### PART 1 - DATE OF STATEMENT

Effective Date: December 31, 2009

Preparation Date: March 17, 2010

### PART 2 - DISCLOSURE OF RESERVES DATA

National Instrument 51-101- *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") requires that reporting issuers engaged in "oil and gas activities" as defined in NI 51-101 file annually a "Statement of Reserves Data and Other Information" in Form 51-101F1, a "Report of Independent Reserves Evaluator or Auditor" in Form 51-101F2 and a "Report of Management and Directors" in Form 51-101F3.

As at December 31, 2009, Eurogas Corporation (the "Corporation") did not hold an interest in any producing properties.

The current project of the Corporation is in the developmental stages. In late 2005 the Corporation engaged DeGolyer and MacNaughton Canada Ltd., an independent petroleum engineering firm, to incorporate the results of the Castor 1 well and the 2005 3D seismic into a new study of the Amposta reservoir in Spain. No further drilling has been undertaken since Castor 1. The reporting of "reserves" by a Canadian public company must be compliant with NI 51-101 which requires all regulatory approvals to be in place before "reserves" can be assigned. Thus, from a regulatory standpoint, the Corporation has no "reserves" nor any associated future net revenues to report.

The REPORT on RESERVES DATA dated March 17, 2010 by DeGolyer and MacNaughton Canada Limited and the REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION are attached as Appendix "A" and Appendix "B" hereto, respectively.

### PARTS 3, 4 and 5

Not applicable

### PART 6 - OTHER OIL AND GAS INFORMATION

#### 6.1 Oil and Gas Properties and Wells

##### *Spain*

The Corporation's Castor Underground Natural Gas Storage ("UGS") Project entails the conversion of the abandoned Amposta oil field, located 21 kilometers off the eastern Mediterranean coast of Spain, to natural gas storage operations. Capital investment on the project totaled \$1.2 million during the year (2007 – \$17.8 million).

On December 20, 2007, the Corporation entered into agreements with two large Spanish partners, ACS Group ("ACS") and Enagas, S.A. ("Enagas"), whereby ACS increased its ownership in Escal from 5% to 66.67%. As a result, CLP, of which the Corporation is a 73.7% owner, now owns 33.33% of Escal, and Eurogas holds a 24.6% interest in the Castor Project. Key features of the agreement were that ACS would provide funding for the project until start-up and the Corporation will have the right to 24.6% of project cash flows upon completion.

Eurogas held a 24.6% working interest in the Castor gas storage project at December 31, 2009 via its participating interest in Escal UGS SL.

### Interest in Wells

The following table summarizes Eurogas' interest as at December 31, 2009 in producing and non-producing wells:

	Gross (1)			Net (2)
	Oil	Gas	Suspended (3)	Suspended (3)
Castor Project	-	-	1	0.246
TOTAL	-	-	1	0.246

#### Notes

- (1) "Gross" refers to all wells in which Eurogas has an interest
- (2) "Net" wells refers to the total number of wells in which Eurogas has an interest multiplied by its percentage working interest therein
- (3) "Suspended" well is defined as one which has encountered crude oil or natural gas and the wellbore is mechanically plugged, the drilling is released and the wellhead is sealed off in such a way that the well can be re-entered at a later date.

### 6.2 Properties with No Attributed Reserves

	Gross area in which interest held	Net area in which interest held
Castor Project	16,108 acres	3,963 acres
TOTAL	16,108 acres	3,963 acres

#### Notes

- (1) The Castor Exploration Permit was granted for a period of eight years on September 6, 1996 and subsequently extended for a period of three years. The permit is now held permanently by virtue of the approval by the Spanish authorities of the Exploitation Application.

### 6.3 Forward Contract

Not applicable

### 6.4 Additional Information concerning Abandonment and Reclamation Costs

Not applicable

### 6.5 Tax Horizon

The Corporation's international projects are in the pre-production stage of development and capitalized costs will be available once commercial operations continues.

### 6.6 Costs Incurred

The following table summarizes capital expenditures net of certain proceeds and including capitalized general and administrative expenses related to Eurogas' activities for the year ended December 31, 2009.

Tunisia costs	\$MM
Property acquisition	
Proved properties	-
Undeveloped properties	-
Property disposition	-
Exploration costs	-
Development costs	-
Other	0.0
TOTAL	0.0

## **6.7 Exploration and Development Activities**

### *Drilling Activity*

During the twelve month period ending December 31, 2009, Eurogas drilled zero (0) gross (zero net) wells.

### *Exploration and Development*

In 2004, Escal drilled the appraisal well, Castor 1 to confirm the suitability of the reservoir for underground gas storage reservoir. Drilling encountered the top of the targeted formation as expected. The well flow tested 2,804 bopd with no pressure drawdown at the reservoir face, which confirmed expectations of high reservoir characteristics. Castor 1 was suspended for future re-entry.

No drilling has occurred since 2004.

In October 2007 work was completed on the Front End Engineering and Design Study (the "FEED Study"). The FEED Study produced detailed design specifications for the facility and was used to estimate the cost of the project of approximately \$2 billion, and will be used as the basis for fixed price, date certain EPC contracts. In May, 2007, the Corporation contracted ACS for additional services, including detailed engineering work related to the wellhead platform, information related to long lead-time equipment and project management services.

The FEED Study design includes two offshore platforms which will be located in waters with a depth of 60 metres, an onshore terminal and a subsea pipeline connecting the offshore platform to the onshore terminal. A pipeline will then connect the onshore terminal to the Spanish national gas distribution network.

The project requires successful completion of a complex permitting process, including the grant of the Development Concession which was received on May 16, 2008 from the Spanish Ministry of Industry and became official when published in the official gazette on June 6, 2008.

Activities in 2009 focused on obtaining permits from various levels of government, the ordering of long delivery materials, the tendering of major equipment and service contracts and the commencement of the construction phase beginning with the offshore wellhead platform.

In 2009, Eurogas didn't capitalize any costs as project costs are funded by ACS.