

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Eurogas International Inc. (the "Issuer").

Trading Symbol: EI

Number of Outstanding Listed Securities: 31,143,635 Common Shares

Date: June 4, 2009

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

See schedule "A" below and the consolidated financial statements and management's discussion and analysis as at and for the year ended December 31, 2008 which can be found on SEDAR at www.sedar.com.

2. Provide a general overview and discussion of the activities of management.

See schedule "A" below and the consolidated financial statements and management's discussion and analysis as at and for the year ended December 31, 2008 which can be found on SEDAR at www.sedar.com.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

None

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

See Schedule A "Farmout to Delta Hydrocarbons"

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None

8. Describe the acquisition of new customers or loss of customers.

None

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None

11. Report on any labour disputes and resolutions of those disputes if applicable.

None

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Case Number 2009-04336; Atlas Petroleum Exploration Worldwide, Ltd. v. Seawolf Oil Field Services and Oluremilek Olutoyin Amao Okunlola, 127th District Court of Harris County Texas.

This matter is an action brought by the above named plaintiff on behalf of the joint venture partners (including the Issuer) against the above named defendants in the courts of the State of Texas. Unliquidated damages are sought under the torts of Interference with Contract (with Malice), Fraudulent Misrepresentation (with Malice), Negligent Misrepresentation, Negligence and Gross Negligence. Defendants were personally served with process in Houston, Texas in this matter and are therefore subject to the jurisdiction of the Texas Courts.

The suit was filed January 23, 2009. The defendants failed to answer the suit in a timely fashion and a motion for default judgment was filed on April 3, 2009. At a hearing on May 22, 2009 the court awarded damages against Seawolf and Mr. Okunlola, subject to further proceedings.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None

14. Provide details of any securities issued and options or warrants granted.

None

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

None

16. Provide details of any changes in directors, officers or committee members.

None

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

None

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated June 4, 2009.

M. Jaffar Khan
Name of Director or Senior
Officer

(signed) M. Jaffar Khan
Signature
President and C.E.O.
Official Capacity

Issuer Details		For Month	Date of Report
Name of Issuer		End	YY/MM/D
Eurogas International Inc.		May, 2009	2009/06/04
Issuer Address			
Suites 205-207 Dowell House, Cr. Roebuck & Palmetto Streets			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Bridgetown, Barbados		(246)228-5756	(246)436-7967
Contact Name		Contact Position	Contact Telephone No.
Andrew Thornhill		Corporate Secretary	(246)436-7967
Contact Email Address		Web Site Address	
avt@gwpc.com.bb			

Schedule "A"

Eurogas International Inc. (the "Corporation")

On August 5, 2008, Eurogas International Inc. (EI) was launched as an independent company through the distribution of all of its common stock to the shareholders of Eurogas Corporation. Eurogas International conducts oil and natural gas exploration activities in the Gulf of Gabes offshore Tunisia within the Sfax Exploration Permit and has a 45% interest in a company that owns oil production equipment, Innovative Production Services, Ltd. (IPS). Each shareholder of Eurogas Corp received one newly issued common share of EI for every five shares of the Eurogas Corp. held. EI was funded with \$10 million in treasury. On March 31, 2009, EI began trading on the Canadian National Stock Exchange (CNSX) under the symbol "EI".

Farmout to Delta Hydrocarbons B.V.

On April 8, 2008, EI and its partner, APEX, entered into a series of agreements with Amsterdam based Delta Hydrocarbons B.V. whereby Delta acquired a 50 percent interest in the Sfax joint venture and a 50 percent interest in IPS, a corporate vehicle for the purchase and management of oil and gas equipment, in exchange for the expenditure by Delta of an aggregate of US\$125 million, including a cash payment of US\$24.5 million (US\$11.2 net to EI). The commitment by Delta included carrying EI and APEX for their respective share of expenditures. EI's interest in the Sfax joint venture and IPS was reduced from 45 percent to 22.5 percent. If Delta does not fulfill its spending commitment, its 50 percent participating interest is subject to reversal and EI's interests would revert to 45 percent.

On January 27, 2009, following its expenditure of US\$110 million under the farmout agreement, which included drilling of the REB3 well and the REB3H-ST1 sidetrack hole, Delta notified EI and APEX of its desire to market its 50 percent participating interest under the Delta farmout agreements. Pursuant to a right of first offer, EI and APEX responded with a settlement offer, and negotiations are ongoing. On April 20, 2009 APEX, as operator of the joint venture, served notice to Delta for failure to perform its obligations under the Delta Agreements. Should Delta not remedy the failure on a timely basis, EI and APEX have the option of requiring Delta to reassign its participating interest back to EI and APEX.

On May 22 2009, Eurogas International Inc. announced the following update with respect to the joint venture relating to its Tunisian assets ("Joint Venture"). Eurogas International Inc. announced that, together with its Joint Venture partner, Atlas Petroleum Exploration Worldwide Ltd., it has reached an agreement with Delta Hydrocarbons B.V. with respect to Delta's previously expressed desire to exit from the Joint Venture and the related agreements pertaining to the farmout of the Sfax Exploration Permit and the Ras El Besh Concession in Tunisia. Prior to exiting the Joint Venture, Delta had expended approximately US \$110 million on the project.

Under the Agreement, Delta will reassign its 50% participating interest in the Sfax Exploration Permit and the Ras El Besh Concession and transfer its shares in Innovative Productions Services Limited (“IPS”) to the remaining Joint Venture partners, including EI. In exchange, Delta will be entitled to a portion of certain payments, when received by the Joint Venture, including a share of the proceeds from the Cost Oil portion of any future production revenues and a share of the proceeds from any sale or lease of assets, to a maximum of US \$20 million. Delta remains committed to fund 50% of any costs associated with the abandonment of the REB-3 well until December 9, 2011.

The reassignment of Delta’s participating interest is subject to the approval of the Tunisian regulatory authorities. On completion of such reassignment, EI’s participating interest in the Sfax Exploration Permit, Ras El Besh Concession and IPS will be 45% and APEX’s participating interest will be 55%.

Sfax Offshore Exploration Permit

The 1.0-million-acre Sfax Offshore Exploration Permit is located within a hydrocarbon fairway that trends from offshore Libya, through the Gulf of Gabes, to onshore Tunisia and includes several major oil and gas fields. The Sfax permit is bordered by producing oil and natural gas fields to the west, north and east, including the 330-million-barrel Ashtart oil field adjacent to the southeast boundary. Over the past 40 years, previous operators drilled and flow-tested oil from three separate structures on the Sfax permit at daily equivalent rates of 600, 1,200 and 1,800 barrels of oil per day. At that time, the operators considered these structures sub-economic and the wells were abandoned.

In July 2003 the Tunisian government awarded the Sfax Offshore Prospecting Licence to EI and APEX. The licence was converted to an Exploration Permit in June 2005 with a commitment to undertake seismic work and to drill one exploration well prior to December 9, 2009. The REB3 well drilled in 2008 satisfied the drilling commitment for the permit. Subsequently, partners requested and were granted a two-year extension to the permit’s primary term to December 8, 2011. Formal gazetting of the extension is expected mid-2009. The extension requires that one new exploration well be drilled prior to the permit’s expiry.

Ras El Besh Prospect

The Ras El Besh prospect is a 16,802-acre area carved out of the Sfax Permit. The partners applied for and were granted a 30-year Development Concession over the prospect in July 2008, with a condition that development begin within two years. The REB3 well signified commencement of development.

Drilling of REB3 began on June 16, 2008 and reached total depth of 2,204 metres. The primary target El Garia formation was 80 metres thick and showed oil; however, the reservoir was tight and no tests were conducted. The secondary target Reineche formation provided positive results. Well logs and formation pressure tests identified the

presence of oil in a high-quality, 10-metre thick carbonate interval, which was subsequently confirmed by down-hole sampling.

The well was plugged back and a second wellbore (REB3H-ST1) was side-tracked to penetrate the formation over 1000 metres away to determine the size and productivity of the reservoir. The new wellbore drilled through a fault that lowered the top of the targeted formation by 15 metres from the mapped depth, and drilling continued through approximately 400 meters of porous limestones in the Reineche formation. The open-hole section flowtested at a rate of 1,000 barrels per day of total fluid with a 10 percent oil cut. Partners are encouraged with the tests of oil from two locations 1,000 metres apart, but further drilling will be delayed until the sub-surface is re-mapped to incorporate the new REB3 well data and reprocessed seismic.

Partners requested and received approval from the Tunisian government on October 23, 2008 to temporarily suspend REB3 subject to abandoning or re-entering the well within a specified time period. The operator has submitted a request to the Tunisian authorities to extend this date so the partners have sufficient time to re-map the Reineche structure, after which a decision will be made to re-enter or abandon REB3. In the event of abandonment, the cost is estimated to be US\$6.5-US\$10 million.

Salloum Prospect

The Corporation is evaluating the Salloum oil prospect as a future drilling candidate on the Sfax permit. A previous operator drilled an exploration well (SAM1) located 1.5 kilometres off the east coast of Tunisia in 1991 and tested 1,800 barrels per day of 42° API oil from Bireno limestones.

This structure is located in the northwest corner of the Sfax permit in shallow waters adjacent to the city of Sfax and is within 10 kilometres of two oil fields that have produced over 25 million barrels of oil from the same Bireno limestones. In 2007, EI and APEX acquired and processed 60 square kilometers of shallow-water 3D seismic over this prospect. Preliminary mapping suggests the Salloum structure extends toward the shoreline and could be drilled from an onshore location, which should result in significant cost savings compared to drilling an offshore well.

Jawhara Prospect

The Jawhara oil prospect, located offshore approximately 30 kilometres south of Ras El Besh, was drilled in 1973 by Total S.A. (the JAW1 well), testing oil to surface at an equivalent rate of 1,200 barrels of oil per day from Cretaceous Douleb-Bireno limestones. The Jawhara complex is a series of southwest to northeast fault blocks that are the first structures out of the basin to the east. JAW1 tested oil from the southernmost fault block and additional drilling is required to confirm the northern extent of the trend.

The 2009 program to re-map the Ras El Besh structure will extend southward to cover lands over the Jawhara prospect. Revised geological mapping will determine whether

the Jawhara structure holds sufficient hydrocarbon volumes to warrant an appraisal well.

Other Prospects

Additional hydrocarbon leads have been identified in the southeast and northwest portions of the large, 1-million-acre Sfax permit. The 330-million barrel Ashtart oil field lies near Sfax's southeast boundary and several nearby structures remain undrilled. In addition, several potentially 5-50-million-barrel structures have been identified in the northwest portion of the permit after partners mapped the 948 square kilometres of 3D seismic acquired since 2004.

Work Program for the Sfax Exploration Permit and the Ras El Besh Concession

The 2009 exploration program was revised in May 2009 and is budgeted at a total cost of US\$ 6.4 million (net US\$ 2.0 million) directed primarily towards geological and geophysical studies to identify drillable structures in the Reineche and El Garia formations. The studies will incorporate the results of Ras El Besh 3 wellbores and evaluate the hydrocarbon potential in the vicinity of the Ras El Besh and Jawhara structures and in the shallow waters south of the Kerkennah Islands that are sparsely evaluated due to the high cost of acquiring transition-zone seismic.

The Reineche formation produces oil and natural gas from two fields north of the Sfax permit boundary only 25 kilometers from REB3. The Cercina oil pool has produced over 12 million barrels of oil to date and is currently producing at 2,500 barrels per day. The Chergui natural gas field came onstream in 2008 and produces up to 50 million cubic feet per day with published reserves of 88 billion cubic feet.

Future Exploration and Evaluation

The REB3 well has provided the Corporation with important results. Oil has been discovered in the Reineche formation, resulting in greater focus on that formation in the northern portion of the permit. It is clear, however, that further evaluation and analysis needs to be performed before new wells are drilled.

The proposed new seismic mentioned above will target hydrocarbon leads in the Reineche formation in an area located north of the REB3 well and south of the Kerkennah Islands. The 2009 budget also provides for a possible acquisition of onshore land from which a less expensive Salloum appraisal well could be drilled if a decision is made to proceed. The work program and budget may be adjusted based on results of the technical analysis currently underway and the ultimate timing will depend upon the availability of contractors and crews.

In May 2007 the Corporation, through IPS, purchased a Mobile Offshore Platform Unit, a jack-up vessel envisioned as a potential production vessel for El's Tunisian operations. The 2009 budget of US\$5 million will be used primarily to finalize repairs and modifications to the unit. If the vessel is not required for production operations in

Tunisia in the near future, the partners will explore the option of either selling the vessel or leasing to a third party.