



Quarterly Report

REPORT FOR THE SEPTEMBER 2005 QUARTER

HIGHLIGHTS

- **The Donga-3 oil discovery recovered 23 barrels of light sweet oil** and 39 barrels of water. The well is located in ATP 805P in the Surat Basin and is being cased and suspended as a future oil producer (Bow 42.5%).
- **The Pickabooba South-1 exploration well encountered residual oil in secondary target.** The oil show in the well, located in the Clarence-Moreton Basin in northern NSW, has upgraded the area as having oil as well as gas potential (Bow 87.5%).
- **Bow is fully carried on a five well and 100 km earning program** in Cooper-Eromanga permit ATP 752P after farming out to Avery Resources (Bow 25% after farmin completed).
- **ATP 794P in the Cooper-Eromanga Basin offered** following landmark agreement with traditional owners. The permit is awaiting minister approval and should be granted shortly. Reprocessing program over the Moothandella prospect in ATP 794P was completed (Bow has option to earn 25%).
- **Granting of ATP 809P in the Eromanga Basin** is due pending minister approval (Bow 100%).
- **Bow swaps 20% of ATP 805P for 20% of ATP 608P Stratton Block** and participates in the drilling of Pinnacle West-1 in ATP 608P. The well was plugged and abandoned after failing to encounter commercial hydrocarbons (Bow 20%).
- **Gats-1, drilled in WA 261P in the Carnarvon Basin,** was plugged and abandoned after failing to encounter commercial hydrocarbons (Bow 10%).

For further information, contact Ron Prefontaine, Managing Director or Duncan Cornish, Company Secretary. Telephone +61 7 3303 0675 or e-mail info@bowenergy.com.au

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ACTIVITIES DURING THE PAST QUARTER

SURAT-BOWEN BASIN

ATP 805P (Bow 42.5%) – New Oil Discovery at Donga-3

A drill stem test at Donga-3 over the primary Basal Moolayember sandstone target recovered 23 barrels of light oil, 3 bbl mud contaminated oil and 39 bbl of formation water.

Preliminary evaluation of wireline logs along with drill stem test results confirm the presence of at least 2 metres of net oil pay in the Basal Moolayember sandstone with the possibility of oil saturated sands beneath this pay zone.

The well reached a total depth of 1,630 meters and is being cased and suspended as a future oil producer.

The forward plan is to complete and flow test the well, reprocess the seismic data over the structure and integrate the results of the well and the two other wells drilled previously on the Donga structure. Donga-1 and Donga-2 were drilled in 1965 and 1979 respectively and both recovered light oil along with large quantities of water. Preliminary interpretation indicates that Donga-3 encountered the oil pay zone downdip of Donga-2 and updip of Donga-1 suggesting the Basal Moolayember sandstone may also be oil saturated in the earlier drilled wells. There is no definitive reason for the water recoveries in all three wells and Bow believes a long term production test of Donga-3 may assist with the understanding of the water recoveries as well as help predict future oil flow and recovery rates.

Assuming positive results of the flow test, additional seismic acquisition will likely be required before infill wells on the field are drilled.

Bow swapped 20% of ATP 805P Surat Basin Blocks for 20% of ATP 608P Stratton and farmed out additional interest in ATP 805P retaining 42.5% working interest in the permit. Following the farmout, Bow was required to fund only 5% of the costs to casing point of the Donga-3 well.

ATP 608P Stratton Block (Bow 20%) – Drills Pinnacle West-1

Following the recognition that the Donga-Pinnacle structural trend extending from ATP 805P westward into ATP 608P, Bow agreed on an acreage swap with Oilex to exchange 20% direct working interest in ATP 805P for 20% direct working interest in ATP 608P Stratton Block.

The Pinnacle West-1 well was drilled to 1,531 metres and was plugged and abandoned after failing to encounter commercial hydrocarbons. Preliminary interpretation indicates the well did not encounter the Jurassic aged basal Evergreen sandstone and Triassic aged Moolayember secondary target zones suggesting these reservoirs may be oil targets on the flanks of the structures.

ATP 807P (Bow 100%) – Wunger Block

Bow is preparing to carry out a technical review of the permit when collation of the available data has been completed. ATP 807P contains the Wunger-1 well drilled in 1963 which flowed 740 barrels per day gross of which 10 barrels per day was oil along with 180,000 cubic feet per day of gas. Bow plans to rework the complete data set over the Wunger structure to determine the updip potential.

ATP 747/746P (Bow 100% of conventional petroleum rights)

The permits are located on the eastern side of the Surat Basin adjacent to several oil fields including the Moonie Oil field, the largest oil field discovered to date in the Surat Basin.

Bow has commenced the initial mapping in the area which it plans to complete in the next quarter. Several wells drilled by previous operators in the permit area had oil shows including the Strathpine-1 and 2 wells in ATP 747P. The initial mapping indicates there is a stratigraphic trap at depths between 790 and 810 metres. Although there were excellent oil shows, testing of the wells at the time failed to flow oil but a review of the test data suggests the potential oil reservoirs were damaged probably due to the drilling techniques which were not optimal for the reservoir.

Granting of these tenements has been placed on hold by the Department pending a decision by the Minister on exploration within state forests.

ATP 574P – Conloi (Bow 6.25% to 12.5% of conventional petroleum rights)

White Sands carried out a workover of the pump on Conloi-1 which resulted in no flow of oil to surface. There appears to be some downhole problems and White Sands plans to move the rig back on site in the next quarter and is considering re-perforating the well.

CLARENCE-MORETON BASIN

PEL 432 (Bow 87.5%) – Pickabooba South-1 encounters oil show

Pickabooba South-1 spudded on 1 August 2005, reaching total depth of 1,152 metres on 21 August 2005. The well penetrated Jurassic sediments of the Clarence Moreton Basin, intersecting Triassic rocks of the Ipswich Basin at 1,119 metres depth. Several zones with elevated gas readings were encountered over the primary and secondary shallower targets that proved not to be of commercial significance. Good gas indications and up to 75% blue white fluorescence with very slow crush cut and faint ring residue were noted in a secondary targets within a 14.2 metre thick Basal Bundamba Sandstone at the contact with the Ipswich Coal Measures.

This oil show was tested with a single DST bottom hole test over the interval 1,086-1,117 metres recovering water. Although the oil show is interpreted as being residual, it does indicate oil has migrated into the Pickabooba area of PEL 432 and valid traps with the Basal Bundamba Sandstone in the area have oil potential.

Post drilling interpretation of the seismic data indicates the Basal Bundamba Sandstone tested in Pickabooba South-1 was outside structural closure and three untested structural prospects and leads updip and in the vicinity of the well have been identified.

PEL 445 (Bow 100% of conventional petroleum rights)

Future conventional oil and gas exploration work in this tenement will be contingent on integrating the results of Pickabooba South-1.

ATP 644P (Bow 100% of conventional petroleum rights) – new seismic survey planned

Bow is planning a 60 kilometre seismic survey in the Mt Lindesay area near the Mt Lindesay-1 wells where pressure data from a previously drilled CSG core hole suggests there is a conventional gas accumulation at a depth of 920 metres interpreted to be within the Heifer Creek Sandstone (Hutton Sst equivalent). The seismic program, will be delayed until later in 2006 when a seismic crew becomes available in the area.

CARNARVON BASIN

WA 261P (Bow 10%) – One well drilled and one planned

The Gats-1 well operated by Apache Energy was drilled to a depth of 860 metres. No significant hydrocarbons were penetrated and the well was plugged and abandoned.

The Hestia-1 well, which was planned immediately after Gats-1, has been deferred while the operator incorporates the technical results from Gats-1 and determines the implications to the Hestia prospect exploration risks. The Hestia-1 well is now planned for the first quarter of 2006 with drilling pending positive results of the new integrated interpretation results and availability of a suitable drilling rig.

Hestia-1 is a test of Jurassic aged Athol Formation sandstones subcropping the overlying Cretaceous marine sequence with up to 23 million barrels of recoverable oil potential.

The permit contains the Chamois Oil field which is located on the western side of the permit and could become economic to develop if Hestia is successful.

TP/17 (Bow 10%)

The permit was renewed for another 6 years. A well called Gargoyle-1 located in an adjacent permit to TP/17 which tests a Triassic fault block is planned for early next year. Since similar Triassic fault block prospects on trend with the Gargoyle Prospect are mapped in TP/17, a positive result at Gargoyle-1 would enhance the prospectivity of TP/17.

TP/19, EP 421 (Bow 10%)

A 150 kilometre 2D seismic survey has been approved and is planned for the next quarter. The program is designed to detail the Sharp Peak lead which has up to 83 million barrels of oil potential.

EP 325 (Bow 10%)

The permit is being renewed and awaiting final approval. A 50 kilometre 2D seismic program to detail the Rivoli Gas field and a 350 km seismic reprocessing program over other prospects and leads in the permit have been approved and are to commence in the next quarter.

COOPER-EROMANGA BASIN

ATP 794P Barcoo Block (Bow farming in for 25%) – milestone Native Title agreement leads to offer of tenement

Bow has completed the seismic reprocessing over the Moothandella structure and gained an option to earn 25% in this block by funding 60% of a well within 12 months of the granting of the permit. Three wells drilled to date on the Moothandella structure had oil shows and/or oil recoveries. The reprocessed data is superior to the earlier processing and indicates the structure has more faulting than previously interpreted and several modest sized fault independent closures have been identified.

A detailed log analysis was carried out on the three previously drilled wells with oil accumulations interpreted within Jurassic aged sandstones with fair reservoir properties in the vicinity of Moothandella-2 and Moothandella-3. Although the reserves potential of the oil accumulations could be in excess of 1 million barrels, the reservoir properties suggest there is a risk that flow rates may not be economic. Bow is considering drilling Moothandella-4 to test the potential of one of these interpreted oil accumulations in the first half of 2006 as its farmin obligation well.

Bow is planning a reprocessing program over several other strong leads in the Barcoo Block identified including the Ethel East Prospect (up to 37 million barrels of oil potential) and the Barcoo Junction South Prospect (up to 27 million barrels of oil potential) that could be firmed as potential drilling targets.

The granting of ATP 794P is awaiting final ministerial approval following a landmark agreement with traditional owners. The new agreement forms a template for future agreements with traditional owners and should result in faster turnaround of subsequent native title agreements.

ATP 752P Barta and Wompi Blocks (Bow/Ocellaris 25% after farmin completed)

Bow previously was to have 20% equity in ATP 752P through the purchase of 100% of Ocellaris Oil and was to fund 500km of seismic reprocessing for an option to earn an extra 30% in the permit by funding a well (paying a total of 80% of a well).

Bow has since accepted a staged farmin offer from Avery Resources (Australia) Pty Ltd, a wholly owned subsidiary of Avery Resources Inc (Avery) from Calgary, Alberta, Canada to drill five wells and acquire 100 kilometres of seismic data to earn an interest in the Barta and Wompi Blocks (Blocks) in Cooper-Eromanga Basin permit ATP 752P. The terms of the farmin offer are as follows:

1. Avery to pay an option fee of A\$300,000 (non refundable) to be spent on seismic reprocessing and technical work as required to confirm drilling prospects in the Blocks.
2. Avery has until December 31, 2005 to elect to acquire 100 kilometres of seismic data and drill three exploration wells to earn 30% equity in the Blocks. The seismic and wells must be completed within 12 months of the granting of ATP 752P.
3. Avery will then have an option to acquire an additional 20% interest in the Blocks by drilling two additional exploration wells within 18 months of the granting of ATP 752P.

Bow and Vicpet have agreed that Bow's farmin obligations will be met when Avery completes the drilling of first well and in the event the first well is a discovery, Bow and Ocellaris will only have to contribute 50% of the cost for casing and suspending the well.

On completion of the farmin, Bow and Ocellaris will be fully carried through the seismic program and drilling of five exploration wells and retain a total of 25% direct working interest in the permit.

The Barta Block is located 10km east of the James-1 oil discovery which flowed 1,810 barrels of oil per day and immediately adjacent to the Cook Oil Field where the Cook-1 oil discovery flowed 979 barrels of oil per day.

Bow commenced detailed mapping the Barta area with preliminary work indicating there are several large untested structures. The largest structure identified to date is the Vancouver Prospect which has over 27 square kilometres of closure and 29 million barrels of recoverable oil potential. The Vancouver Prospect is located between the James and Cook oil fields.

A detailed log analysis of previously drilled wells in the Wompi Block has commenced. The results to date have interpreted several potential oil zones within Jurassic aged sandstones (bypassed oil pay) which were either not interpreted previously or not considered uneconomic when initially drilled by the previous operator during periods when oil prices were substantially less. A seismic reprocessing program is planned during the next quarter over the structures associated with the interpreted bypassed pay zones so that subsequent mapping can be used to estimate the potential size of these accumulations to decide if they can be developed economically.

ATP 752P will be granted following agreement with the Native Title claimants over the area. The required public notice period is to commence on November 5, 2005 with the negotiation process with current claimants to progress concurrently. Bow anticipates faster turnaround for this native title agreement following the landmark agreement in ATP 794P with granting anticipated early in the second quarter of 2006.

ATP 809P (Bow 100%) – New Eromanga Basin permit to be granted

ATP 809P in the central Eromanga Basin was offered and accepted and is waiting endorsement from the Minister so that the permit can be granted. Several wells in the permit had oil shows including a minor oil recovery in a nearby well.

ATP 736P, ATP 737P, ATP 738P (Bow 20% through Ocellaris Oil)

These areas are subject to native title and are considered lower priority than Bow's other Cooper-Eromanga areas.

NEW VENTURES

Bow is assessing exploration, appraisal and corporate opportunities in proven oil basins in Australia.

PERSONNEL

Dan Howes has accepted a position as a junior explorationist for Bow and will work at the Perth office assisting the exploration manager. Dan has recently completed an Honours Degree in geophysics from Curtin University.

BOW'S PLANNED ACTIVITIES FOR THE NEXT QUARTER

- Completing the Donga-3 oil discovery well and commencing a long term production test.
- A field study of the Donga Oil Field including seismic reprocessing to determine reserves potential and infill drilling locations.
- Preparing for a multiwell drilling program in the Cooper-Eromanga Basin in the first half of 2006.
- Detailed mapping including reprocessing of seismic data in the vicinity of previously drilled wells in Bow's Cooper-Eromanga Basin permits to determine field size potential and possible drilling locations.
- New seismic acquisition and seismic reprocessing in EP 325 in the Carnarvon Basin over the Rivoli Gas field and other prospects and leads in the permit.
- New seismic acquisition in TP/19 and EP 421 in the Carnarvon Basin over the Sharpe Peak prospect.
- Detailed analysis of the data in Pickabooba area to firm oil drilling prospects.
- Continued prospect generation in all other Bow areas
- Continue assessment of new opportunities

The technical information contained herein is based on information compiled by the Company's Managing Director, Ron Prefontaine, who has more than 25 years experience in petroleum exploration.

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SHAREHOLDER ENQUIRIES

ASX Perpetual Registrars manages Bow Energy Ltd's share registry.

If you would like to monitor your shareholding online, you can do so by visiting ASX Perpetual Registrar's website, www.shares.com.au and following the instructions.

For issuer-sponsored shareholders, if you change address, or if you have any other queries regarding the details of your shareholding, please contact the Company's share registry directly:

ISSUED CAPITAL

At 30 September 2005, Bow Energy Ltd had the following securities on issue:

- 70.0 million ordinary shares
- 15.0 million 20c options expiring 31/3/08

AUSTRALIAN STOCK EXCHANGE ("ASX")

ASX Codes: BOW (Ordinary shares)
BOWO (20c Options expiring 31/3/08)

INTERNET ADDRESS

All Company announcements, reports and presentations are posted on our website www.bowenergy.com.au

If you would like to receive new releases by email, please send us an email to info@bowenergy.com.au with the subject "email alerts" or register your details on our website.

Website: www.bowenergy.com.au

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