



ASX Announcement

23 June 2008

Carnarvon-1 Single Well CSG Pilot Flows Gas

The directors of Bow Energy Limited (Bow) are pleased to announce that installation of downhole and initial surface pumping equipment of the first production pilot well at the Don Juan CSG (Coal Seam Gas) Joint Venture (Bow 55% and operator) was completed late last week.

The well commenced flowing water into a temporary holding dam at a rate of 1207 barrels per day on Saturday morning and within a short time methane gas started flowing as illustrated in the photo. A short term accelerated drawdown test is being carried out over the next couple of days and fluid levels and gas rates will be monitored.

After this initial 5 day test, the well will be temporarily shut in until a larger permanent holding dam for the water is constructed during the first half July 2008. When the dam is completed, a longer term flow test will be carried out with the gas flow expected to increase during the test period.

Exploration core hole drilling of four additional core holes is planned to recommence next week with a new drilling contractor.

Bow's Managing Director, Ron Prefontaine, commenting on the early results of the short term test stated:



Photo of gas flaring from Carnarvon-1 taken Saturday June 21

"This is an excellent initial result for our first single well CSG production pilot and is another step towards gas reserves certification for the project. The Don Juan Joint Venture also reported a stabilised gas flow of 360,000 cfd late last year at Taringa South-1 located 19 km to the northwest of Carnarvon-1.

Following the completion and subsequent integration of the gas desorption results of the next round of core holes with the production test results, the Don Juan Joint Venture should be in a position to start booking gas reserves in last quarter of 2008 as announced previously.

A portion of the future gas reserves from the Don Juan CSG Project are intended as feedstock for Bow's first small scale LNG plant, which will likely be located in the vicinity of Carnarvon-1, subject to feasibility.

The Don Juan CSG Project is located immediately to the northwest and updip of Sunshine Gas Ltd's Lacerta CSG Project. The Lacerta Project currently has publicly reported certified gas reserves of 469 PJ (2P) to 1097 PJ (3P).

The short term pilot production results at Carnarvon-1 appear to confirm that the primary Lacerta CSG fairway extends updip to the northwest into the Don Juan Project area.

The participants in the Don Juan CSG Joint Venture are:

Bow Energy Ltd	55% (Operator)
Victoria Petroleum NL	45%

For and on behalf of the Board
Duncan Cornish
Company Secretary

For further information:

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The technical information contained herein is based on information compiled by the Company's Managing Director, Ron Prefontaine, who has more than 29 years experience in petroleum exploration and production