



## Notice of Annual General Meeting and Explanatory Memorandum

### **Bow Energy Limited**

ABN 63 111 019 857

Date of Meeting: 28 November 2008

Time of Meeting: 2.00pm EST

Place of Meeting: Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000

Notice is given that the Annual General Meeting of shareholders of Bow Energy Limited ABN 63 111 019 857 (**Company**) will be held at the offices of Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000, on 28 November 2008 at 2.00pm (Brisbane time).

## Agenda

### ORDINARY BUSINESS

#### Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statements of Changes in Equity, Cash Flow Statements and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2008.

#### 1. Resolution One – Re-election of Ron Prefontaine as a Director

To consider and, if thought fit, pass the following Ordinary Resolution, without amendment:

"That Mr Ron Prefontaine, who retires by rotation in accordance with Article 39 of the Company's Constitution and, being eligible, offers himself for re election, be re-elected as a Director."

#### 2. Resolution Two – Ratification of Previous Issue of Options to Employees

To consider and, if thought fit, pass the following Ordinary Resolution, without amendment:

"That in accordance with the provisions of Listing Rule 7.4 of the Official Listing Rules of the ASX Limited (**ASX**), and for all other purposes, the shareholders ratify the previous issue of Six Million Five Hundred and Ten Thousand (6,510,000) unlisted options to subscribe for ordinary shares in the Company at the price per option and to the persons as set out in section 4 of the Explanatory Memorandum (**Option Recipients**) as remuneration (**Employees Remuneration Options**) upon the terms and conditions summarised in the Explanatory Memorandum accompanying this Notice of Meeting.

**NOTES:**

**In accordance with the provisions of the ASX Listing Rules and the Corporations Act:**

- The Employees Remuneration Options were issued to Mr de Stefani, Mr Lipski, Mr Taubet and Mr Stephan pursuant to one of the exemptions in Section 708 of the Corporations Act 2001.
- The issue of the Employees Remuneration Options did not raise any funds.
- The Employees Remuneration Options were issued on 19 September 2008.
- Shares issued on exercise of the options will rank pari passu with all other existing ordinary shares of the Company from the date of issue.

**VOTING EXCLUSION STATEMENT**

The Company will disregard any votes cast on this Resolution by:

- Mr de Stefani, Mr Lipski, Mr Taubet and Mr Stephan; and
- any associate of Mr de Stefani, Mr Lipski, Mr Taubet and Mr Stephan.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**3. Resolution Three – Ratification of Previous Issue of Shares to Forte Holdings Pty Ltd**

To consider and, if thought fit, pass the following Ordinary Resolution, without amendment:

“That in accordance with ASX Listing Rule 7.4 of the Official Listing Rules of the ASX Limited (**ASX**), and for all other purposes, the shareholders ratify the previous issue of 3,250,000 fully paid ordinary shares in the Company to Forte Holdings Pty Ltd as consideration for the purchase of all the issued capital in Roma CBM Pty Ltd (**Consideration Shares**) on the terms set out below and in the Explanatory Memorandum accompanying this Notice.”

**NOTES:**

**In accordance with the provisions of the ASX Listing Rules and the Corporations Act:**

- The rights attaching to the Consideration Shares are identical in all respect to existing ordinary shares on issue in the Company.
- The Consideration Shares were issued pursuant to the terms of Letter Agreement between the Company and Roma CBM Pty Ltd under one of the classes of exemptions specified in Section 708 of the Corporations Act 2001 and the issue of the Consideration Shares did not raise any funds.
- The Consideration Shares were issued on 21 May 2008.
- Forte Holdings Pty Ltd is not a Related Party as defined in the Corporations Act 2001.

**VOTING EXCLUSION STATEMENT**

The Company will disregard any votes cast on this Resolution by:

- Forte Holdings Pty Ltd; and
- any associate of Forte Holdings Pty Ltd.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**4. Resolution Four - Ratification of Previous Issue of Shares to Hopkins**

To consider and, if thought fit, pass the following Ordinary Resolution, without amendment:

“That in accordance with ASX Listing Rule 7.4 of the Official Listing Rules of the ASX Limited (**ASX**), and for all other purposes, the shareholders ratify the previous issue of 714,285 fully paid ordinary shares in the Company to A.T. and A.J. Hopkins as part of the consideration for the purchase of Roma Petroleum NL shares (**Hopkins Shares**) on the terms set out below and in the Explanatory Memorandum accompanying this Notice.”

**NOTES:**

**In accordance with the provisions of the ASX Listing Rules and the Corporations Act:**

- The rights attaching to the Hopkins Shares are identical in all respect to existing ordinary shares on issue in the Company.
- The Hopkins Shares were issued pursuant to the terms of share sale agreement between the Company and A.T. and A.J. Hopkins under one of the classes of exemptions specified in Section 708 of the Corporations Act 2001 and the issue of the Hopkins Shares did not raise any funds.
- The Hopkins Shares were issued on 15 October 2008.
- A.T. and A.J. Hopkins are not a Related Party as defined in the Corporations Act 2001.

**VOTING EXCLUSION STATEMENT**

The Company will disregard any votes cast on this Resolution by:

- A.T. and A.J. Hopkins; and
- any associate of A.T. and A.J. Hopkins Pty Ltd.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**5. Resolution Five - Remuneration Report**

To consider and, if thought fit, pass the following Advisory Resolution:

“That the Remuneration Report for the year ended 30 June 2008 (as set out in the Directors Report) is adopted.”

- The vote on this Resolution 5 is advisory only and does not bind the Directors of the Company.

**6. Resolution Six- Adoption of New Employee Share Option Plan**

To consider and, if thought fit, to pass the following Ordinary Resolution:

“That for the purposes of Exception 9 in Listing Rule 7.2 of the ASX Listing Rules and for all other purposes, the Company be authorised to issue securities under the Employee Share Option Plan as an exception to Listing Rule 7.1 of the ASX Listing Rules.”

The Company will disregard any votes cast on this Resolution by:

- a Director of the Company; and
- any associate of a Director of the Company.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**GENERAL BUSINESS**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company. Specific comments relating to the Resolutions are set out in the Explanatory Memorandum.

By order of the Board

DP Cornish, Company Secretary  
30 October 2008

## Explanatory Memorandum

### 1. Introduction

This Explanatory Memorandum is provided to shareholders of **Bow Energy Limited ABN 63 111 019 857 (Company)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 on 28 November 2008 commencing at 2.00pm EST.

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 9.

### 2. Consider the Company's 2008 Annual Report

The Corporations Act requires the financial report, the directors' report and the auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the directors' report or the auditor's report. The Company's 2008 Annual Report is placed before the shareholders for discussion. No voting is required for this item.

### 3. Resolution 1 – Election of Ron Prefontaine as a Director

Mr Ron Prefontaine retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as an Executive Director.

Mr Prefontaine was appointed on 17 December 2004.

Mr Prefontaine has over 29 years exploration and production experience in the petroleum industry. Mr Prefontaine initially explored the Arctic and Western Canadian sedimentary basins before moving to Australia in 1981 where he carried out development and exploration work in the Cooper-Eromanga Basin and other areas for Santos Ltd (Santos). After leaving Santos in 1984 and until 1994 he held several senior positions including Chief Geophysicist for Oil Company of Australia NL.

Since 1994 he has consulted to the industry in technical and management positions, which included Chief Geophysicist for Mosaic Oil Limited and Executive Director for Arrow Energy Ltd (Arrow). At Arrow, Mr Prefontaine was in charge of their early successful coal seam gas exploration program.

Mr Prefontaine founded Australian CBM Pty Ltd (now owned by Arrow Energy Ltd), Permian Oil Pty Ltd (now owned by Roma Petroleum NL), SEQOil Pty Ltd (now owned by Bow Energy Ltd) and Ocellaris Oil Pty Ltd (now owned by Bow Energy Ltd).

Mr Prefontaine is past President of the Petroleum Exploration Society of Australia (Queensland) and the Queensland Petroleum Exploration Society.

The Directors (with Mr Prefontaine abstaining) recommend that you vote in favour of this Ordinary Resolution.

#### 4. Resolution 2 – Ratification of Previous Issue of Options to Employees

Resolution 2 seeks the ratification by shareholders of the issue of options to employees as set out below. If this resolution is approved this would have the effect of refreshing the Company’s ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

- Mr John de Stefani, CEO – LNG/Commercial, of a total of 3,000,000 unlisted options;
- Mr Paul Lipski, CEO – Petroleum, a total of 3,000,000 unlisted options;
- Mr Sam Taubert, Senior Explorationist, of a total of 300,000 unlisted options; and
- Mr Tony Stephan, Operations Geologist/Technical Services Supervisor, of a total of 210,000 unlisted options;

to subscribe for ordinary shares in the Company on the terms and conditions set out below and included in the Notice of Meeting. The Employees Remuneration Options were issued as part of the remuneration packages of Mr de Stefani, Mr Lipski, Mr Taubert and Mr Stephan.

##### 4.1. Listing Rule 7.4

In accordance with ASX Listing Rule 7.4, shareholder approval is sought to ratify the issue of Previous Options in the Company as detailed in Resolution 2, being issues of securities made by the Company during the previous 12 months for which shareholder approval has not already been obtained.

As previously outlined, ASX Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

ASX Listing Rule 7.4 provides that an issue of equity securities made without prior approval under ASX Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it. **If this resolution is approved this would have the effect of refreshing the Company’s ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.**

For the purposes of ASX Listing Rule 7.5 the Company advises as follows:

| Employee                                                                                  | Number of Options | Vesting Date | Expiry Date | Exercise Price |
|-------------------------------------------------------------------------------------------|-------------------|--------------|-------------|----------------|
| <b>John de Stefani</b><br>CEO – LNG/Commercial<br><br>(Total No. of Options<br>3,000,000) | 500,000           | 1-Jul-09     | 1-Jul-11    | \$0.40         |
|                                                                                           | 500,000           | 1-Jul-10     | 1-Jul-11    | \$0.40         |
|                                                                                           | 500,000           | 1-Jul-10     | 1-Jul-12    | \$0.75         |
|                                                                                           | 500,000           | 1-Jul-11     | 1-Jul-12    | \$0.75         |
|                                                                                           | 500,000           | 1-Jul-11     | 1-Jul-13    | \$1.00         |
|                                                                                           | 500,000           | 1-Jul-12     | 1-Jul-13    | \$1.00         |
| <b>Paul Lipski</b><br>CEO - Petroleum<br><br>(Total No. of Options<br>3,000,000)          | 500,000           | 1-Jul-09     | 1-Jul-11    | \$0.40         |
|                                                                                           | 500,000           | 1-Jul-10     | 1-Jul-11    | \$0.40         |
|                                                                                           | 500,000           | 1-Jul-10     | 1-Jul-12    | \$0.75         |
|                                                                                           | 500,000           | 1-Jul-11     | 1-Jul-12    | \$0.75         |
|                                                                                           | 500,000           | 1-Jul-11     | 1-Jul-13    | \$1.00         |
|                                                                                           | 500,000           | 1-Jul-12     | 1-Jul-13    | \$1.00         |

|                                                                                                                          |        |          |          |        |
|--------------------------------------------------------------------------------------------------------------------------|--------|----------|----------|--------|
| <b>Sam Taubert</b><br>Senior Explorationist<br><br>(Total No. of Options<br>300,000)                                     | 50,000 | 1-Jul-09 | 1-Jul-11 | \$0.40 |
|                                                                                                                          | 50,000 | 1-Jul-10 | 1-Jul-11 | \$0.40 |
|                                                                                                                          | 50,000 | 1-Jul-10 | 1-Jul-12 | \$0.75 |
|                                                                                                                          | 50,000 | 1-Jul-11 | 1-Jul-12 | \$0.75 |
|                                                                                                                          | 50,000 | 1-Jul-11 | 1-Jul-13 | \$1.00 |
|                                                                                                                          | 50,000 | 1-Jul-12 | 1-Jul-13 | \$1.00 |
| <b>Tony Stephan</b><br>Operations Geologist<br>Technical Services<br>Supervisor<br><br>(Total No. of Options<br>210,000) | 35,000 | 1-Jul-09 | 1-Jul-11 | \$0.40 |
|                                                                                                                          | 35,000 | 1-Jul-10 | 1-Jul-11 | \$0.40 |
|                                                                                                                          | 35,000 | 1-Jul-10 | 1-Jul-12 | \$0.75 |
|                                                                                                                          | 35,000 | 1-Jul-11 | 1-Jul-12 | \$0.75 |
|                                                                                                                          | 35,000 | 1-Jul-11 | 1-Jul-13 | \$1.00 |
|                                                                                                                          | 35,000 | 1-Jul-12 | 1-Jul-13 | \$1.00 |

#### 4.2. Summary of Materials Terms

In addition to the above information, the material terms of the Employees Remuneration Options under which the options were issued are as follows:

##### Options

- (a) The Employee Remuneration Options are options to subscribe for ordinary shares in the capital of the Company. The Employee Remuneration Options were issued for nil consideration.

##### Ranking

- (b) Shares issued on exercise of the options will rank pari passu with all existing ordinary shares of the Company from the date of issue.

##### Transferability

- (c) The Options will not be transferable in whole or in part and may not be exercised by any other person (except, in the case of the Option Holder's death, by his or her legal personal representative);

- (d) Exercise of Employee Remuneration Options

The Employee Remuneration Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the exercise price per option to the Company.

- (e) The Company will allot the number of shares the subject of any exercise notice, and apply at its cost for listing of the shares so allotted.

- (f) Quotation

The Employee Remuneration Options will not be quoted on the ASX Limited (**ASX**).

- (g) Participation in New Issue Option Terms

The Option Holder will be permitted to participate in new issues of securities of the Company on the prior exercise of the options, in which case the holder of the options will be afforded the period of at least 10 days

notice prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the options.

(h) Participation in Dividends

Option holders do not participate in any dividends unless the Employee Remuneration Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;

(i) Exercise Price

In the event that the Employee Remuneration Options are exercised at the exercise prices shown above, the funds received by the Company will be used to fund future projects and provide working capital for the Company.

(j) Reconstruction

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- i. the number of Employee Remuneration Options, the exercise price of the Employee Remuneration Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the options which are not conferred on shareholders; and
- ii. subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Employee Remuneration Options will remain unchanged.

(k) Variation of the Options Terms

The terms of the Employee Remuneration Options shall only be changed if Holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Employee Remuneration Options shall not be changed to reduce the exercise price, increase the number of Employee Remuneration Options or change any period for exercise of the Employee Remuneration Options.

(l) Bonus Issue

If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Employee Remuneration Options are exercisable may be increased by the number of shares which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue;

(m) Minimum Number of Share to be exercised

The number of Options that may be exercised at one time must be not less than 2,000.

(n) Reduction of Exercise Price of Employee Remuneration Options

In the event that there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O_n = O - E [P - (S + D)]$$

N + 1

**Where:**

On = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

**4.3. Opportunity Costs**

The opportunity costs and benefits foregone by the Company issuing the Employee Remuneration Options is the potentially dilutionary impact on the exercise of the Employee Remuneration Options to the issued share capital of the Company. The dilutionary impact caused with the issue of shares upon the exercise of the Employee Remuneration Options, will be detrimental to the Company is more than offset by the advantages accruing from the Company securing the services of experienced and skilled employees on appropriate incentive terms.

It is also considered that the potential increase of value in the Shares is dependent upon a concomitant increase in the value of the Company generally.

**4.4 Taxation Consequences**

No stamp duty will be payable in respect of the grant of the Shares, when the Employee Remuneration Options are exercised. No GST will be payable by the Company in respect of the grant of the Shares, upon exercise of the Employee Remuneration Options (or if it is then it will be recoverable as an input credit).

The Company does not believe there will be any adverse taxation consequences arising to the Company as a consequence of the proposed grant of Shares.

**4.5 Dilutionary effect**

Set out below is a table summarising the potential dilutionary effect if all of the Employee Remuneration Options are exercised.

| Shareholders                  | Current Share Capital |             | Share Capital Upon Exercise of Employee Remuneration Options (Resolution 2) <sup>1</sup> |             |
|-------------------------------|-----------------------|-------------|------------------------------------------------------------------------------------------|-------------|
| Current Shareholders          | 152,050,895           | 100%        | 152,050,895                                                                              | 95.89%      |
| Employee Remuneration Options |                       |             | 6,510,000                                                                                | 4.11%       |
| <b>Total</b>                  | <b>152,050,898</b>    | <b>100%</b> | <b>158,560,895,</b>                                                                      | <b>100%</b> |

*Notes:*

1. *Assumes that no other existing Options are exercised*

## 5. Resolution 3 – Ratification of Previous Issue of Shares to Forte Holdings Pty Ltd

Resolution 3 seeks the ratification by Shareholders of the issue of 3,250,000 ordinary shares in the Company to Forte Holdings Pty Ltd, the sole shareholder of Roma CBM Pty Ltd. If this Resolution is approved it would have the effect of refreshing the Company's ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

### 5.1 Introduction

On 14 March 2008 the Company announced that it had acquired all of the issued capital in Roma CBM Pty Ltd (**Roma**) from its sole shareholder Forte Holdings Pty Ltd (**Forte**). As part of the consideration of the acquisition of all share capital of Roma, the Company issued to Forte 3,250,000 ordinary shares in the Company.

At the time of acquisition, Roma was earning the right to 10% direct working interest in the Don Juan CSG (Coal Seam Gas) Joint Venture. The deal to acquire Roma has increased the Company's current interest in the Don Juan CSG Project (**Project**) from 45% to 55%.

### 5.2 Listing Rule 7.4

In accordance with ASX Listing Rule 7.4, Shareholder approval is sought to ratify the issue of 3,250,000 ordinary shares in the Company as detailed in Resolution 3, being issues of securities made by the Company during the previous 12 months for which shareholder approval has not already been obtained.

As previously outlined, ASX Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

ASX Listing Rule 7.4 provides that an issue of securities made without prior approval under ASX Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it. If this Resolution is approved it would have the effect of refreshing the Company's ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

For the purposes of ASX Listing Rule 7.5 the Company advises as follows:

#### (a) Number of Shares

The number of Shares allotted to Forte, Roma's sole shareholder was Three Million, Two Hundred and Fifty Thousand (3,250,000) fully paid ordinary shares (**Consideration Shares**).

#### (b) Price at which the shares were issued

3,250,000 Consideration Shares were issued to Forte, the sole shareholder of Roma as part of the consideration for all the issued share capital in Roma. The Consideration Shares were issued for a deemed issue price of 38.5 cents per Consideration Share. The issue did not raise any funds.

#### (c) Date of Issue

The Consideration Shares were issued to Forte on 21 May 2008.

#### (d) Terms of Securities

The Consideration Shares were issued pursuant to an offer document between Roma CBM Pty Ltd and the Company, dated 14 March 2008 (**the Agreement**). The issue of the Consideration Shares is consideration for the

purchase of all issued shares in Roma CBM Pty Ltd, increasing Bow's interest in the Don Juan CSG (Coal Seam Gas) Joint Venture from 45% to 55% of the project.

(e) Escrow Period

The Consideration Shares are subject to a voluntary 12 month escrow period.

(f) Ranking

The Consideration Shares issued to Forte in consideration for the acquisition of all issued share capital in Roma rank pari passu with the existing Shares of the Company.

## 6. Resolution Four - Ratification of Previous Issue of Shares to Hopkins

Resolution 4 seeks the ratification by Shareholders of the issue of 714,285 ordinary shares in the Company to A.T. and A.J. Hopkins (**Hopkins Shares**). If this Resolution is approved it would have the effect of refreshing the Company's ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

### 6.1 Introduction

On 26 September 2008 the Company entered into a Share Sale Agreement (**Agreement**) with A.T. and A.J. Hopkins (**Mr and Mrs Hopkins**) to acquire 2,000,000 Roma Petroleum NL shares held by Mr and Mrs Hopkins. In consideration of the acquisition of the Roma Petroleum NL shares, the Company issued to Mr and Mrs Hopkins 714,285 ordinary shares in the Company and a cash consideration of \$220,000.00.

### 6.2 Listing Rule 7.4

In accordance with ASX Listing Rule 7.4, Shareholder approval is sought to ratify the issue of 714,285 ordinary shares in the Company as detailed in Resolution 4, being issues of securities made by the Company during the previous 12 months for which shareholder approval has not already been obtained.

As previously outlined, ASX Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

ASX Listing Rule 7.4 provides that an issue of securities made without prior approval under ASX Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it. If this Resolution is approved it would have the effect of refreshing the Company's ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

For the purposes of ASX Listing Rule 7.5 the Company advises as follows:

(a) Number of Shares

The number of Shares allotted to Mr and Mrs Hopkins was Seven Hundred and Fourteen Thousand, Two Hundred and Eighty-Five fully (714,285) paid ordinary shares (**Hopkins Shares**).

(b) Price at which the shares were issued

714,285 Hopkins Shares were issued to Mr and Mrs Hopkins at a deemed issue price of \$0.29 per share, in partial consideration for 2,000,000 fully paid ordinary shares in Roma Petroleum NL, held by Mr and Mrs Hopkins. The issue did not raise any funds.

(c) Date of Issue

The Hopkins Shares were issued to Mr and Mrs Hopkins on 15 October 2008.

(d) Terms of Securities

The Hopkins Shares were issued pursuant to the Agreement. The issue of the Hopkins Shares is partial consideration for the purchase of 2,000,000 fully paid ordinary shares in Roma Petroleum NL held by Mr and Mrs Hopkins.

(e) Escrow Period

The Hopkins Shares are not subject to an escrow period.

(f) Ranking

The Hopkins Shares issued to Mr and Mrs Hopkins rank pari passu with the existing Shares of the Company.

## **7. Resolution 5 - Remuneration Report**

The Board has submitted its Remuneration Report (included in the 2008 Annual Report) to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the 2008 Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executive of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

## **8. Resolution 6- Adoption of New Employee Share Option Plan**

Pursuant to Resolution 6, the Company is seeking Shareholder approval for potential future issue of securities under the Company's Employee Share Option Plan (**the Plan**) as an exception to Listing Rule 7.1.

### **8.1 Background**

The Company seeks implement to the Plan as a means of rewarding and incentivising its key employees. A summary of the terms of the Plan are set out in Annexure A to this Explanatory Memorandum. The full terms of the Plan are available via the ASX announcements platform.

### **8.2 Listing Rules**

Under Listing Rule 7.1, a listed company is generally prevented from issuing "securities" (including shares or options) that would equate to (when all other issues of securities are aggregated) 15% of its share capital in any

12 month period, without first obtaining shareholder approval. As a result, any issue of options by the Company to eligible employees under the Plan would reduce the Company's 15% capacity under Listing Rule 7.1.

Exception 9 of Listing Rule 7.2 however, allows the Company to issue "securities" without specific shareholder approval and without reducing the 15% capacity under Listing Rule 7.1, where shareholders of the Company have approved the issue of securities under the Plan as an exception to Listing Rule 7.1, within three years prior to the issue of the securities. Resolution 6 is being put to shareholders for this purpose and will allow the Company to utilise Exception 9 to Listing Rule 7.2 for three years from the date of the Resolution being passed.

### 8.3 Information for Shareholders

In accordance with Exception 9 of Listing Rule 7.2, the Company advises as follows:

- (a) there have been no options issued under the Plan; and
- (b) a summary of the terms of the Plan are set out in Annexure A.

## 9. Interpretation

**ASIC** means the Australian Securities and Investments Commission

**ASX** means the ASX Limited ACN 008 624 691

**Board** means the board of directors of the Company

**Company** means Bow Energy Limited ACN 111 019 857

**Corporations Act** means the *Corporations Act 2001* (Commonwealth)

**Eligible Employee** means any full-time or part-time continuing employee of the Company or an associated body corporate of the Company who is employed at the time of the offer of the Securities or is a director of the Company or of an associated body corporate of the Company and is determined by the Board from time to time in their absolute discretion to be eligible for participation under the Plan.

**Employee Remuneration Option** means an option issued to an employee of the Company as part of their remuneration package

**Forte** means Forte Holdings Pty Ltd ACN 126 007 823.

**Listing Rules** means the listing rules of the ASX

**Meeting** means the Annual General Meeting for 2008

**Option Commencement Date** means the date to be determined by the Board prior to the issuance of the relevant Options.

**Option Holder** means the holder of Options or Employee Remuneration Option (as the case may be)

**Plan** means the Company's employee share and option plan.

**Resolution** means a resolution to be proposed at the Meeting

**Roma** means Roma CBM Pty Ltd ACN 126 037 347.

**Shares** means ordinary fully paid shares in the issued capital of the Company



**Shareholder** means a shareholder of the Company

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Duncan Cornish (Company Secretary):

**Bow Energy Limited**

**Street address:** Level 5, 60 Edward Street, Brisbane QLD 4000

**Postal address:** GPO Box 5244, Brisbane QLD 4001

**Ph:** (07) 3303 0675 **Fax:** (07) 3303 0651

**Email:** [info@bowenergy.com.au](mailto:info@bowenergy.com.au)

## Annexure A

### Bow Energy Limited ACN 111 019 857

#### Summary of Terms and Conditions of the Plan

1. The Plan is to extend to Eligible Employees of Bow Energy Limited ACN 111 019 857 (Company) or an associated body corporate of the Company as the Board may in its discretion determine.
2. The total number of Shares to be issued by the Company to Eligible Employees in respect of which either Shares or Options have been issued under the Plan shall not at any time exceed five percent (5%) of the Company's total issued ordinary Share capital in that class at that time when aggregated with:
  - (a) the number of Shares in the same class which would be issued with each outstanding offer with respect to Shares or Options under any share option plan of the Company accepted and exercised; and
  - (b) the number of Shares in the same class issued during the previous five (5) years pursuant to:
    - (1) the *Plan* to an Eligible Employee; or
    - (2) any employee share option plan of the Company,but excluding for the purposes of the calculation, any offer made, or Option acquired or Share issued by way of or as a result of:
    - (3) any offer to a person situated at the time of receipt of the offer referred to in paragraph 2(a) and 2(b) outside of this jurisdiction; or
    - (4) an offer that did not require disclosure to investors because of Section 708 of the *Corporations Act 2001 (Cth)*; or
    - (5) an offer that did not require the giving of a product disclosure statement because of Section 1012D of the *Corporations Act 2001 (Cth)*; or
    - (6) an offer made under a disclosure document or product disclosure statement within the meaning of those terms in the *Corporations Act 2001 (Cth)*.
3. The Shares are to be issued at a price determined by the Board.
4. The Options are to be issued for no consideration.
5. The exercise price of an Option is to be determined by the Board at its sole discretion.
6. The Vesting Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board from time to time.
7. The Option Commencement Date will be the date to be determined by the Board prior to the issuance of the relevant Options.
8. The Option Exercise Period commences on the Option Commencement Date and ends on the earlier of:
  - (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than 2 years; or

- (b) the Business Day after the expiration of three months, or any longer period which the Board may determine, after the Eligible Employee ceases to be employed by the Company or an associated body corporate of the Company; or
  - (c) the Eligible Employee ceasing to be employed by the Company or an associated body corporate of the Company due to fraud or dishonesty;
- 9.** Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Employees of the Company or an associated body corporate of the Company. The Board is entitled to determine:
- (a) subject to paragraph 2, the total number of Options to be offered in any 1 year to Eligible Employees;
  - (b) the Eligible Employees to whom offers will be made; and
  - (c) the terms and conditions of any Options granted, subject to the Plan.
- 10.** Participants do not participate in dividends or in bonus issues unless the Options are exercised.
- 11.** While the Option holders do not have any participating rights in new issues of securities in the Company during the term of any Options held, the Option holders shall be afforded a period of at least 10 Business Days before the record date to determine entitlements to the issue, to exercise the Options and it shall be a condition of the Options that any entitlements to bonus issues of securities are only available to Option holders in the event of a prior exercise of the Options.
- 12.** In the event that a rights issue is made by the Company during the term of the Options at a discount to the independently ascertained value of the Shares, then the Company shall be obliged to adjust the exercise price for the Options in accordance with a specific formula.
- 13.** The Board has the right to vary the entitlements of all participants to take account of the effective capital reconstructions, bonus issues or rights issues.
- 14.** The Board may impose as a condition of any offer of Shares and Options under the Plan any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
- 15.** The Board may vary the Plan.
- 16.** The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of a participant under the terms of his or her employment or arrangement.
- 17.** At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it shall provide information as to:
- (a) the Current Market Price of the Shares; and
  - (b) the Exercise Price of the Shares where this is calculated as at the date of the Offer,

to any Participant by mail (or such other form of notification as agreed by the Company and the Participant) within 3 Business Days of a written request to the Company from that Participant to do so.

## Proxy, Representative and Voting Entitlement Instructions

### Proxies and Representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001 (Cwlth)*.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

### Bow Energy Limited

**Street address:** Level 5, 60 Edward Street, Brisbane QLD 4000

**Postal address:** GPO Box 5244, Brisbane QLD 4001

**Ph:** (07) 3303 0675 **Fax:** (07) 3303 0651

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

A proxy form is attached to this Notice.

### Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm 26 November 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### Signing instructions

You must sign the proxy form as follows in the spaces provided:

**Individual:** Where the holding is in one name, the holder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the security holders should sign.

**Power of Attorney:** To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

# Proxy Form



## APPOINTMENT OF PROXY

I/We being shareholder(s) of Bow Energy Limited (Company) hereby appoint:

the Chairman of the Meeting **OR**  
(mark with an "X")

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Bow Energy Limited to be held at Level 7, Waterfront Place, 1 Eagle Street Brisbane, QLD on 28 November 2008 at 2.00pm (EST) and at any adjournment of that meeting.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do NOT wish to direct your proxy how to vote as your proxy in respect of the resolution/s, please place a mark in the box opposite.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of resolution 6 (Relevant Resolution) and that votes cast by the Chair of the meeting for the Relevant Resolution other than as proxy holder will be disregarded because of that interest.

If the Chair of the meeting is your proxy and you do not mark this box or direct the Chair of the meeting how to vote above, the Chair of the meeting will not cast your votes on the Relevant Resolutions and your votes will not be counted in calculating the required majority if a poll is called on the Relevant Resolution.. The Chairman of the meeting intends to vote undirected proxies in favour of the resolutions.

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/s he has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is .....%. (An additional proxy form will be supplied by the Company on request).

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is ..... shares (Note: proxy will be over all shares if left blank).

I/we direct my/our proxy to vote as indicated below:

| Resolution                                                            | For                      | Against                  | Abstain                  |
|-----------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 1. Re-election of Ron Prefontaine as a Director                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Ratification of Previous Issue of Options to Employees             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Ratification of Previous Issue of Shares to Forte Holdings Pty Ltd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Ratification of Previous Issue of Shares to Mr and Mrs Hopkins     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Remuneration Report                                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Adoption of New Employee Share Option Plan                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Individual or Security holder 1

Security holder 2

Security holder 3

Sole Director and Sole Company Secretary  
(if appointed)

Director

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date