



18 December 2008

Mr Patrick O'Connor
Adviser, Issuers (Brisbane)
ASX Markets Supervision Pty Ltd
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Dear Mr O'Connor

Response to ASX Price Query

We refer to your letter dated 18 December 2008 concerning recent movements in the price of listed securities in Bow Energy Limited (the "Company") and the volumes traded ("price query").

In answer to the questions put to the Company in the price query, we respond as follows:

1. The Company is not aware of any information concerning it that has not been announced to the market which, if known, could be an explanation for recent trading in the securities of the Company.
2. Not applicable.
3. The operating loss before abnormal items and income tax for the half-year period ending 31 December 2008 could vary from the previous half year period (\$236,542) by more than 15% however due to the entity's activities as an exploration company the amount of any variation is unlikely to be material.
4. The Company notes as a possible explanation for the recent price change and the increase in volume of securities of the Company traded the recent corporate activity in the coal seam gas sector including the announcement yesterday of the acquisition (for \$370 million) by AGL Energy Ltd of certain coal seam gas assets (with 175PJ of 2P reserves certified) from AJ Lucas Group Ltd and Molopo Australia Ltd which reconfirmed the considerable value being placed on coal seam gas reserves in these transactions by major domestic and international energy players.

As previously disclosed by Bow Energy, including most recently in the AGM presentation materials released to ASX (28 November 2008), Bow Energy is actively progressing its coal seam gas exploration, appraisal and reserve certification activities and has previously stated Proved and Probable (2P) certified reserves targets of 200PJ in 2009 and 500PJ in 2010. Bow Energy's key coal seam gas assets currently include the Don Juan Project (Bow 55%) and three high potential Bowen Basin blocks.

5. The Company is in compliance with the Listing Rules and in particular, Listing Rule 3.1

If you have any further queries please do not hesitate to contact me.

Yours faithfully



Duncan Cornish
Company Secretary
Bow Energy Ltd

Bow Energy Ltd
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