



ASX Announcement

16 January 2009

CANAWAY RIDGE COAL SEAM GAS DRILLING BEGINS

The directors of Bow Energy Ltd ("Bow") are pleased to announce that exploration drilling has commenced on its Canaway Ridge Coal Seam Gas ("CSG") exploration prospect located in the Cooper-Eromanga Basin with the spudding of Pebble Hill-1 well on Thursday 15 January 2009.

"The eastern Cooper-Eromanga Basin has similar geology to the Surat-Bowen Basin, Australia's main CSG basin, located to the east", said Bow's CEO Petroleum, Paul Lipski. Bow's new coal seam gas target is located on the Canaway Ridge in south-western Queensland (Figure 1).

The Canaway structure is large, approximately 80 km long, and extends over two permits, ATP 794P (Bow 65% interest) and ATP 560P (Bow 100% interest in the shallow CSG rights). Two exploration core holes will be drilled in the Canaway program, Pebble Hill-1 well now spudded on ATP 560P and Hobson-1 well to be spudded later this month on ATP 794P. The aim of these wells is to determine if the area has the potential to be a new coal seam gas province.

Deeper conventional petroleum wells drilled previously on this large structure had intersected shallow coals at ideal CSG depths of 250 to 500 metres with the wells showing gas associated with the coals.

An areal closure of 441 square kilometres has been mapped at the target Winton Formation level. The mapped closure has the potential to contain 411 PJ of gas resource (333 PJ net to Bow) – Figure 2.

"This drilling program in a new CSG exploration area compliments Bow's CSG plays in the Surat Basin (Don Juan Joint Venture) and Bowen Basin (Comet, Norwich Park and Gunyah blocks)," Lipski said.

For and on behalf of the Board
Duncan Cornish
Company Secretary

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For further information:

Ron Prefontaine
Managing Director

Phone: 07 3303 0675

Mobile: 0439 033 351

Email: ron@bowenergy.com.au

The technical information contained herein is based on information compiled by the Company's Managing Director, Ron Prefontaine, who has more than 28 years experience in petroleum exploration.

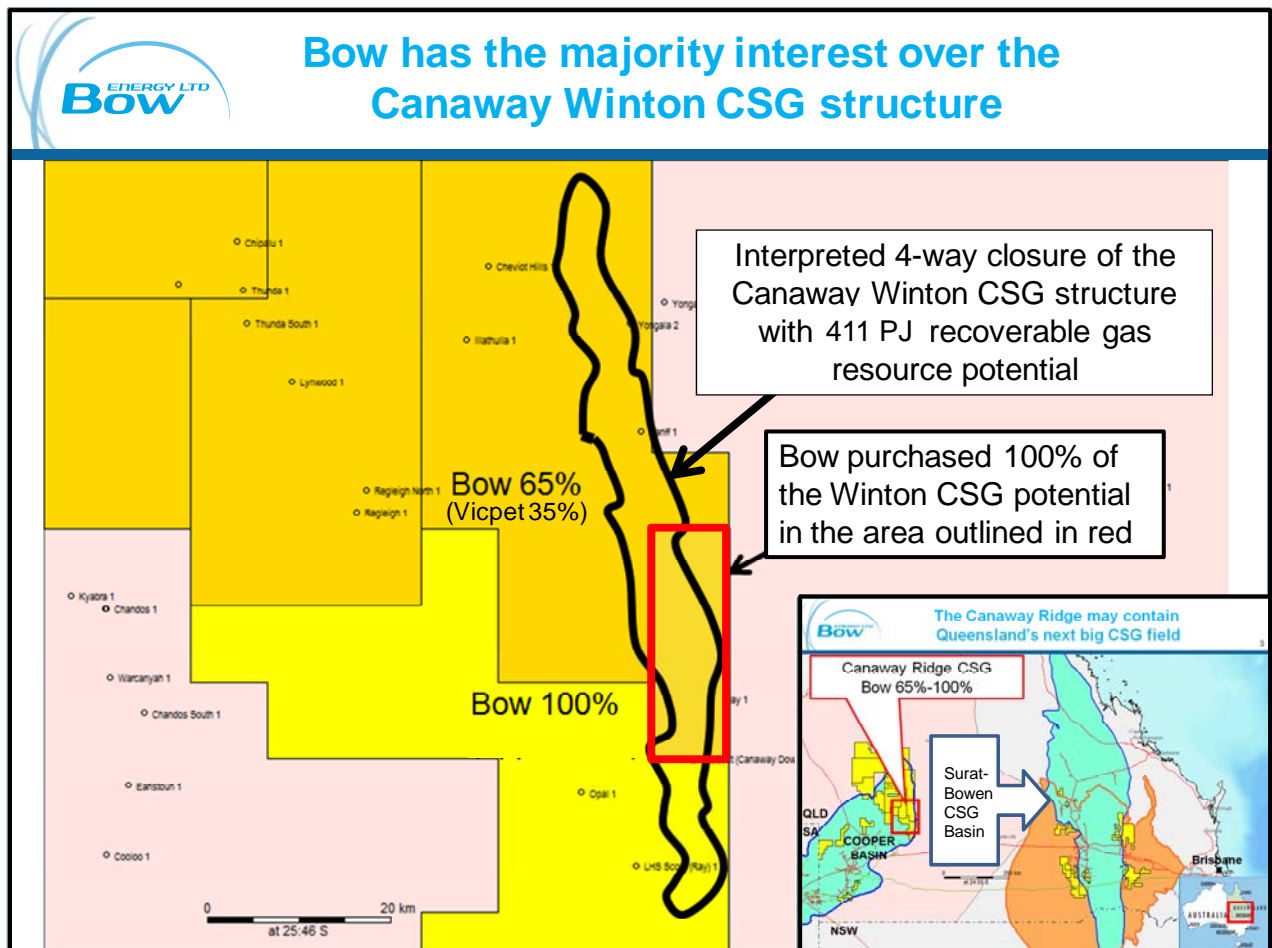


FIGURE 1

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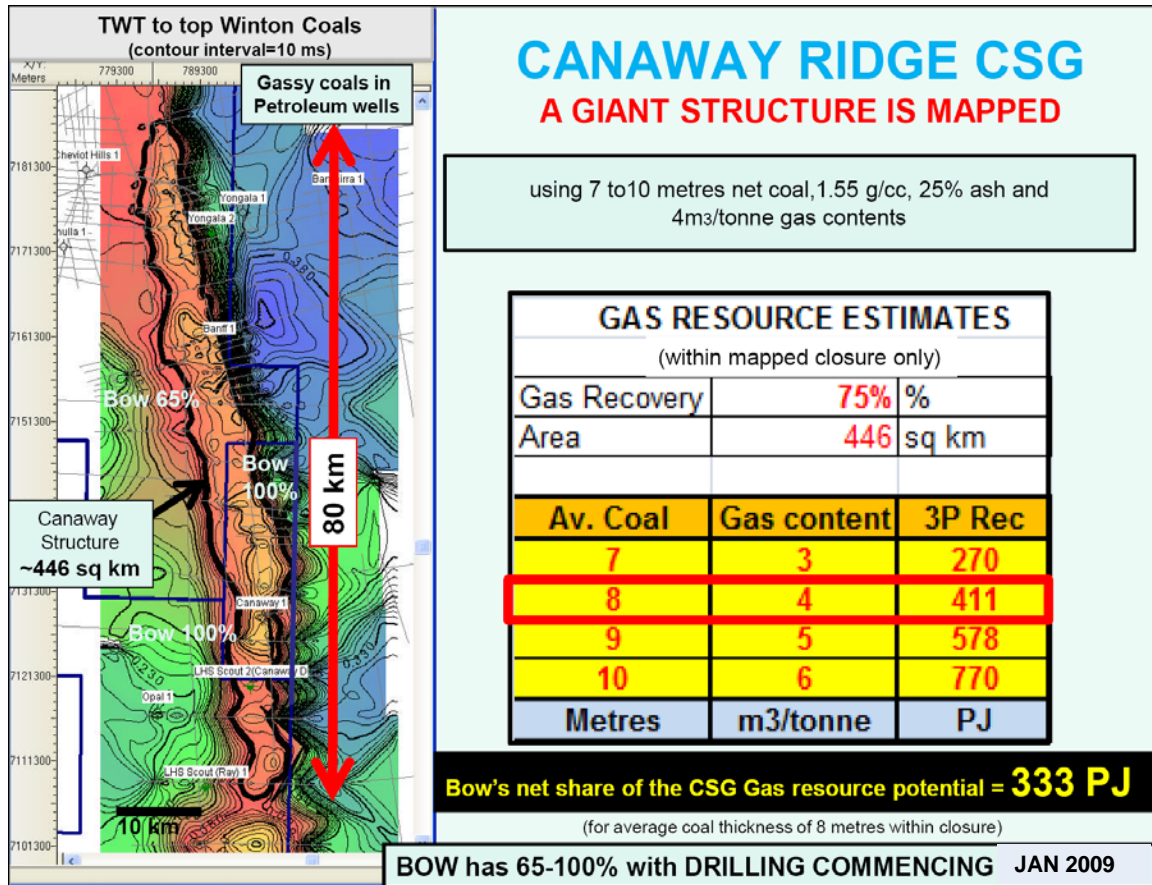


FIGURE 2

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