



ASX Announcement

12 May 2009

Bow launches extensive drilling campaign on Comet CSG project

Bow Energy Limited (ASX:BOW) is pleased to announce the start of an eight well exploration drilling and testing program on its Comet Block Coal Seam Gas (CSG) project (ATP 1025P) in Queensland's Bowen Basin, aiming for a significant increase in 3P certified gas reserves.

Within a portion of the Comet Block, Bow currently has 174PJ of 3P reserves and 297PJ of 2C gas resources certified by MHA Petroleum Consultants, LLC (MHA) for the Rangal Coal Measures.

Two drilling rigs have been contracted to expedite the drilling program over a three-month period, with stacked Rangal and Fort Cooper Coal Measures at target depths ranging from 250 to 750 metres. The eight well coring and testing program over the greater Comet Block is planned for both the Rangal and Fort Cooper Coal Measures, with the aim of substantially increasing 3P certified gas reserves and upgrading 2C resources to 3P certified gas reserves.

Bow intends to announce reserve certification as results are received and verified by MHA.

Bow's CEO Commercial, John De Stefani, said, "This is the start of an active drilling schedule which will be followed with a similar program at Bow's Norwich Park block, which is also in the prospective Bowen Basin CSG fairway. Bow expects to deliver a significant increase in 3P certified gas reserves from this program, and also obtain positive permeability results to drive ahead with our 2P program as soon as possible".

Mr De Stefani said nearby projects targeting the same coal measures by established producers gave Bow added confidence in the success of its planned drilling program.

Immediately east of the Comet Block, BG Group's Dingonose-Duckworth CSG Project has certified 1,213PJ of 3P reserves over both the Rangal and upper Fort Cooper Coal Measures. Adjacent to and immediately west of the Comet Block, BG Group's Atria CSG project has primarily targeted the lower Fort Cooper Coal Measures, with this field interpreted to extend into Bow's Comet Block. High gas contents of up to 25m³/tonne has been reported in the Rangal Coals at Atria by Sunshine Gas prior to its merger with Queensland Gas Company.

Arrow Energy recently announced its first gas flows from the Fort Cooper coal measures in the Bowen Basin, and also high gas flow rates in excess of 1 million cubic feet per day in the Rangal coal measures in the South Walker CSG project, close to Bow's Norwich Park block. These gas flows were from coal seams previously interpreted as having low gas flow rate capability and as a result, Bow has re-rated the CSG targets for this coal measure in its Bowen Basin blocks.

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Bow's drilling program includes an extensive testing program on the major coal intersections aimed at identifying potential high flow rate spots across the Comet Block, providing valuable data to determine the optimal 2P testing program. MHA has provided advice on the optimum drilling and testing program to be carried out to obtain maximum certified reserves within the Comet Block.

Mr De Stefani said, "Bow Energy is targeting 750 PJ of 3P certified reserves by the end of this year and 1,900 PJ of 3P by the end of 2010, and given our quality acreage, gas reserve discovery precedents by other nearby CSG projects, proven technical team and sufficient funding in place we are confident of reaching our targets."

"Long-term energy demand from Asia remains strong, and Bow's projects put the company in an excellent position to supply the developing export LNG industry planned for Gladstone, as we move to monetise our substantial gas resource for the benefit of shareholders."

For and on behalf of the Board
Duncan Cornish
Company Secretary

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

Competent Person Statement - The estimates of gas reserves and resources for the Comet Block (ATP 1025P) has been prepared by MHA Petroleum Consultants, LLC (MHA) in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers. The reserve statement has been compiled by Mr Timothy L Hower Chairman of MHA, together with personnel under his supervision. Mr Hower, who has over 28 years industry experience, and MHA have consented to the inclusion of the technical information contained in this announcement.

***CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.[Reference: Petroleum Resources Management System as sponsored by: Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE)]

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FIGURE 1 – BOWEN BASIN BLOCKS LOCATED NEAR PROVEN CSG FIELDS

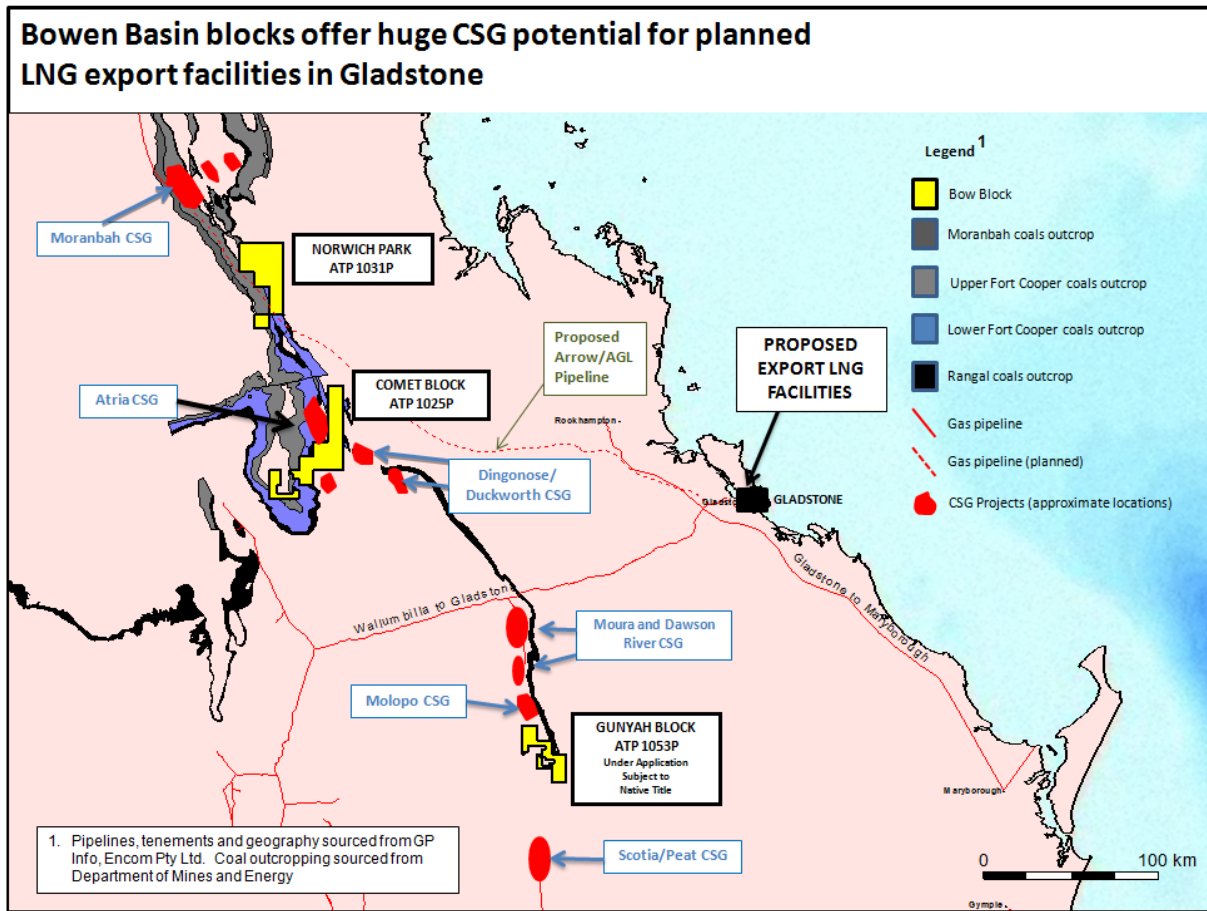
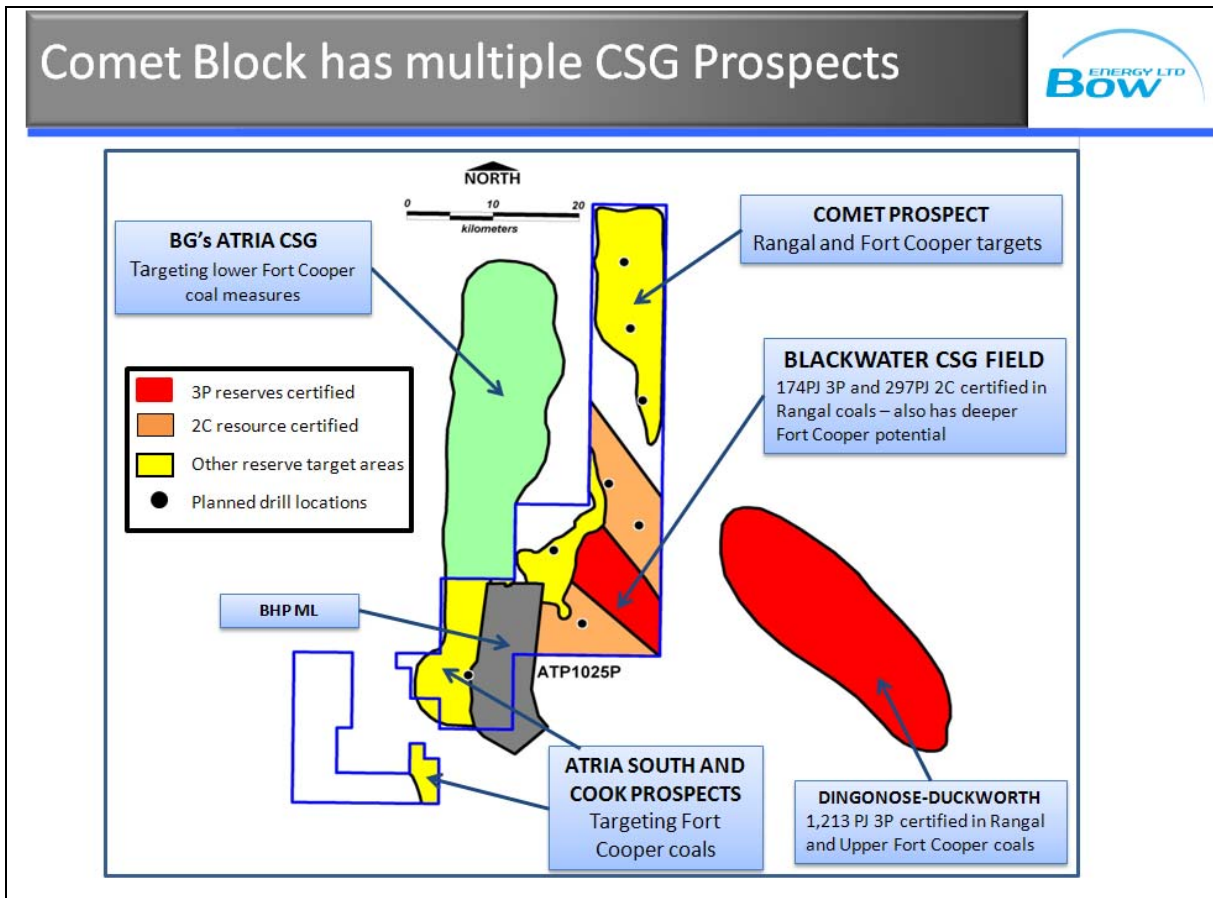


FIGURE 2 – BOW'S RESERVE TARGETS



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FIGURE 3 – 3P RESERVES TARGETED IN COMET BLOCK DRILLING PROGRAM



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