# Sustainable Growth in CSG

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Chief Executive Officer

**UBS**
**Annual Australian Energy Conference**
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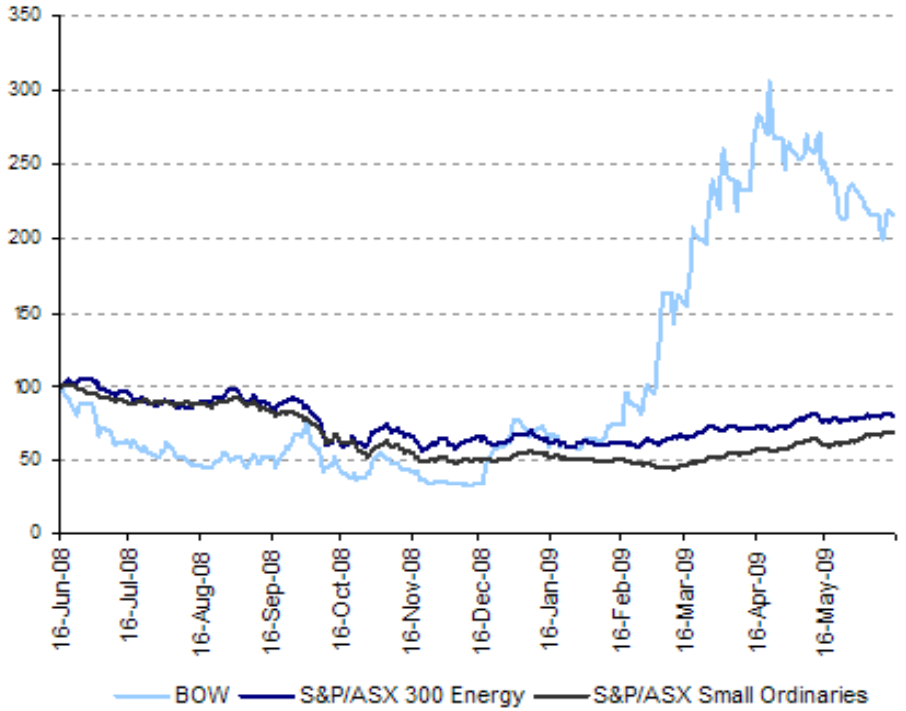
# Bow has a deliverable growth strategy

## Company Snapshot

- Strategically located CSG acreage adjacent to established CSG projects
- Proven business development management and technical team
- Strong cash position to deliver planned reserve targets
- Clean asset base
  - 100% ownership interests in key tenements;
  - Operator positions; and
  - Significant uncontracted gas potential

## Share Price Performance

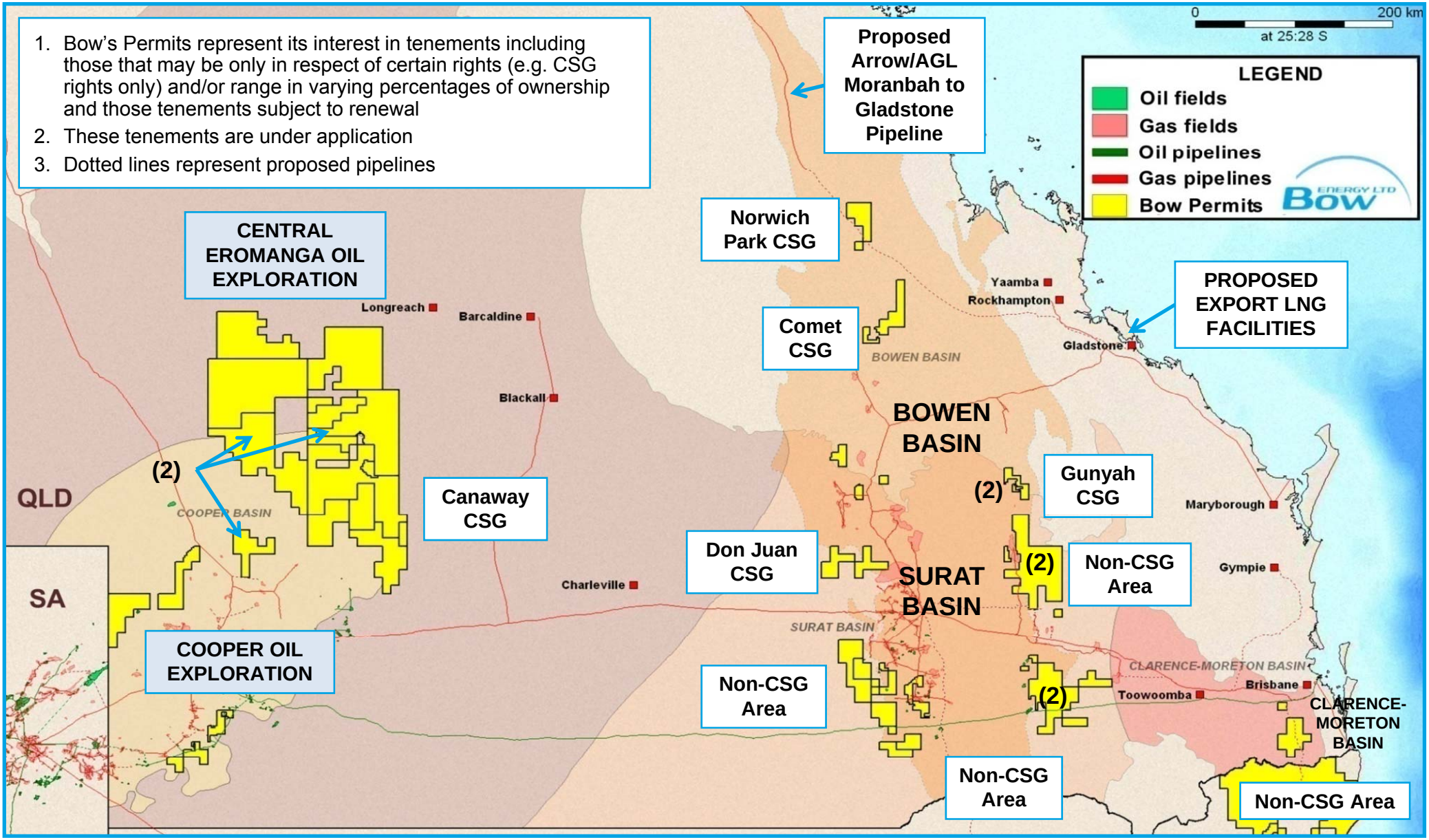



*Note: Prices rebased to 100*

*Source: IRESS* Market Technology

| CAPTIAL STRUCTURE – BOW:ASX | |
|---|---|
| **Share price (as at 17 June 2009)** | $0.88 |
| Shares on issue (million) | 209.4 |
| Outstanding options (million) | 27.6 |
| **Market cap:** | ≈ $185m |
| **Cash:** | >$20.0m |

# Bow's CSG and Oil Tenement Portfolio



# Bow's team is capable of delivering

**Directors:**

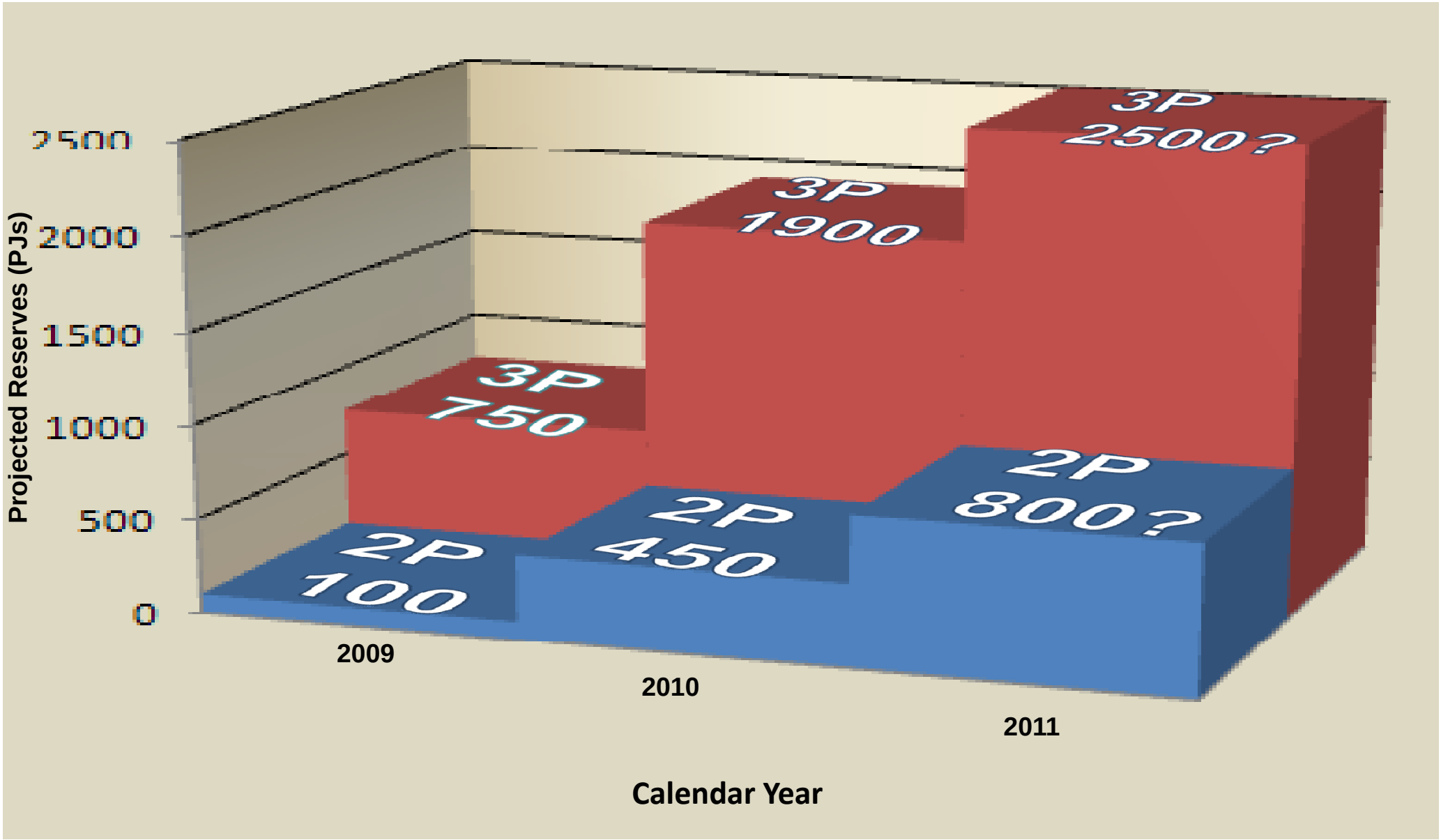
- Ron Prefontaine (MD)
- Stephen Bizzell (NED)
- Nick Mather (NED)

**Current or ex-directors of Arrow Energy during its formative years**

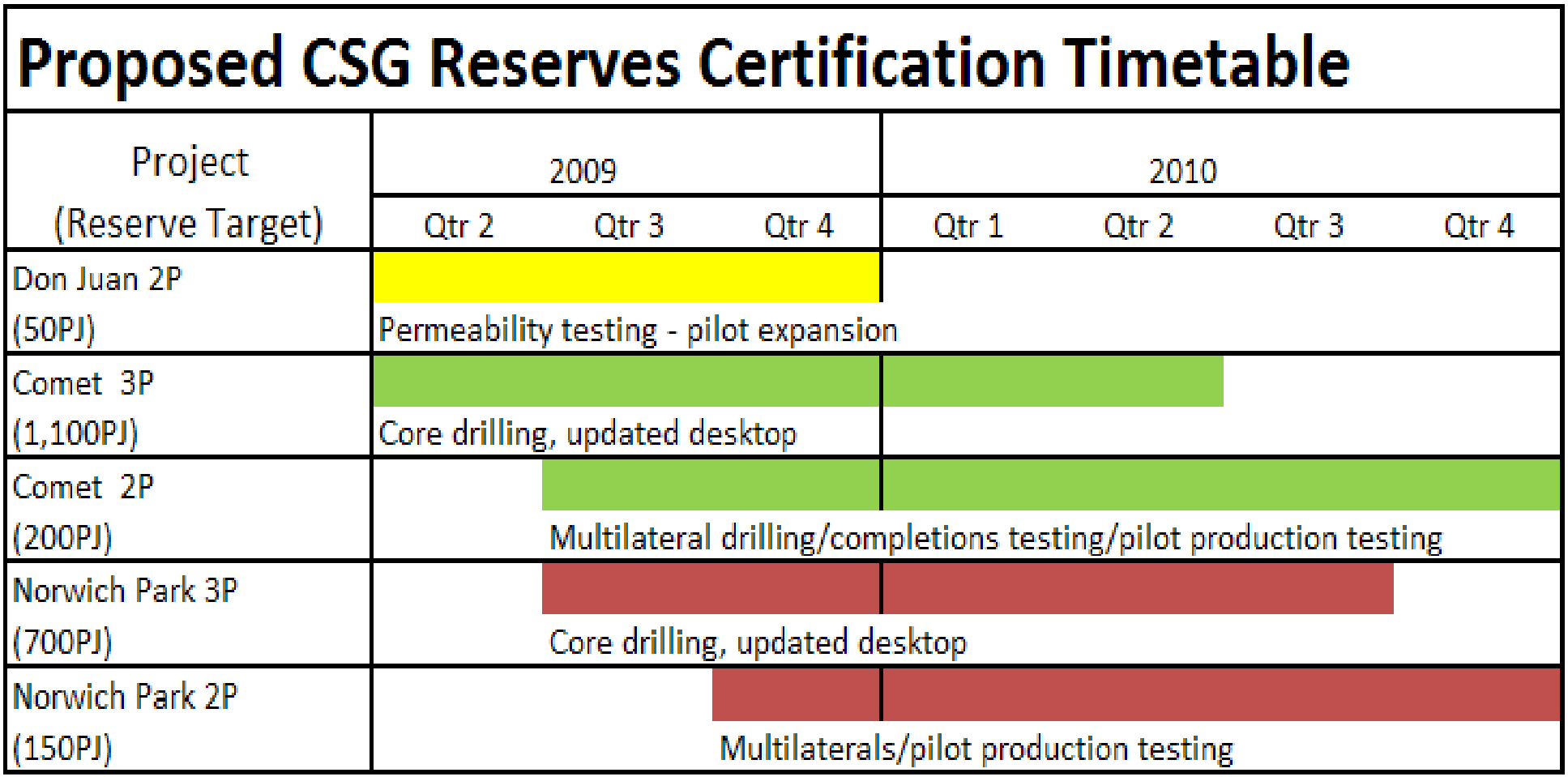
**Senior Executives:**

- John De Stefani – CEO
- Paul Lipski – Petroleum GM
- Dusan Pribilovic – Engineering GM

# Bow is Pursuing Significant CSG Reserves



# Proposed CSG Reserves Certification Timetable



# Bow's CSG projects have giant gas potential

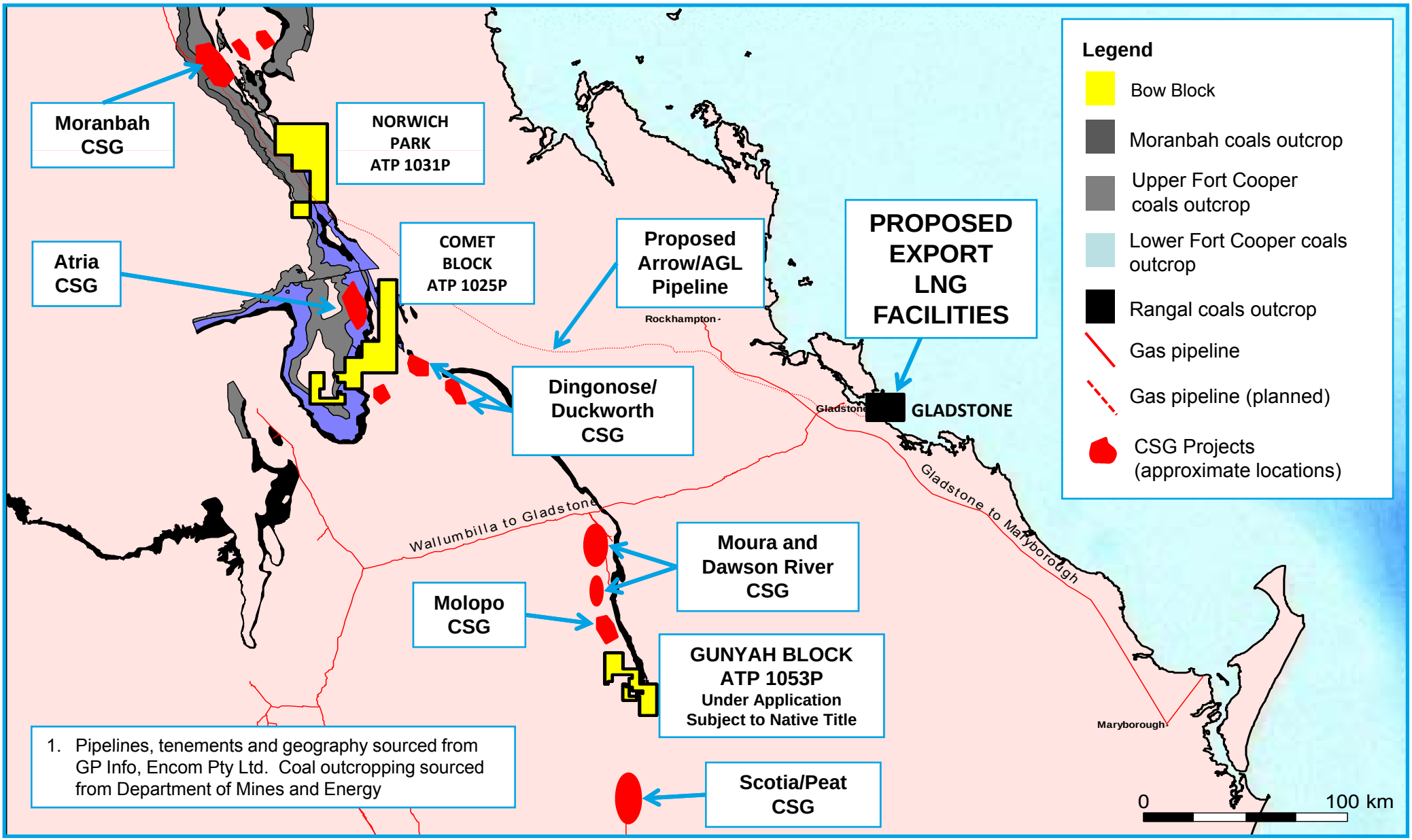
| CSG Project | Target Coal Measures | 3P Reserves (PJ Net to Bow) | 2C Resources (PJ Net to Bow) | Potential GIP (PJ Net to Bow) |
|---|---|---|---|---|
| Don Juan | Walloon | 105 | 0 | 140 |
| Comet Block (ATP1025P) | Rangal and Fort Cooper | 174 | 297 | 8,250 |
| Norwich Park (ATP1031P) | Rangal, Fort Cooper and Moranbah | 0 | 0 | 5,810 |
| Gunyah (ATP1053P) | Bandanna | 0 | 0 | 700 |
| | | | | |
| **TOTAL** | | **279** | **297** | **15,200** |

## Giant GIP potential with drilling underway in the Bowen Basin

1. GIP is "Gas in Place." Refer to the glossary used to define this term and derive these estimates.

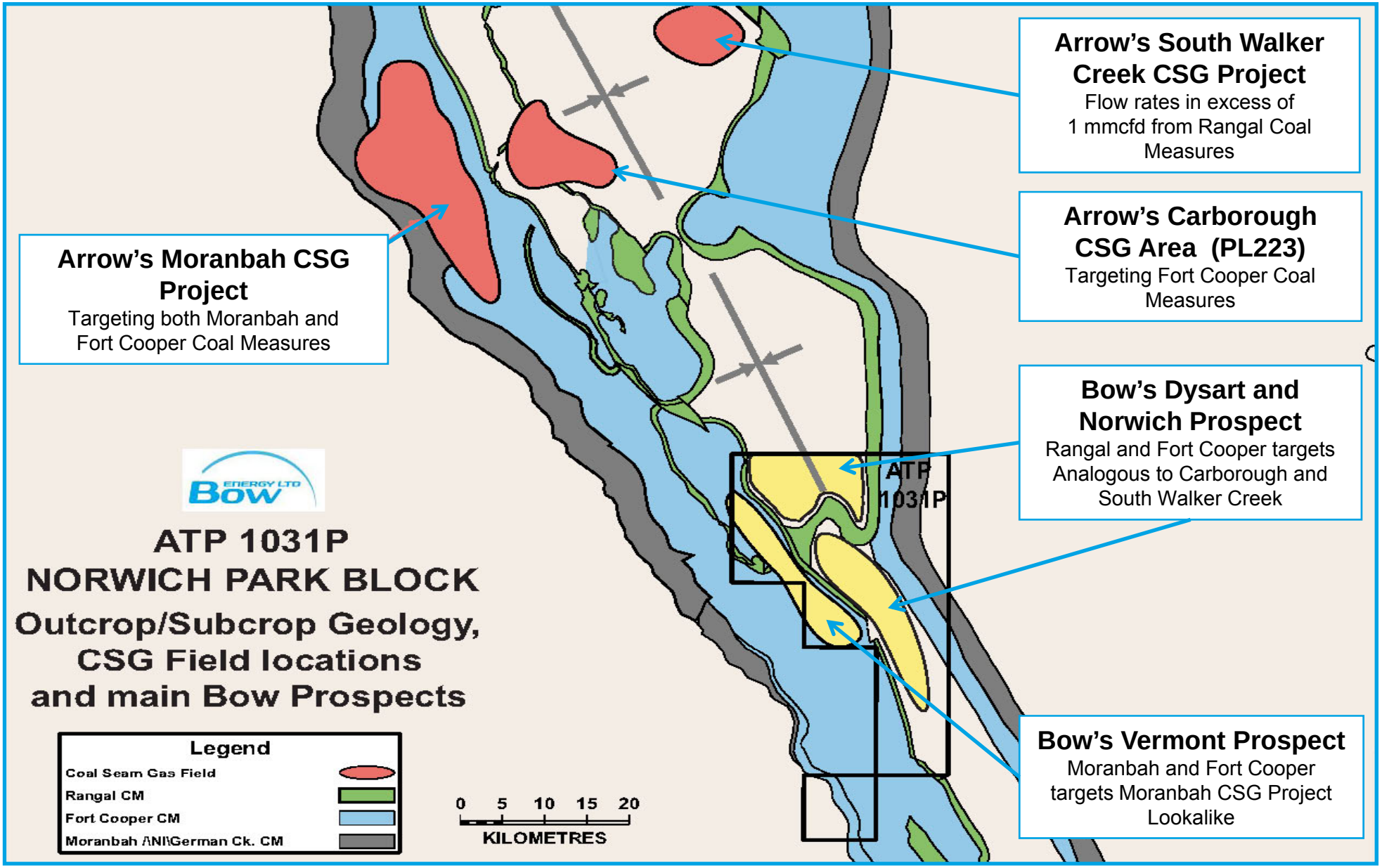
# Bowen Basin blocks offer CSG potential for planned LNG export facilities






1. Pipelines, tenements and geography sourced from GP Info, Encom Pty Ltd. Coal outcropping sourced from Department of Mines and Energy

# Bow's Norwich Park on trend with known CSG fields



# Comet Block – Current Drilling to Prove Up Further Certified Reserves

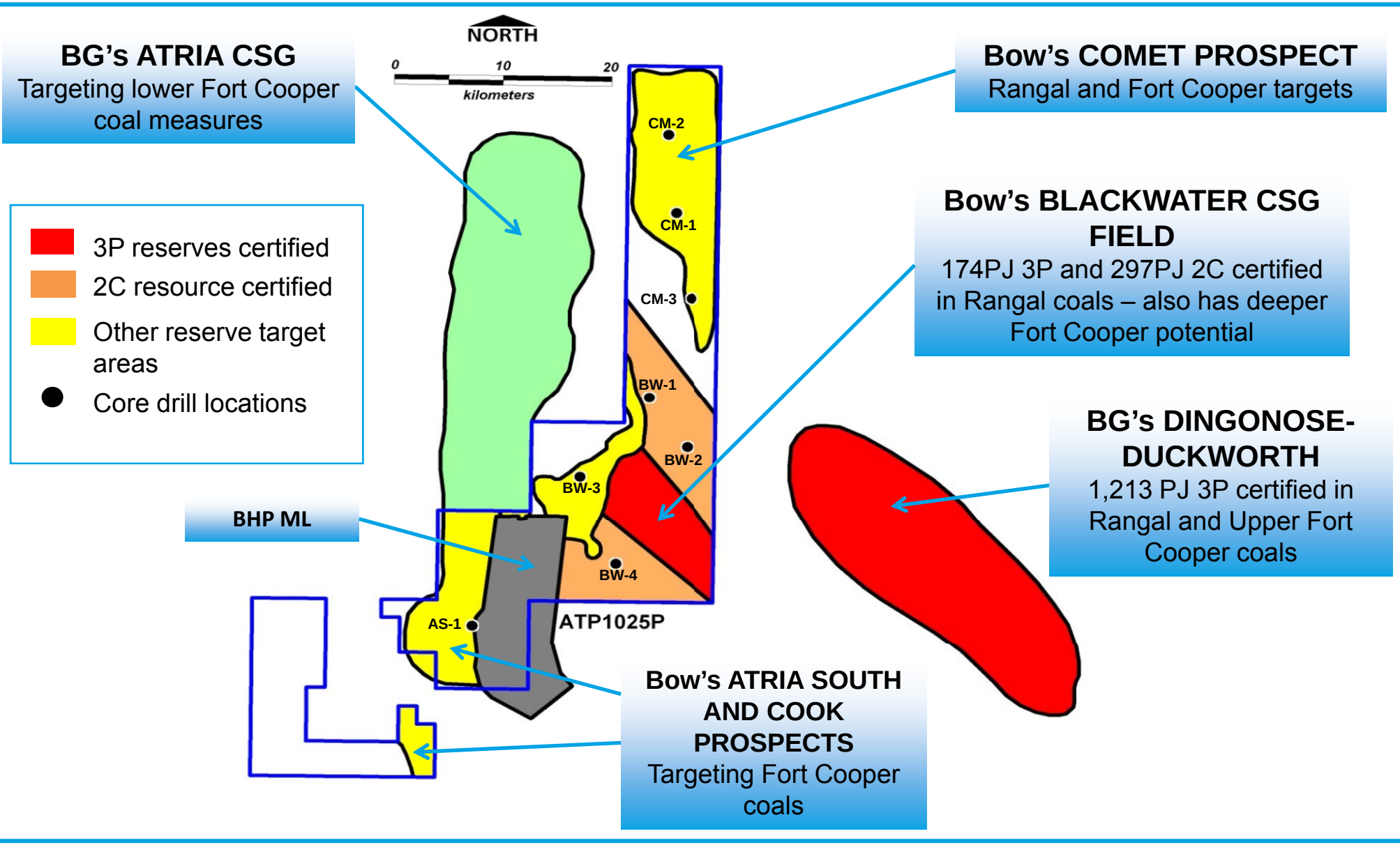
**BG's ATRIA CSG**
Targeting lower Fort Cooper coal measures

**Bow's COMET PROSPECT**
Rangal and Fort Cooper targets

**Bow's BLACKWATER CSG FIELD**
174PJ 3P and 297PJ 2C certified in Rangal coals – also has deeper Fort Cooper potential

**BG's DINGONOSE-DUCKWORTH**
1,213 PJ 3P certified in Rangal and Upper Fort Cooper coals

**Bow's ATRIA SOUTH AND COOK PROSPECTS**
Targeting Fort Cooper coals



# Comet Block – Early Positive Drilling Results

Eight core hole program underway with early indication of high gas contents and permeability inferred by intense fracturing

Solid progress including:

- Three drilling rigs on 24 hour operation scheduled by end of June
- Initial results on first two core holes indicate very gassy coals with permeability
- Intersected over 21 metres of coal (Rangal and Fort Cooper) in one well and 5.4 metres of partially drilled hole (upper Rangal only) to be deepened later
- Coals intersected at depths in the range of 220 to 550 metres

Bow's plans staged certified reserves upgrades as the drilling program progresses with the target to achieve 3P and 2P targets

# Water Management Challenge – northern Bowen Basin less expensive than Surat

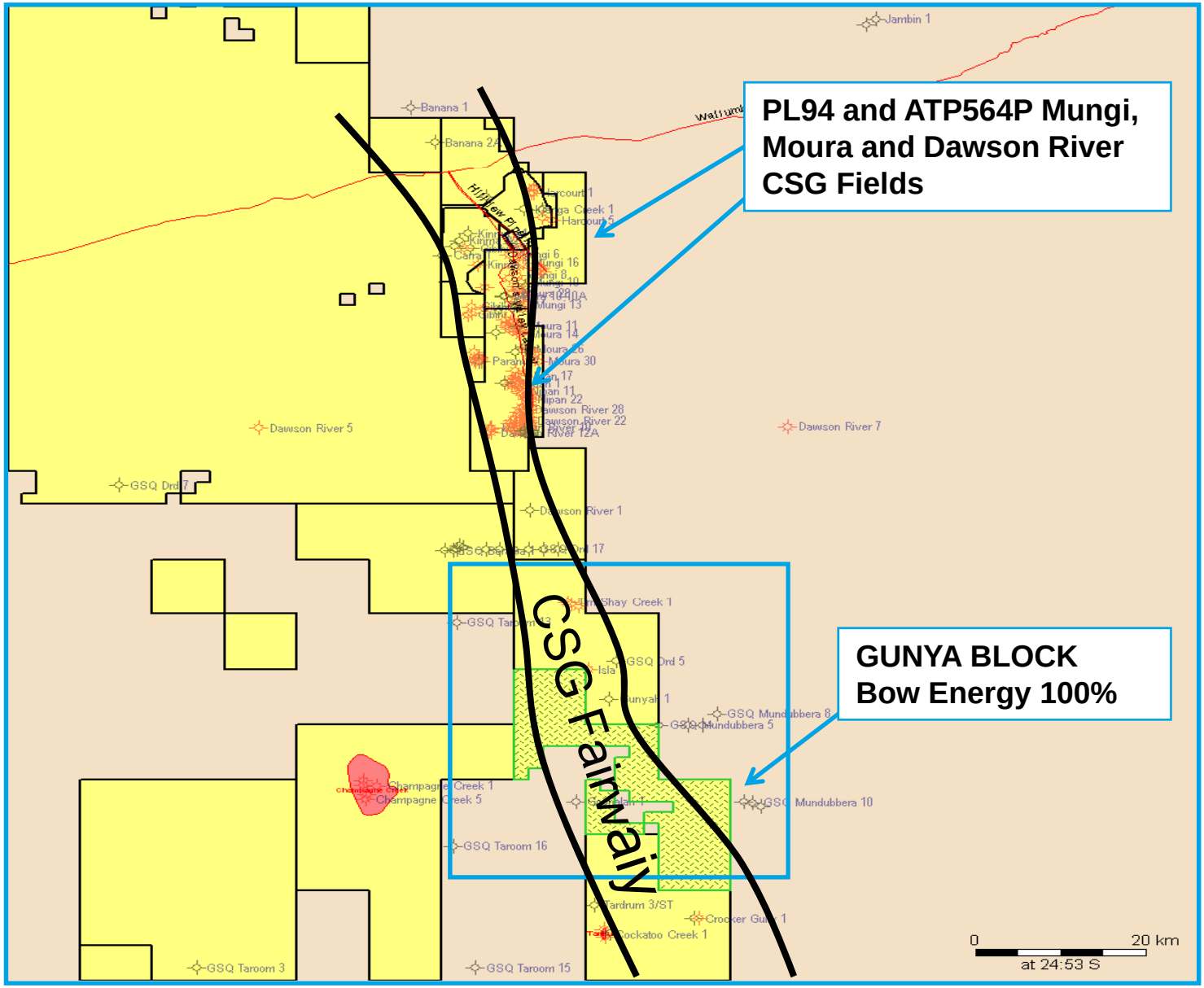
QLD State Government moving towards tighter water management policy thereby increasing water disposal costs

Generally the Surat Basin produces **over 10 times more** amount of water per GJ than the northern Bowen Basin – increasing the operating costs of CSG production

Local Bowen Basin coal mining operations will likely take the bulk of CSG water

- ✓ **Clear cost advantage for Bow in exploring and producing CSG in Bowen blocks over the longer term**

# Gunyah Block – on trend with CSG fields




## Geological Assumptions

Average Coal Thickness = 20m

Average Ash Content = 20%

Average Coal Density = 1.5g/cc

Average DAF Gas Content = 8m$^3$/t

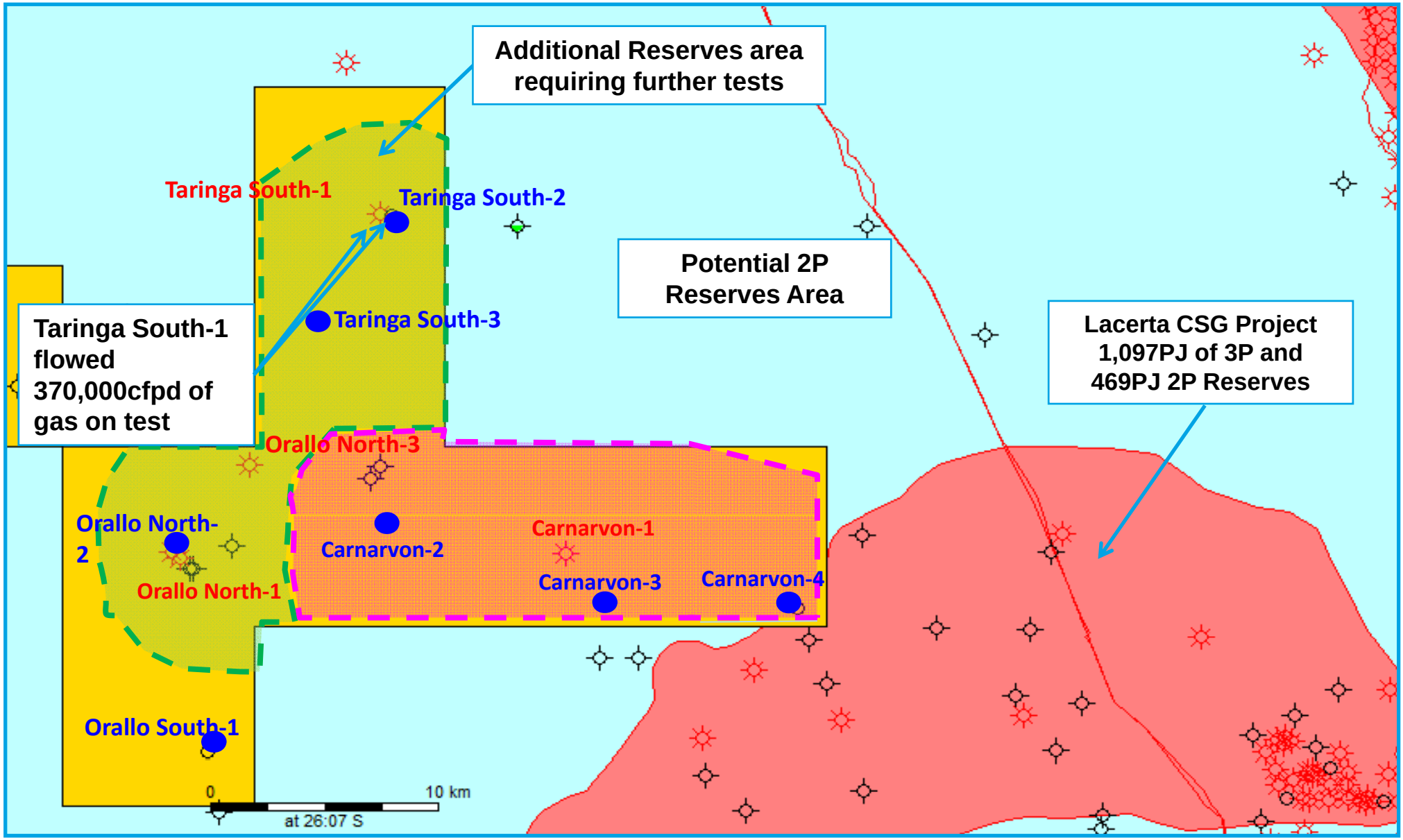
**7.488 PJ/Km$^2$ GIP**

## Bandanna (Rangal ) Coal Measures

**POTENTIAL GIP = 689 PJ**

# Don Juan CSG 2P Reserves Certification Program

**BOW 55% has net 105PJ 3P certified**



# Bow's value driven commercialisation strategy

- Bow has a diversified CSG portfolio well positioned for domestic gas and export LNG market sales potential
- **Domestic** - For a small allocation of Bow's reserves, Bow is evaluating domestic commercial arrangements, including small scale power generation, for near term cash flow
- **Export** - While Bow is considering a number of significant off-take arrangements – more optimal deals likely to be achievable once reserve levels are at significant levels

# Bow's target is to be the a major energy company

- Bow has a diversified CSG portfolio with very high GIP potential
- Multiple CSG projects being explored and appraised to meet CSG reserve targets
- Implementation of commercialisation strategy underway in parallel with exploration efforts
- Significant uncontracted gas resources favourably located to Gladstone - key value driver

# Thank you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# Glossary of Terms

- **1P Reserves** means the proved reserves as defined by the Society of Petroleum Engineers.
- **2P Reserves** means the sum of proved reserves plus probable reserves, as defined by the Society of Petroleum Engineers.
- **3P Reserves** means the sum of proved reserves plus probable reserves plus possible reserves, as defined by the Society of Petroleum Engineers.
- **Ash** means the inorganic residue after burning coal.
- **Basin** means a segment of the earth's crust that has down-warped and in which sediments have accumulated.
- **Bcf** means Billion cubic feet (10^9 cubic feet).
- **Core** means a cylindrical piece of rock taken as a sample by a coring drill rig.

# Glossary of Terms

- **Gas-in-Place** or GIP means an internal technical estimate of potential gas volumes contained within a defined area. Bow's has performed an internal unaudited estimate of the energy value potential in petajoules of the gas contained in the coals seams within the specific project area. Bow used average coal thickness, coal density, ash content and gas contents value as estimated from previously drilled wells located within and around its project areas to calculate an average GIP per square kilometre for the coal measures units (CM) in each project area. The assumptions used to estimate GIP per square kilometre potentials in the CM in each project area for the Bowen Basin permits are included in this presentation. The areal extent and approximate depth of each coal measure unit over each project area was interpreted from available geological mapping data. The GIP potential for each project area was calculated by multiplying the area in square kilometres, where coals are interpreted to be at reasonable depths, by the average GIP per square kilometre for each target CM present in each project area and adding those results together. Exploration and appraisal drilling, including more core holes to prove gas contents, coal thickness and coal density as well as successful production pilot testing programs will be required to upgrade the GIP potential in Bow's Bowen Basin project areas to gas reserves.

# Glossary of Terms

- **GJ** means a Gigajoule  of energy (10^9 joules).
- **Horizontal and multilateral completions** are multiple horizontal drilling from a single vertical well through coal seams to dramatically increase the open section of the coal and therefore the surface area of the coal to increase the production flow rates of the coal.  A typical multilateral completion could have several kilometres of open section for each vertical hole.
- **Joule** is a unit of energy.
- **Km** is a Kilometre.
- **Km2** is a square kilometer.
- **mmscf/d** means a million standard cubic feet (10^6 cubic feet) per day.

# Glossary of Terms

- **Petajoule (PJ)** is a measure of energy and is equal to one million gigajoules. One petajoule was calculated using the conversion rate of one cubic metre of natural gas being equivalent to 39 megajoules. ROARTY, M., 2008 – Australia's natural gas: issues and trends. Research paper no. 25 2007-08, ISSN 1834-9854, April 2008. Science, Technology, Environment and Resources Section for Queensland stated conversion rate equivalent of 39.6 megajoules.

- **Reserve Certification** is carried out by a qualified third partly to independently verify gas reserves. They also can advise on work programs which may be required to certify reserves. MHA Petroleum Consultants (MHA) from Denver, Colorado have been engaged as advisers and reserve certifiers for Bow's Bowen Basin and Surat Basin project areas. MHA have carried out reserve certifications for other Queensland based CSG companies including Arrow Energy, Pure Energy and Sunshine Gas.

# Disclaimer and Competent Expert

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- **Competent Person Statement –** The estimates of gas reserves and resources for the Comet Block (ATP 1025P) and Don Juan CSG Project 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.