



ASX Announcement

3 December 2009

Blackwater CSG Field 2P Drilling finds Natural Permeability

Bow Energy Limited (ASX:BOW) is pleased to provide an update on the initial 2P and 3P reserve certification programs in its 100% owned Blackwater CSG Field and Norwich Park Projects respectively.

First two wells in the Blackwater CSG Field indicate good permeability

1,340 PJ of 3P reserves have been certified to date in the Blackwater CSG Field. Given that the coals are highly gas saturated, to commence upgrading the 3P reserves to 2P reserves, permeability of coal seams between adjacent appraisal wells needs to be established. To date, two wells of an initial 2P drilling program consisting of six appraisal wells located in the central western area of the field have been drilled and tested. Both wells have flowed free gas to surface.

Results to date for the first two wells (BWP-1 and BWP-2) are:

- Permeability has been confirmed by drill stem tests in the top three Rangal coal seams (about 75% of total Rangal coals) which were verified by an independent third party analysis with results ranging from 38 to 112 millidarcies. The fourth and lower most Rangal coal seam had permeability indicated after a low pressure hydrofrac was carried out which is yet to be verified by a third party.
- Successful hydrofracs have been trialled over several Burngrove coal seams with post frac drill stem tests indicating moderate to high permeability increases in seams that initial drill stem testing indicated low permeability. The third party verification of these results is in progress.

The drilling rig is scheduled to mobilise to the next well, BWP-4, this weekend.

Bow plans to send the results to MHA Petroleum Consultants, LLC (MHA), Bow's independent certifier, when the first three of six wells are drilled, tested and third party verified permeability reports are received later in the month. Bow's expects the initial 2P reserves certification on the Blackwater CSG field early in 2010.

Long term production testing will be carried out on some of the appraisal wells when the drilling and permeability testing of the initial six well 2P appraisal program is completed.

Bow's CEO – Commercial, John De Stefani, said "The permeability and hydrofrac testing of the first two of six appraisal wells in the Blackwater CSG field has provided us with

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confidence that natural permeability is present within the top three Rangal Coal seams in the western side of the field. In addition, initial results indicate that inexpensive hydrofracs can enhance permeability in low permeability coals seams in this area.

Assuming the natural and permeability enhancements continue with the third well, we would expect to get initial 2P reserves certified for this field early next year. We are confident after only two of the six initial appraisal wells that a suitable commercial completion method for the western side of the field will be established. This completion method, with minor variations as required, will be applied and tested in the twelve well CSG pilot program planned to start early in the second quarter of 2010. The gas from the pilot will supply Bow's Blackwater Power station which will be built adjacent to the Blackwater CSG field.

The preliminary results from the first two wells in our initial appraisal program provide further confidence that Bow has the potential to deliver its end of 2010 2P target of 450 PJ," De Stefani concluded.

Norwich Park 3P Reserves Drilling Program to commence Next Week

At Bow's 100% owned Norwich Park CSG projects, a coring rig is on schedule to start on the seven well fully cored initial 3P exploration drilling program next week commencing with the Vermont Prospect which is targeting both Moranbah and Fort Cooper coal measures. The initial 3P reserves certification for the Norwich Park CSG projects are expected early in the second half of 2010.

For and on behalf of the Board

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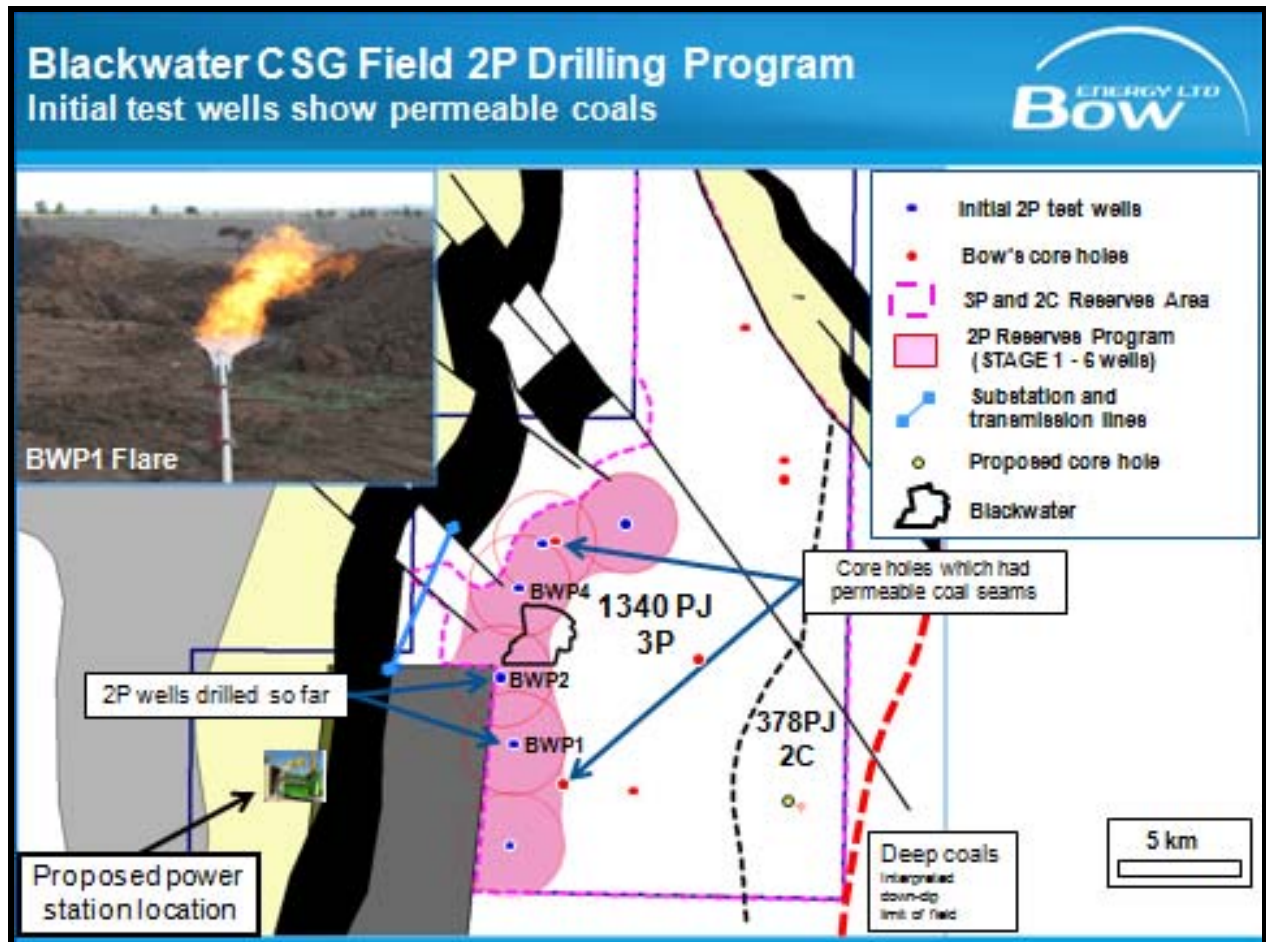
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The technical information contained herein is based on information compiled by the Company's Managing Director, Ron Prefontaine, who has more than 30 years experience in petroleum exploration.

Competent Person Statement - The estimates of gas reserves and resources for the Comet Block (ATP 1025P) have 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 in the form and context in which it appears.

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