

**BOW ENERGY LIMITED
AND IT'S SUBSIDIARIES**

A.B.N. 63 111 019 857

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

BOW ENERGY LIMITED

CORPORATE DIRECTORY

DIRECTORS

Howard Stack
Nicholas Mather
Stephen Bizzell
Ronald Prefontaine

AUSTRALIAN BUSINESS NUMBER

63 111 019 857

SECRETARY

Duncan Cornish

ADMINISTRATION AND REGISTERED OFFICE

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SOLICITORS

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AUDITORS

BDO Audit (QLD) Pty Ltd
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Competent Person Statement - The estimates of gas reserve and resources for the Comet Block (ATP 1025P) and Don Juan CSG field 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.

Other 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. Mr Prefontaine is employed by Prefontaine Consulting which provides certain consultancy services including the provision of Mr Prefontaine as the Managing Director of Bow Energy Limited.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

DIRECTOR'S REPORT

Your directors present their report on the consolidated entity consisting of Bow Energy Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

Directors

The names of persons who were directors of Bow Energy Ltd during the whole of the half-year and up to the date of this report are:

Nicholas Mather
Stephen Bizzell
Ronald Prefontaine

Howard Stack was appointed to the board of directors as non-executive chairman on 17 December 2009 and continues in office until the date of this report.

Review of Operations

Bow Energy Ltd's (Bow) core energy businesses are the exploration, appraisal and development of Coal Seam Gas (CSG) projects and oil exploration within Queensland. Bow's strategy has continued to focus on finding oil and gas and progress projects close to both domestic markets and planned export LNG markets. More recently, the Company has focussed a large portion of its resources on its CSG projects. Bow is actively engaged in the exploration, appraisal and development of CSG in Queensland's Bowen and Surat basins.

Significant activities which occurred during the half-year included:

- Bow obtained substantial certified reserves upgrades from MHA Petroleum Consultants, LLC (MHA) on the Blackwater CSG Field and Don Juan CSG Project adding to its growing gas reserves portfolio and supporting a 45% increase in the 2010 3P reserve target from 1,900PJ to 2,750PJ:

CSG Project (100% unless stated otherwise)	3P Certified Reserves (PJ Net to Bow)	2P Certified Reserves (PJ Net to Bow)	End 2010 Target (3P/2P) (PJ Net to Bow)
Blackwater CSG Field (Comet Block)*	1,340	-	>1,500/200
Comet CSG Prospect (Comet Block)	-	-	> 500/100
Norwich Park Projects (3 prospects)	-	-	> 500/100
Don Juan Project (55%)	107	55	150/50
Gunyah Project	-	-	>100/na
Total Reserves (net PJ's to Bow)	1,447	55	> 2,750/450

* A further 378PJ of 2C resource was certified in the Rangal and Burngrove Coal Measures over the deeper part of the field located in the south eastern corner

- Bow successfully completed a capital raising program during the quarter comprising an institutional investment and Share Purchase Plan. Together with cash on hand the raising provided Bow with over \$95 million (\$6.7m of this expended prior to 31 December primarily for power station deposits) which will be utilised to fund the Blackwater Power Project, Blackwater initial gas field development and reserve upgrade programs across Bow's quality CSG projects.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

DIRECTOR'S REPORT

- Bow obtained 3P reserve upgrades on the Blackwater Field accumulating to 1,340PJ of 3P and 378 PJ 2C resource. Drilling during the quarter focussed on the initial 2P well program carried out within the shallow central western area of the field with the first three of six wells completed. Drill Stem Tests (DSTs) confirmed permeability in the top three Rangal coal seams ranging from 38 to 407 millidarcies.
- Bow is expanding into power generation with the development of a 30 megawatt power plant near Blackwater, Queensland. It is proposed that the new power plant will be supplied by coal seam gas (CSG) from the Blackwater CSG Field, providing early financial returns from the Company's strategically located gas assets. The power plant will be constructed by Clarke Energy (Aust) Pty Ltd (Clarke) under a turnkey construction contract utilising lean burn, highly efficient GE Jenbacher gas engines with expected completion in early 2011.
- Cuisinier-1 oil discovery is in final stages of connection by Santos as operator. In the Surat Basin, Mosaic as farminee is continuing interpretation of newly acquired data.
- Bow sold its interest in ATP 574P, located in Queensland's Surat Basin, to Victoria Petroleum NL (Vicpet). The consideration for the sale for all of Bow's interests in ATP 574P, including a 3.75% interest in the Walloon Coal Seam Gas (CSG) and 18.75% to 63.75% interest in the deeper on Walloon CSG stratigraphic section, was:
 - \$8 million cash received during the quarter;
 - 13 million fully paid shares in Vicpet (received on 1 February 2010, valued at \$3.7m); and
 - Vicpet's interests in Surat Basin tenements ATP 608P (including 24% in Stratton Block and 30% in Rookwood Block) and ATP 805P (15%).Bow's ownership in ATP 608P and ATP 805P has increased to 94.6% and 100% respectively.

Mr Howard Stack was appointed Independent Non-Executive Chairman and Mr Victor Palanyk appointed as COO.

For the half-year ended 31 December 2009, the consolidated profit from ordinary activities for the economic entity after providing for income tax was \$10,535,316 (2008: loss of \$277,107).

Auditors Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C is included on page 5 to these half-year financial statements.

This report is signed in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Stephen Bizzell
Director

Brisbane, 24 February 2010



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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF BOW ENERGY LIMITED

As lead auditor of Bow Energy Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bow Energy Limited and the entities it controlled during the period.

T J Kendall

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 24 February 2010

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Entity 31 December 2009 \$	31 December 2008 \$
Revenue from continuing operations		12,306,736	592,454
Employee benefits expense		(688,518)	(349,518)
Depreciation and amortisation expenses		(21,282)	(14,455)
Legal expenses		(34,179)	(96,154)
Administration and consulting expenses		(332,958)	(277,711)
Other expenses		(694,483)	(131,723)
Profit/(Loss) before income tax expense		10,535,316	(277,107)
Income tax expense		-	-
Net Profit/(Loss) for the half-year		10,535,316	(277,107)
Other comprehensive income		-	-
Total comprehensive income for the half-year		10,535,316	(277,107)
Profit/(Loss) for the half-year is attributable to:			
Owners of Bow Energy Ltd		10,535,316	(277,107)
Total comprehensive income for the half-year is attributable to:			
Owners of Bow Energy Ltd		10,535,316	(277,107)
		Cents	Cents
Earnings/(loss) per share for profit attributable to owners of Bow Energy Ltd:			
Basic earnings/(loss) per share		4.70	(0.18)
Diluted earnings/(loss) per share		4.41	(0.18)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Entity	
		31 December 2009	30 June 2009
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		88,267,867	20,642,774
Trade and other receivables		5,503,747	1,178,898
Inventories		239,743	239,743
Other current assets		68,879	96,303
Total Current Assets		<u>94,080,236</u>	<u>22,157,718</u>
Non-Current Assets			
Property, plant and equipment		6,954,538	223,920
Other non-current assets		772,474	697,081
Exploration and evaluation expenditure		27,643,205	18,407,812
Total Non-Current Assets		<u>35,370,217</u>	<u>19,328,813</u>
TOTAL ASSETS		<u>129,450,453</u>	<u>41,486,531</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		1,445,161	1,281,684
Total Current Liabilities		<u>1,445,161</u>	<u>1,281,684</u>
Non-Current Liabilities			
Provisions		125,000	125,000
Total Non-Current Liabilities		<u>125,000</u>	<u>125,000</u>
TOTAL LIABILITIES		<u>1,570,161</u>	<u>1,406,684</u>
NET ASSETS		<u>127,880,292</u>	<u>40,079,847</u>
EQUITY			
Contributed equity	5	117,677,404	40,695,510
Reserves		2,510,629	2,227,394
Accumulated losses		7,692,259	(2,843,057)
TOTAL EQUITY		<u>127,880,292</u>	<u>40,079,847</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
At 1 July 2008	24,788,794	(2,071,023)	1,738,752	24,456,523
Total comprehensive income for the half-year				
Profit for the year	-	(277,107)	-	(277,107)
	-	(277,107)	-	(277,107)
Transactions with owners in their capacity as owners				
Issue of share capital	232,143	-	-	232,143
Costs associated with issue of share capital	94,493	-	-	94,493
Issue of employee options	-	-	129,304	129,304
	326,636	-	129,304	455,940
At 31 December 2008	25,115,430	(2,348,130)	1,868,056	24,635,356
Total comprehensive income for the half-year				
Profit for the year	-	(494,927)	-	(494,927)
	-	(494,927)	-	(494,927)
Transactions with owners in their capacity as owners				
Issue of share capital	16,591,481	-	-	16,591,481
Costs associated with issue of share capital	(1,011,401)	-	-	(1,011,401)
Issue of employee options	-	-	359,338	359,338
	15,580,080	-	359,338	15,939,418
At 30 June 2009	40,695,510	(2,843,057)	2,227,394	40,079,847
Total comprehensive income for the half-year				
Profit for the year	-	10,535,316	-	10,535,316
	-	10,535,316	-	10,535,316
Transactions with owners in their capacity as owners				
Issue of share capital	79,455,170	-	-	79,455,170
Costs associated with issue of share capital	(2,473,276)	-	-	(2,473,276)
Issue of employee options	-	-	283,235	283,235
	76,981,894	-	283,235	77,265,129
At 31 December 2009	117,677,404	7,692,259	2,510,629	127,880,292

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Entity	
		31 December 2009 \$	31 December 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		449,366	124,584
Payments to suppliers & employees (including Goods & Services Tax)		(1,167,013)	(608,142)
Interest received		416,917	212,256
Net cash (outflow)/inflow from operating activities		(300,730)	(271,302)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for security deposits		(96,671)	(44,467)
Payments for plant and equipment		(6,723,984)	(134,652)
Payments for investments		-	(2,320,936)
Proceeds from sale of investments		-	2,687,302
Payments for exploration & evaluation		(10,876,529)	(1,681,802)
Payments for joint ventures		(105,794)	(1,335,551)
Recovery from joint ventures		495,148	1,373,959
Proceeds from sale of tenement		8,000,000	-
Net cash (outflow)/inflow from investing activities		(9,307,830)	(1,456,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		79,455,170	-
Payments for share issue expenses		(2,221,517)	(10,261)
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash (outflow)/inflow from financing activities		77,233,653	(10,261)
NET INCREASE/(DECREASE) IN CASH HELD		67,625,093	(1,737,710)
Net cash at beginning of period		20,642,774	8,525,064
NET CASH AT END OF PERIOD		88,267,867	6,787,354

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2009 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The historical cost basis has been used, except for investment properties, land and buildings, derivatives and available-for-sale financial assets which have been measured at fair value.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by Bow Energy Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, except as follows:

(a) Determination and presentation of operating segments

The Group has applied AASB 8 Operating Segments and its associated amending standards from 1 July 2009. As of 1 July 2009 the Group determines and presents operating segments based on information that is internally provided to the board of directors, who are the Group's chief operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the board to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

Segment results that are reported to the board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate office assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

1. BASIS OF PREPARATION (continued)

(b) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration expenditure of \$27,643,205 (30 June 2009: \$18,407,812). The ability of the company to maintain continuity of normal business activities, to pay their debts as and when they fall due and to recover the carrying value of their areas of interest, is dependent upon the ability of the company and to successfully raise additional capital and/or the successful exploration and subsequent exploitation of their areas of interest through sale or development.

(c) Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

2. SEGMENT INFORMATION

The Company operates predominantly in one business and geographical segment being in the petroleum industry in Australia. No revenue from this activity has been earned to date as the Company is still in the exploration and evaluation stage.

Consolidated Entity	
31 December 2009	31 December 2008
\$	\$

3. LOSS AFTER INCOME TAX EXPENSE

The following revenue and expense items are relevant in explaining the financial performance of the interim period:

Write off of capitalised exploration expenditure on areas of interest abandoned during the period	463,304	1,082
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4. INDIVIDUALLY SIGNIFICANT ITEMS

Profit for the half-year includes the following item:

Gain on sale of tenement	11,518,549	-
Less applicable income tax expense	-	-
	11,518,549	-

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

4. INDIVIDUALLY SIGNIFICANT ITEMS (continued)

Bow sold its interest in ATP 574P, located in Queensland's Surat Basin, to Victoria Petroleum NL (Vicpet). The consideration for the sale for all of Bow's interests in ATP 574P, including a 3.75% interest in the Walloon Coal Seam Gas (CSG) and 18.75% to 63.75% interest in the deeper on Walloon CSG stratigraphic section, was:

- \$8 million cash received during the quarter;
- 13 million fully paid shares in Vicpet (received on 1 February 2010, valued at \$3.7m); and
- Vicpet's interests in Surat Basin tenements ATP 608P (including 24% in Stratton Block and 30% in Rookwood Block) and ATP 805P (15%).

Bow's ownership in ATP 608P and ATP 805P has increased to 94.6% and 100% respectively.

	Consolidated Entity		Consolidated Entity	
	2009	2008	2009	2008
	No.	No.	\$	\$
5. EQUITY SECURITIES ISSUED				
(a) Ordinary shares				
At 1 July	209,641,395	151,247,388	40,695,510	24,788,794
Shares issued during the half-year				
- 22 August 2008 (1)	-	89,222	-	25,000
- 15 October 2008 (2)	-	714,285	-	207,143
- 22 July 2009 (3)	500,000	-	200,000	-
- 29 July 2009 (4)	2,416,744	-	1,208,372	-
- 6 August 2009 (5)	600,000	-	300,000	-
- 17 August 2009 (6)	500,000	-	250,000	-
- 4 September 2009 (7)	500,000	-	250,000	-
- 8 September 2009 (8)	115,690	-	57,845	-
- 21 September 2009 (9)	100,000	-	50,000	-
- 1 October 2009 (10)	912,970	-	456,485	-
- 6 October 2009 (11)	693,515	-	346,757	-
- 15 October 2009 (12)	60,000	-	30,000	-
- 22 October 2009 (13)	20,000	-	10,000	-
- 30 October 2009 (14)	50,000	-	25,000	-
- 9 November 2009 (15)	240,000	-	120,000	-
- 19 November 2009 (16)	31,200,000	-	39,000,000	-
- 2 December 2009 (17)	600,000	-	300,000	-
- 18 December 2009 (18)	29,280,569	-	36,600,711	-
- 31 December 2009 (19)	200,000	-	250,000	-
Share issue costs	-	-	(2,473,276)	94,493
At 31 December	<u>277,630,883</u>	<u>152,050,895</u>	<u>117,677,404</u>	<u>25,115,430</u>

(1) On 22 August 2008, 89,222 shares were issued as part of the consideration for the purchase of the Canaway Blocks in ATP 560P pursuant to an agreement dated 30 July 2008.

(2) On 15 October 2008, 714,285 shares were issued as part of the consideration for the purchase of Roma Petroleum NL shares, pursuant to a Share Sale Agreement Dated 26 September 2008.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

5. EQUITY SECURITIES ISSUED (continued)

(a) Ordinary shares (continued)

(3) On 22 July 2009, 500,000 unlisted \$0.40 employee options expiring 1 July 2011 were exercised into ordinary shares.

(4) On 29 July 2009, 2,416,744 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(5) On 6 August 2009, 100,000 unlisted \$0.50 employee options expiring 20 May 2010 and 500,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(6) On 17 August 2009, 500,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(7) On 4 September 2009, 500,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(8) On 8 September 2009, 115,690 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(9) On 21 September 2009, 100,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(10) On 1 October 2009, 912,970 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(11) On 6 October 2009, 693,515 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(12) On 15 October 2009, 60,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(13) On 22 October 2009, 20,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(14) On 30 October 2009, 50,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(15) On 9 November 2009, 100,000 unlisted \$0.50 employee options expiring 20 May 2010 and 140,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

(16) On 19 November, 31,200,000 ordinary shares were issued (@ \$1.25 to raise \$39,000,000 before issue costs), pursuant to a Share Placement as announced by the Company on 13 November 2009.

(17) On 2 December 2009, 600,000 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

5. EQUITY SECURITIES ISSUED (continued)

(a) Ordinary shares (continued)

(18) On 18 December 2009, 29,280,569 ordinary shares were issued (@ \$1.25 to raise \$36,600,711 before issue costs), pursuant to a Share Purchase Plan announced by the Company on 13 November 2009.

(19) On 31 December 2009, 200,000 ordinary shares were issued (@ \$1.25 to raise \$250,000 before issue costs), pursuant to a Share Placement as announced by the Company on 13 November 2009 and as approved by shareholders at a General Meeting held on 15 December 2009.

(b) Options

During the half-year ended 31 December 2009, the Company issued the following options to employees:

- 250,000 unlisted options exercisable at \$1.00 on or before 30 June 2012. The options vest 50% (125,000) on 1 July 2010 and the remaining 50% (125,000) on 1 July 2011.

6. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2009.

7. COMMITMENTS

During the half-year ended 31 December 2009, Bow Energy entered into a contract for the design and construction of a 30 megawatt power station at Blackwater in Central Queensland. Pending regulatory approvals, targeted completion date is first quarter 2011.

	Consolidated Entity	
	31 December 2009	31 December 2008
	\$	\$
Capital expenditure commitments contracted for:		
Capital expenditure projects	26,536,358	-
Payable:		
- not later than 12 months	24,877,837	-
- between 12 months and 5 years	1,658,521	-
- greater than 5 years	-	-
	26,536,538	-

The contract is paid in instalments based on the achievement of certain milestones by the contractor.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 5 January 2010, 600,000 ordinary shares were issued (@ \$1.25 to raise \$750,000 before issue costs), pursuant to a Share Placement as announced by the Company on 13 November 2009 and as approved by shareholders at a General Meeting held on 15 December 2009.

On 22 January 2010, the following options were cancelled due to employee resignation:

- 500,000 unlisted \$0.40 options expiring 1 July 2011
- 1,000,000 unlisted \$0.75 options expiring 1 July 2012
- 1,000,000 unlisted \$1.00 options expiring 1 July 2013

The following options were exercised into ordinary shares, subsequent to 31 December 2009:

- 488,152 unlisted \$0.50 options expiring 7 November 2011
- 316,667 unlisted \$0.50 employee options expiring 20 May 2010
- 50,000 unlisted \$0.30 employee options expiring 31 March 2010

There have been no other events since 31 December 2009 that impact upon the financial report as at 31 December 2009.

BOW ENERGY LIMITED AND IT'S SUBSIDIARIES

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (a) Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Stephen Bizzell
Director

Brisbane, 24 February 2010

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BOW ENERGY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bow Energy Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bow Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bow Energy Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (QLD) Pty Ltd

T J Kendall

Director

Brisbane, 24 February 2010