



## ASX Announcement

11 May 2010

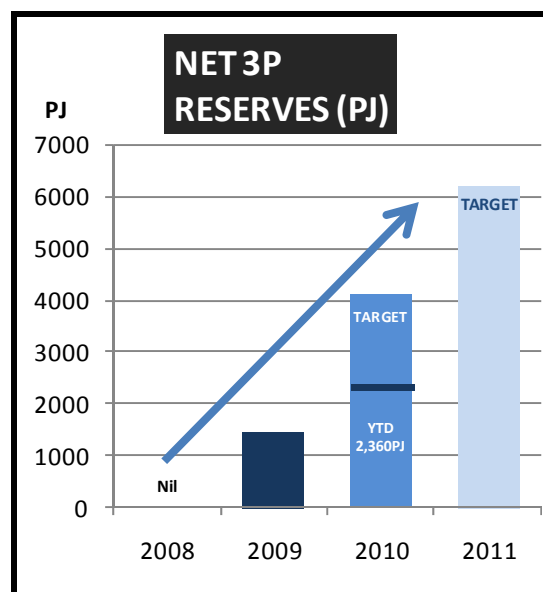
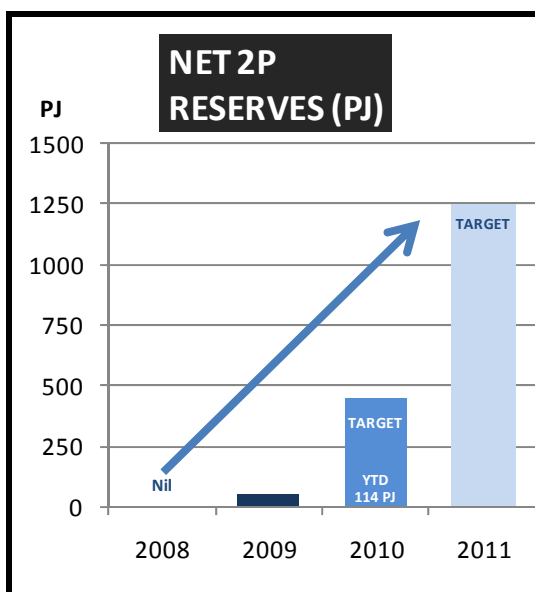
### Bow boosts 2010 gas reserves target by 50% and defines Gas In Place of over 13.8 Trillion Cubic Feet

#### Highlights

External assessments of Bow's eight coal seam gas projects in the Bowen and Surat Basins in Queensland have now identified Gas In Place (GIP) potential of over 13.8 Trillion cubic feet (Tcf) net to Bow. The 13.8 TCF estimate does not however include any GIP estimate for the Fort Cooper coal measures within the Norwich Park Block where Bow's first two exploration wells intersected an average of 28 metres of gassy Fort Cooper coals – indicating the potential for substantial additional gas resources within this Block.

Supported by the external GIP assessment and early positive drilling results at Norwich Park, Bow has increased its gas reserve targets as follows:

- End of 2010 3P gas reserve target increased by 50% from 2,750 PJ to 4,128 PJ; and
- End of 2011 gas reserve targets of 6,200 PJ for 3P and 1,250 PJ for 2P.



The increased end of 2011 3P reserves target, if proven that the gas can be economically recovered, represents sufficient reserves to supply the 240 PJ per annum approximately needed for a 4 million tonne per annum liquefied natural gas (LNG) train over a 25-year period.

**The Directors of Bow Energy Ltd** (ASX:BOW) are pleased to announce that following external assessments of the Gas In Place (GIP) potential of its coal seam gas tenements together with positive drilling results in its Bowen Basin tenements has provided the confidence for Bow to substantially increase its previously announced gas reserve targets.

A study conducted by MBA Petroleum Consultants Pty Ltd (MBA) of Bow's 100% owned Bowen Basin tenements at the Norwich Park block (ATP 1031P), Gonyah block (ATP 1053P) and Bandanna block (ATP 805P) estimates a total of 8.7 Tcf of GIP potential. Bow's reserve certifier, MHA Petroleum Consultants, LLC (MHA) had previously provided GIP potential in the Comet block (ATP 1025P) and Don Juan CSG Field (ATP 771) of over 5.1 Tcf (net to Bow) of which currently 2,360 PJ of 3P, 114 PJ of 2P plus 874 PJ of 2C gas resource has been certified.

Bow's first well in its Norwich Park block, VM-1, was completed late last month intersecting over 52 metres of net gassy coal. Initial desorption results indicate high gas contents and gas saturations along with bright fractured coals suggesting good permeability. The second well, VM-2, currently drilling 9 kilometres to the southeast of VM-1, has to date intersected 49.4 metres of gassy coal to a depth of 684 metres, with more coal expected while drilling continues towards a target depth of 850 metres. Early gas desorption results from VM-2 coals are similar to those in VM-1.

The substantial GIP estimates and recent positive drilling results combined with the currently certified reserves in Bow's more advanced CSG fields, has justified a significant increase in gas reserves targets for 2010 and 2011, to more than 6,200 PJ of 3P and 1,250 PJ of 2P now being targeted by the end of 2011. For the end of 2010, Bow has increased its 3P target to 4,128 PJ, an increase of 50% on the previous target of 2,750 PJ (net to Bow).

Based on current plans, Bow is fully funded to support the required drilling and testing programme to achieve the end of 2011 3P and 2P reserves targets.

Commenting on the increased reserves targets, Bow's CEO John De Stefani said: "With the positive results from early drilling at Norwich Park and the substantial GIP estimates in Bow's CSG tenements, Bow is confident in delivering the increased gas reserve targets. The 3P reserves targeted for the end of 2011 have the potential to supply a four million tonnes per year LNG train for over 25 years."

Mr De Stefani added, "In addition to the current drilling programs, Bow continues to progress multiple development paths for getting its gas to market, including domestic power generation, domestic gas supply for industrial users and gas supply for the proposed export LNG plants in Gladstone. We are on track to become a leading independent upstream energy company, with multiple pathways for high volume gas sales".

A more detailed summary follows.

## Independent assessment of over 13.8 Tcf GIP in Bow's CSG tenements

Bow Energy Limited (Bow) commissioned MBA Petroleum Consultants Pty Ltd (MBA) to carry out an independent assessment of the GIP potential in three of Bow's 100% CSG tenements; Norwich Park block (ATP 1031P), Gunyah block (ATP 1053P) and Bandanna block (ATP 805P). MBA's methodology is detailed in Appendix 2 to this announcement.

In addition to MBA's assessment, MHA Petroleum Consultants, LLC (MHA), Bow's independent reserve certifier, has previously provided GIP potential in the Comet block (ATP 1025P) and Don Juan CSG Field (ATP 771) and certified 2,360 PJ of 3P, 114 PJ of 2P plus 874 PJ of 2C gas resource in these areas.

A summary of the independent assessment of Gas in Place (GIP) potential estimates in Bow's tenements is tabled below.

**Table 1: GIP Summary of CSG Tenements**

<b>Project (all 100% unless stated otherwise)</b>	<b>Target Coal Measures</b>	<b>Gas in Place (Tcf net to Bow)<sup>1</sup></b>
Comet Block (ATP 1025P)	Rangal and Fort Cooper	4.8
Don Juan Project (Bow 55%)	Juandah and Taroom	0.3
Norwich Park Projects (ATP 1031P)	Moranbah and Rangal <sup>2</sup>	6.5
Gunyah Project (ATP 1053P)	Rangal	1.8
Bandanna Project (ATP 805P)	Bandanna	0.4
<b>Total GIP (net Tcf to Bow)</b>		<b>13.8</b>

<sup>1</sup> MBA provided GIP estimates for the Norwich Park, Gunyah and Bandanna projects only, as detailed in Appendix 1. MHA had independently provided GIP potential for Bow's Comet and Don Juan Projects as part of the reserve certification statements in these projects as previously announced.

<sup>2</sup> MBA did not include any GIP estimates for the Fort Cooper coal measures within Norwich Park block due to no open file data on current producing CSG fields from this coal measure. Bow notes that Arrow Energy reported in July 2009 and again in December 2009 that it had encouraging gas flow rates and obtained 2P certified reserves from its Fort Cooper coal measures within the Moranbah Gas Project in the Bowen Basin located about 50 kilometres northwest of the Norwich Block. Furthermore Bow has encountered an average of 28 metres of gassy Fort Cooper coals in its first two wells in its initial seven well exploration program at Norwich Park. For these reasons, Bow believes there is the potential for substantial gas resources in the Fort Cooper coal measures not included in the MBA assessment.

## Increased 2010 and 2011 Gas Reserve Targets

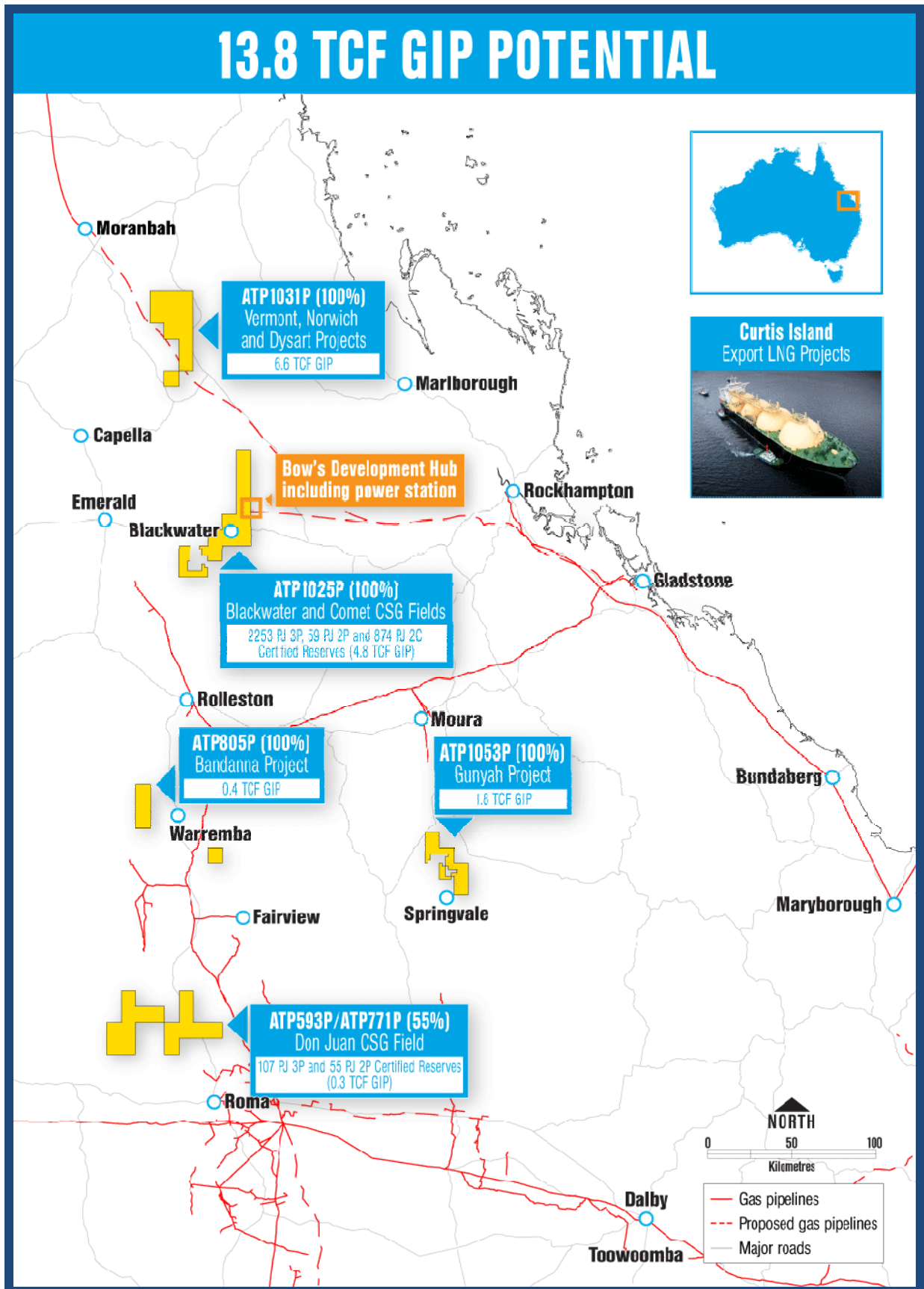
Continued positive drilling results achieved at Norwich Park combined with the independent assessment of GIP estimates across Bow's CSG tenements, justify an end of 2010 3P target increase by 50% from 2,750 PJ to 4,128 PJ. This new target compares to Bow's already certified 3P reserves of 2,360 PJ.

**Table 2: Current Reserves and Revised Reserve Targets\***

Project (all 100% unless stated otherwise)	Current Certified Reserves		End 2010 Reserve Targets		End 2011 Reserve Targets	
	3P Reserves (PJ net to Bow)	2P Reserves (PJ net to Bow)	3P Reserves (PJ net to Bow)	2P Reserves (PJ net to Bow)	3P Reserves (PJ net to Bow)	2P Reserves (PJ net to Bow)
Blackwater CSG Field (Comet Block)	1,382	59	1,750	200	1,750	450
Comet CSG Field (Comet Block)	871	-	871	100	1,000	200
Norwich Park Projects (3 prospects)	-	-	1,200	100	2,500	400
Gunyah Project	-	-	200	-	600	100
Bandanna Project	-	-	-	-	200	-
Don Juan Project (55%)	107	55	107	55	150	100
<b>Total Reserves (net PJ to Bow)</b>	<b>2,360</b>	<b>114</b>	<b>4,128</b>	<b>455</b>	<b>6,200</b>	<b>1,250</b>

\* Timing of reserve targets subject to such items as weather and availability of drilling and other support services

Figure 1 – Bow’s CSG Tenements with GIP Estimates and Current Gas Reserves



For and on behalf of the Board

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**Competent Person Statements**

**MHA** - The estimates of gas reserve and resources for the Comet Block (ATP 1025P) and Don Juan CSG Field (ATP 771P) 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 in the form and context in which it appears.

**MBA** – The estimates of gas in place estimates for the Norwich Park (ATP 1031P), Gonyah Block (ATP 1053P) and Bandanna Project (ATP 805P) has been prepared by Mr Doug Barrenger of MBA Petroleum Consultants Pty Ltd (MBA). Mr Barrenger has more than 25 years of experience in the petroleum industry and 10 years of experience in the coal seam gas industry.

**Bow** – Other technical information contained herein is based on information compiled by the Company's Chief Operating Officer, Vic Palanyk, who has more than 15 years experience in coal seam gas.

### **About Bow Energy Ltd**

Bow Energy Limited (ASX:BOW) is an S&P ASX 200 All Australian Index and S&P ASX 300 Index Company. The company's primary business is the discovery and commercial production of Coal Seam Gas (CSG) and conventional oil fields, with projects in several of Australia's producing basins.

The company is focused on expanding its CSG reserves, with eight CSG projects located within the highly prospective Bowen and Surat Basins of Queensland, and developing production for domestic and export natural gas customers.

The company has GIP potential across its CSG projects of over 13.8 Tcf and to date has certified net gas reserves of 2,360 petajoules (PJ) of 3P and 114 PJ of 2P. A record drilling program is underway for 2010, targeting year-end reserves of 4,128 PJ of 3P and 455 PJ of 2P.

Bow is currently developing the Blackwater Power Project, Bow's 100% owned 30 megawatt power station near Blackwater, central Queensland, which is scheduled for commissioning by the end of the first quarter 2011.

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### **About MBA**

MBA was founded in 2001. MBA's foundation areas are in oil, gas and CSG and the company has expanded into other fields of exploration, coal mine methane (CMM), underground coal gasification (UGCG), tight and basin centred gas, CO<sub>2</sub> storage sites and geothermal.

MBA has been involved in the Australian CSG industry, from its infant days and participates in the exploration of all of the main Permian and Jurassic and Cretaceous coal plays in Queensland and New South Wales. Geologists and reservoir engineers employed and contracted by MBA have explored and carried out or reviewed reserve determinations on many CSG fields and some coal mines over many years. MBA has written more than fifty (50) Independent Expert Reports (IER) and thirty (30) Valuations in the past five years. The company has considerable field experience as well and have designed and sub-contracted CSG wells and core and gas analysis programs. This extends to tendering for rigs and other services and wellsite supervision and overall project management of drilling and seismic acquisition.

## APPENDIX 1: GAS IN PLACE (GIP) SUMMARY OF BOW'S TENEMENTS

Table 3: Summary of GIP Estimates From MBA

Tenement (100% Bow)	Target Coal Measure	Permit Area (km <sup>2</sup> )	GIP Area (km <sup>2</sup> )	BCF/km <sup>2</sup>	GIP (BCF)
Norwich Park Block (ATP1031) <sup>1</sup>	Rangal	869.2	169.1	5.7	966
Norwich Park Block (ATP1031) <sup>1</sup>	Moranbah	869.2	677.2	8.2	5,551
Gunyah Block (ATP1053) <sup>2</sup>	Rangal	384.8	263.1	6.7	1,773
Bandanna Block (ATP805P) <sup>3</sup>	Bandanna	294.8	215.7	2.0	430
<b>TOTAL</b>					<b>8,720</b>

### Footnotes:

- Norwich Park Block** (ATP1031) is located approximately 60km to the south-east of Moranbah and covers an area of approximately 869km<sup>2</sup>
- Gunyah Block** (ATP1053) is located approximately 10km to the south-of Theodore and covers an area of approximately 385km<sup>2</sup>. The Gunyah permit is subject to native title. Bow has executed agreements with the Native Title claimants and is awaiting the permit's formal granting by the Queensland State Government.
- Bandanna Block** (ATP 805P) is split into three parts, east, west and south. As this study is looking at the Permian coals in the Bowen Basin the southern block is not included in this report. For the purpose of this study the two blocks have been named ATP 805P (West) and ATP 805P (East). ATP 805P (West) covers an area of approximately 217km<sup>2</sup> and is situated approximately 60km to the south-west of Rolleston. ATP805P (East) covers an area of approximately 77.5km<sup>2</sup> and is located approximately 30km to the north of the Fairview gas field.

## **APPENDIX 2: MBA's Gas In Place Methodology**

All gridding and Gas-in-Place (GIP) resource estimates were carried out in the IHS Petra geological software package utilized by MBA Petroleum Consultants Pty Ltd (MBA). MBA calculated Gas in Place using the following equation:

$$\text{GIP} = \text{AREA} \times \text{NET COAL THICKNESS} \times \text{DENSITY} \times \text{GAS CONTENT (Raw)}$$

The GIP includes all measured gases within the coal, not just methane.

The data used in this study includes open file Well Completion Reports, Composite Logs, Coal Bed Methane Reports, Gas Desorption Reports and Wireline logs. The information taken from these reports included formation tops, net coals, gas content data, coal density data and gas composition data. An overlay of the coal measures outcrop was imported into Petra to assist the study by showing the formation limits.