



ENERGY



BOW ENERGY

CEO: John De Stefani

Market capitalisation: \$267 million

Revenue '09: \$718, 541

Loss '09: \$772,034

Staff: 15

Established: Listed 2005

HOLDING \$95 million in hand after a successful capital raising last quarter, coal seam gas company Bow Energy Limited (BOW) is spending big, with construction

on a 30MW power plant expected to start mid-year.

The Brisbane-based company's share price has gone up three-fold in the last 12 months – four-fold at times – while its projects in the Bowen Basin continue with healthy levels of production.

But that's not enough for CEO John De Stefani.

He says the company will spend half of the \$95 million on 52 wells to bolster BOW's gas reserves, with the other half going towards the Blackwater 30MW Power Project.

"We plan for construction to start mid-year - we're going through the approvals process and if it proceeds mid-year we'll start commercialising in the first quarter of next year," he says.

"It's a relatively quick process, we've got 10 by three megawatt units so they are

very easily installed, so in the first quarter of next year we should have the first electrons through the door.

"In 2010 we're focused on developing the power station and secondly those 52 wells to increase our reserve position, in parallel to off-take arrangements domestically and with the proposed projects in Gladstone – we're looking at gas supply in 2014 onwards."

De Stefani is adamant that BOW has no intention to invest in LNG plants, but to provide gas to those facilities proposed in Gladstone.

"There's always uncertainty. In the proposed LNG projects in Gladstone there are key dates, but my promise is longer term, as gas will be in demand and LNG is a cleaner resource," he says.

"We see opportunities to supply gas domestically and the upside of that is to sell overseas for the LNGs too."

De Stefani expects his company is now at a reasonable level to make the transition from an exploration company to one of the leading energy companies in Australia.

"Arrow's got somewhere around \$3 billion for their market cap. I don't expect we'll get there just yet, but we expect to double our production."

Compared to the \$95 million capital raising the sale of minor tenement ATP 574P in the Surat Basin for \$8 million was small, but follows a focus shift towards core assets.

"It's a non-core asset - we'd prefer our cash invested elsewhere where we have high control," he says.

BOW also holds a 55 per cent stake in the Don Juan Project in the Surat Basin, with Victoria Petroleum holding the rest.

"Apart from that have 100 per cent control of our assets," he says.

