



## Company Briefing: Bow Energy Ltd (ASX:BPO)



John de Stefani

Bow Energy Ltd floated in 2005 with a portfolio of conventional oil and gas assets, but has now joined the coal seam gas (CSG) race as it expands into this booming industry in Queensland.

Based in Brisbane, the company is in an ideal position to benefit from the wave of international investment in the sector and is rapidly growing its CSG business, with a goal of becoming a mid-tier listed energy company within four years.

The company was founded by well-known resources industry entrepreneurs Nick Mather, Stephen Bizzell and Ron Prefontaine, who is the managing director and largest individual shareholder. All three Bow directors have been involved in the successful growth of CSG specialist Arrow Energy, which supported Bow's \$6 million Initial Public Offering.

Aiming to become the "next big CSG company," Bow is currently targeting net 3P (proved, probable and possible) certified gas reserves of over 500 Petajoules (PJ) by the end of 2009, and more than 1,250 PJ by the end of 2010.

The company has a highly prospective CSG portfolio in the Bowen, Surat and Eromanga Basins in Queensland, together with a portfolio of conventional oil and gas projects in the Cooper, Eromanga and Surat-Bowen Basins.

It is the company's CSG assets which are currently generating the most investor interest. Bow's 100 per cent ownership of three high potential CSG blocks in the heart of the Bowen Basin CSG fairway have placed it in an excellent position to capture value from the push for an export liquefied natural gas industry based in Gladstone, supplied by CSG.

In 2009, Bow aims to establish its first certified reserves at the Don Juan CSG Project, while pushing forward with reserves certification on its Bowen Basin CSG Projects and the Canaway Ridge CSG Project as it makes the transition from explorer to producer.

Bow's strategy is to farm out its oil projects so as to reduce exploration risk and cost, while maximising the potential benefit for shareholders. It has already successfully conducted farm outs with Mosaic Oil (ATP 608P), while a farm out to a Santos-led joint venture (ATP 752P) resulted in the Cuisinier oil discovery, which is a substantial oil field seen as having long-term production potential.

## Q&A with John de Stefani, CEO – LNG/Commercial

AJM: Bow Energy announced on February 17th a \$14 million capital raising - what will these funds be used for?

JD: Bow is raising funds through a placement and non-renounceable rights issue, which together with existing cash reserves will generate nearly \$20 million to support the company's push for gas reserves certification. This includes ongoing exploration, appraisal and pilot development programs for the CSG portfolio in the Bowen, Surat and Eromanga Basins, together with joint venture oil project exploration and development expenditures. The majority of the funds will be directed towards Bow's two high potential Bowen Basin blocks, Norwich Park and Comet. If our targets are achieved, Bow will have significant uncommitted CSG reserves in the Bowen Basin, and subject to securing appropriate commercial agreements, would be in position to supply gas to the major LNG export projects planned for Gladstone.

AJM: How confident are you of achieving your goal of becoming the next mid-tier CSG energy company?

JS: Bow has a diversified CSG portfolio that is well positioned for both domestic and planned export markets. Bow's three recently awarded blocks in the Bowen Basin - Norwich Park, Comet and Gonyah - have great gas in place potential and are ideally located for the planned LNG projects in Gladstone. Bow's Don Juan Project near Roma is well advanced in the reserve certification process, which when achieved will be a key milestone for the company. Don Juan is well positioned for domestic gas markets. It's important to note the experience of our small but excellent technical and management team. Bow also maintains a tight focus on cash reserves - particularly important in the current market - and has successfully raised the necessary funding for the CSG reserves certification program.

AJM: Queensland's CSG sector has seen a surge in M&A activity recently. Is Bow going to be part of the sector's consolidation, or remain independent?

JD: The recent wave of investment in the sector, including from leading international oil and gas companies, has shown the potential for the CSG industry in Queensland. Bow is now one of the few remaining independent CSG companies in Queensland with potentially significant uncontracted gas resources favourably located near Gladstone. We are uniquely placed to capture this value for the benefit of shareholders, and are working hard to achieve reserves certification to monetise our substantial asset base and become the leading mid-tier CSG company in Australia.