



**BOW ENERGY LIMITED
ACN 111 019 857**

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY MEMORANDUM**

Date of Meeting: 31 October 2006
Time of Meeting: 9.00am (Brisbane time)
Place of Meeting: Level 2, Naldham House, 1 Eagle Street
Brisbane, Queensland

BOW ENERGY LIMITED
ACN 111 019 857

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of shareholders of Bow Energy Limited ACN 111 019 857 (**Company**) will be held at Level 2, Naldham House, 1 Eagle Street, Brisbane, Queensland on 31 October 2006 at 9.00am (Brisbane time).

AGENDA

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider:

- (a) the financial report;
- (b) the directors' report; and
- (c) the auditor's report,

of the Company for the period ended 30 June 2006.

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions, with or without amendment, as ordinary resolutions of the Company:

1. REMUNERATION REPORT

"That the Remuneration Report as set out on pages 17 to 23 of the Company's 2006 Annual Report be considered and adopted".

Please note that the vote on this resolution is advisory only and does not bind the Company or its directors.

2. RE-ELECTION OF STEPHEN BIZZELL AS A DIRECTOR

"That Mr Stephen Bizzell, who retires by rotation in accordance with Article 39 of the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."

3. RATIFICATION OF PREVIOUS ISSUE OF SHARES TO MR KEITH MARTENS

*"That in accordance with Listing Rule 7.4 of the Official Listing Rules of the Australian Stock Exchange Limited (**ASX Listing Rules**), and for all other purposes, the previous issue to Mr Keith Martens, Exploration Manager, of 350,000 fully paid ordinary shares in the Company as remuneration for services provided to the Company (**Martens Remuneration Shares**) on the terms set out below and in the Explanatory Memorandum accompanying this Notice, be hereby ratified and approved."*

NOTES:

1. The rights attaching to the Martens Remuneration Shares are identical in all respect to existing ordinary shares on issue in the Company.
2. The Martens Remuneration Shares were issued pursuant to the terms of the Employment Agreement between the Company and Mr Martens under one of the classes of exemptions specified in Section 708 of the Corporations Act 2001 and the issue of the Martens Remuneration Shares did not raise any funds.
3. The Martens Remuneration Shares were issued on 22 May 2006 at an issue price of \$0.205 each.
4. Mr Martens is not a Related Party as defined in the Corporations Act 2001.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Mr Keith Martens; or
- any associate of Mr Keith Martens.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

4. RATIFICATION OF PREVIOUS ISSUE OF OPTIONS TO EMPLOYEES

“That in accordance with ASX Listing Rule 7.4, and for all other purposes, the previous issue to employees of the Company of the following unlisted options to subscribe for ordinary shares in the Company:

Employee	Number of Options	Vest Date	Expiry Date	Exercise Price
<i>Peter O’Neill Operations Manager (Total No. of Options 3,000,000)</i>	333,333	20/05/2006	20/05/2008	\$0.30
	333,333	20/05/2007	20/05/2008	\$0.30
	333,334	20/05/2008	20/05/2008	\$0.30
	333,333	20/05/2006	20/05/2009	\$0.40
	333,333	20/05/2007	20/05/2009	\$0.40
	333,334	20/05/2008	20/05/2009	\$0.40
	333,333	20/05/2006	20/05/2010	\$0.50
	333,333	20/05/2007	20/05/2010	\$0.50
	333,334	20/05/2008	20/05/2010	\$0.50
<i>Duncan Cornish Company Secretary and CFO (Total No. of Options 750,000)</i>	83,333	20/05/2006	20/05/2008	\$0.30
	83,333	20/05/2007	20/05/2008	\$0.30
	83,334	20/05/2008	20/05/2008	\$0.30
	83,333	20/05/2006	20/05/2009	\$0.40
	83,333	20/05/2007	20/05/2009	\$0.40
	83,334	20/05/2008	20/05/2009	\$0.40
	83,333	20/05/2006	20/05/2010	\$0.50
	83,333	20/05/2007	20/05/2010	\$0.50
	83,334	20/05/2008	20/05/2010	\$0.50

Employee	Number of Options	Vest Date	Expiry Date	Exercise Price
<i>Melina Kiernan Company Accountant (Total No. of Options 150,000)</i>	16,666	20/05/2006	20/05/2008	\$0.30
	16,667	20/05/2007	20/05/2008	\$0.30
	16,667	20/05/2008	20/05/2008	\$0.30
	16,666	20/05/2006	20/05/2009	\$0.40
	16,667	20/05/2007	20/05/2009	\$0.40
	16,667	20/05/2008	20/05/2009	\$0.40
	16,666	20/05/2006	20/05/2010	\$0.50
	16,667	20/05/2007	20/05/2010	\$0.50
	16,667	20/05/2008	20/05/2010	\$0.50
<i>Dan Howes Company Geophysicist (Total No. of Options 150,000)</i>	16,666	20/05/2006	20/05/2008	\$0.30
	16,667	20/05/2007	20/05/2008	\$0.30
	16,667	20/05/2008	20/05/2008	\$0.30
	16,666	20/05/2006	20/05/2009	\$0.40
	16,667	20/05/2007	20/05/2009	\$0.40
	16,667	20/05/2008	20/05/2009	\$0.40
	16,666	20/05/2006	20/05/2010	\$0.50
	16,667	20/05/2007	20/05/2010	\$0.50
	16,667	20/05/2008	20/05/2010	\$0.50

as remuneration (**Employees Remuneration Options**) on the terms set out below and in the Explanatory Memorandum accompanying this Notice, be hereby ratified and approved.”

NOTES:

1. The Employees Remuneration Options were issued to Mr O'Neill, Mr Cornish, Ms Kiernan and Mr Howes pursuant to one of the exemptions in Section 708 of the Corporations Act 2001 and the issue of the Employees Remuneration Options did not raise any funds.
2. The Employees Remuneration Options were issued on 22 May 2006.
3. Neither Mr O'Neill, Mr Cornish, Ms Kiernan or Mr Howes are a Related Party as defined in the Corporations Act 2001.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Mr O'Neill, Mr Duncan Cornish, Ms Kiernan and Mr Howes; or
- any associate of Mr O'Neill, Mr Duncan Cornish, Ms Kiernan or Mr Howes.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5. APPROVAL OF ISSUE OF OPTIONS TO CECILIA D'ERCOLE

"That in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue to Ms Cecilia D'Ercole, Company Geologist, the following unlisted options to subscribe for ordinary shares in the Company:

Number of Options	Vest Date	Expiry Date	Exercise Price
25,000	20/05/2006	20/05/2008	\$0.30
25,000	20/05/2007	20/05/2008	\$0.30
25,000	20/05/2008	20/05/2008	\$0.30
25,000	20/05/2006	20/05/2009	\$0.40
25,000	20/05/2007	20/05/2009	\$0.40
25,000	20/05/2008	20/05/2009	\$0.40
25,000	20/05/2006	20/05/2010	\$0.50
25,000	20/05/2007	20/05/2010	\$0.50
25,000	20/05/2008	20/05/2010	\$0.50

*as remuneration (**D'Ercole Remuneration Options**) on the terms set out below and in the Explanatory Memorandum accompanying this Notice."*

NOTES:

1. The D'Ercole Remuneration Options are to be issued to Ms D'Ercole pursuant to one of the exemptions in Section 708 of the Corporations Act 2001 and the issue of the D'Ercole Remuneration Options will not raise any funds.
2. The Company will issue and allot the D'Ercole Remuneration Options no later than 3 months after the date of the Meeting.
3. Ms D'Ercole is not a Related Party as defined in the Corporations Act 2001.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Cecilia D'Ercole;
- any associate of a Cecilia D'Ercole.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

6. RATIFICATION OF PREVIOUS ISSUE OF SHARES TO EXEMPT INVESTORS

*"That in accordance with ASX Listing Rule 7.4, and for all other purposes, the previous issue of 6,647,000 fully paid ordinary shares in the Company (**Investor Shares**) on the terms set out below and in the Explanatory Memorandum accompanying this Notice to various investors who fell within one or more of the classes of exemptions specified in section 708 of the Corporation Act 2001 (**Exempt Investors**), be hereby ratified and approved."*

NOTES:

1. The rights attaching to the Investor Shares are identical in all respect to existing ordinary shares on issue in the Company.
2. The Investor Shares were issued at a price of 22 cents per Investor Share, raising \$1,462,340 from the issue of the Investor Shares.
3. The funds raised from the issue of the Investor shares were intended to be used for ongoing exploration activities including the Banff-1 well in the Barcoo Block of ATP 794P located in the Cooper-Eromanga Basin.
4. The Investor Shares were issued on 11 September 2006.
5. The Investor Shares were issued to 24 Investors who fell within one or more of the classes of exemptions specified in section 708 of the Corporation Act 2001.
6. The Investor Shares were not issued to any Related Party as defined in the Corporations Act 2001.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Any Exempt Investor;
- any associate of an Exempt Investor.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

7. APPROVAL OF ISSUE OF ATTACHING OPTIONS TO EXEMPT INVESTORS

*“That in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 3,323,500 attaching bonus options to subscribe for ordinary shares in the Company exercisable at 20 cents each on or before 31 March 2008 (**Investor Options**) on the terms set out below and in the Explanatory Memorandum accompanying this Notice to various investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act 2001 (**Exempt Investors**).”*

NOTES:

1. The Investor Options are to be issued as attaching bonus options and no funds will be raised by the issue of the Investor Options.
2. The Investor Options are anticipated to be issued in December 2006, however, in any event, will be issued and allotted no later than 3 months after the date of the Meeting.
3. The Investor Options will be issued to 24 Investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act 2001, being the Exempt Investors who subscribed for and were issued with Investor Shares on the basis of one (1) Investor Option for every two (2) Investor Shares subscribed for and issued.
4. The Investor Options will not be issued to any Related Party as defined in the Corporations Act 2001.
5. The Investor Options are on the same terms as the current series of listed options of the Company (ASX Code: BOWO) and will be quoted on the ASX with the current series.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Any Exempt Investor;
- any associate of an Exempt Investor.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

8. APPROVAL OF ISSUE OF SHARES AND OPTIONS TO OILEX NL

*“That, in accordance with the provisions of ASX Listing Rule 7.1, and for all other purposes, the Company be authorised on completion of the Share Sale Agreement and the Sale and Purchase Agreement to issue to Oilex NL ACN 078 652 632 (**Oilex**) fifteen million (15,000,000) fully paid ordinary shares in the Company (**Consideration Shares**) and fifteen million (15,000,000) unlisted options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.50 each on or before the date being five (5) years after the Completion Date (**Consideration Options**) in consideration for the acquisition of all of the issued capital of SEQOil Pty Ltd ACN 065 683 641 (**SEQOil**) pursuant to the Share Sale Agreement and the acquisition of the interests of Oilex in various tenements pursuant to the Sale and Purchase Agreement, on the terms set out below and in the Explanatory Memorandum accompanying this Notice.”*

NOTES

1. The Company intends to issue the Consideration Shares and the Consideration Options on the Completion Date, which is anticipated to be in early to mid November 2006. The issue of the Consideration Shares and the Consideration Options is to occur on completion of the Agreements, which are subject to a number of conditions precedent. However, in any event, the Consideration Shares and the Consideration Options will be issued and allotted no later than 3 months after the date of the Meeting.
2. The issue price of the Consideration Shares will be deemed to be equal to the closing trading price of the Company's shares on the ASX on the Business Day immediately proceeding the Completion Date.
3. The rights attaching to the Consideration Shares are identical in all respect to existing ordinary shares on issue in the Company.
4. No funds will be raised by the issue of the Consideration Shares or the Consideration Options.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Oilex;
- any associate of Oilex.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

BY ORDER OF THE BOARD

Duncan Cornish
Company Secretary
29 September 2006

**BOW ENERGY LIMITED
ACN 111 019 857**

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum is provided to shareholders of Bow Energy Limited ACN 111 019 857 (**Company**) to explain the resolutions to be put Shareholders at the Annual General Meeting to be held at Level 2, Naldham House, 1 Eagle Street, Brisbane, Queensland on 31 October 2006 commencing at 9.00am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Interpretation section of this Explanatory Memorandum.

FINANCIAL STATEMENTS AND REPORTS

The *Corporations Act 2001* (**the Corporations Act**) requires the financial report which includes the financial statements, directors' declaration, the directors' report and the auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for shareholders to approve the financial report, the directors' report or the auditor's report. Accordingly, the Company's financial report is placed before the shareholders for discussion and no voting is required for this item of business.

Shareholders will have a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business and operations of the Company.

RESOLUTION 1 – REMUNERATION REPORT

The remuneration report of the Company for the period ended 30 June 2006 is set out in the Directors Report on pages 17 to 23 of the 2006 Annual Report to Shareholders (the Remuneration Report).

The Remuneration Report sets out the Company's remuneration arrangements for the Managing Director, executives and non-executive directors. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. In addition, the Corporations Act requires that Resolution 1, to adopt the Remuneration Report, be put to the vote. However, the vote on this resolution is only advisory and does not bind the Company or its directors.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

RESOLUTION 2 – RE-APPOINTMENT OF STEPHEN BIZZELL AS A DIRECTOR

In accordance with Article 39 of the Company's constitution, Mr Stephen Bizzell retires as a director of the Company and offers himself for re-election.

Mr Bizzell was appointed as a non-executive director of the Company on 17 September 2004 at the time of incorporation of the Company. Mr Bizzell holds a Bachelor of Commerce degree from the University of Queensland and is a Chartered Accountant. He is also a director of ASX Listed companies, Renison Consolidated Mines NL and Arrow Energy NL.

Mr Bizzell was formerly employed in the Corporate Finance division of Ernst & Young and the Corporate taxation division of Coopers Lybrand and he has had considerable experience and success in the fields of public company management, corporate restructuring, debt and equity financing and mergers and acquisitions.

Mr Bizzell is a member of the Company's Audit and Risk Management Committee.

RESOLUTION 3 – RATIFICATION OF PREVIOUS ISSUE OF SHARES TO MR KEITH MARTENS

Resolution 3 seeks the ratification of shareholders for the previous issue of issue of 350,000 fully paid ordinary shares in the Company to Mr Keith Martens, Exploration Manager of the Company. The Martens Remuneration Shares were issued pursuant to an Employment Agreement between Mr Martens and the Company. The Company believes that all relevant information concerning this Resolution is contained in the text and accompanying notes to the resolution in the Notice of Meeting and therefore no further comment is required in the Explanatory Memorandum.

RESOLUTION 4 & 5 – RATIFICATION OF ISSUE OF OPTIONS TO MR PETER O'NEILL , MR DUNCAN CORNISH, MS MELINA KIERNAN AND MR DAN HOWES AND APPROVAL FOR THE ISSUE OF OPTIONS TO MS CECELIA D'ERCOLE

Resolution 4 seeks the ratification by shareholders of the issue to:

- (a) Mr Peter O'Neill, Operations Manager, of a total of 3,000,000 unlisted options;
- (b) Mr Duncan Cornish, Company Secretary and CFO, of a total of 750,000 unlisted options;
- (c) Ms Melina Kiernan, Company Accountant, of a total of 150,000 unlisted options; and
- (d) Mr Dan Howes, Company Geophysicist, of a total of 150,000 unlisted options;

to subscribe for ordinary shares in the Company on the terms and conditions set out below and included in the Notice of Meeting. The Employees Remuneration Options were issued as part of the remuneration packages of Mr O'Neill, Mr Cornish, Ms Kiernan and Mr Howes.

Resolution 5 seeks the approval of shareholders for the issue to Ms Cecelia D'Ercole, Company Geologist, of a total of 225,000 unlisted options to subscribe for ordinary shares in the Company on the terms and conditions set out below and included in the Notice of Meeting. The D'Ercole Remuneration Options are to be issued as part of Ms D'Ercole's remuneration package. In addition to the above information, the material terms of the Employees Remuneration Options and the D'Ercole Remuneration Options are as follows:

1. The options are options to subscribe for ordinary shares in the capital of the Company.
2. Shares issued on exercise of the options will rank pari passu with all existing ordinary shares of the Company from the date of issue.
3. Subject to the Company's Constitution, the Corporations Act, the Listing Rules and the ASTC Settlement Rules, the options shall be freely transferable. The Directors may decline to register any transfer of options where permitted to do so under its Constitution or the ASX Listing Rules or the ASTC Settlement Rules including where:
 - (a) The registration of the transfer would result in a contravention of or failure to observe the provisions of a law of a State or Territory of the Commonwealth;
 - (b) The Company has a lien on the options the subject of the transfer; or
 - (c) More than three (3) persons are to be registered as joint holders except in the case of executors or trustees of a deceased shareholder.
4. The options may be exercised wholly or in part by notice in writing to the Company at any time on or after the vesting date and on or before the expiry date as set out in the Notice of Meeting together with payment for the exercise price per option and the option certificate (if any) for those options for cancellation by the Company.
5. The options will not be quoted on the Australian Stock Exchange Limited ("ASX").

6. The Company will allot the number of shares the subject of any exercise notice, and apply at its cost for listing of the shares so allotted.
7. The option holder will be permitted to participate in new issues of securities of the Company on the prior exercise of the options, in which case the holder of the options will be afforded the period of at least 14 days notice prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the options.
8. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of options, the exercise price of the options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the options which are not conferred on shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the options will remain unchanged.
9. The terms of the options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the options shall not be changed to reduce the exercise price, increase the number of options or change any period for exercise of the options.

RESOLUTION 6 – RATIFICATION OF PREVIOUS ISSUE OF SHARES TO EXEMPT INVESTORS

Resolution 6 seeks the ratification of shareholders for the previous issue of 6,647,000 fully paid ordinary shares in the Company to various investors who fell within one or more of the classes of exemptions specified in section 708 of the Corporation Act 2001. The Investor Shares were issued pursuant to binding commitments entered between Exempt Investors and the Company, which also required the issue of the Investor Options for which approval is sought pursuant to Resolution 7. The Company believes that all relevant information concerning this Resolution is contained in the text and accompanying notes to the resolution in the Notice of Meeting and therefore no further comment is required in the Explanatory Memorandum.

RESOLUTION 7 – APPROVAL OF ISSUE OF ATTACHING OPTIONS TO EXEMPT INVESTORS

Resolution 7 seeks the approval of shareholders for the issue of 3,323,500 attaching bonus options to subscribe for ordinary shares in the Company exercisable at 20 cents each on or before 31 March 2008 to various investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act 2001. The Company has entered into binding commitments with various Exempt Investors, pursuant to which the Investor Shares the subject of Resolution 6 were issued and which required the Company to issue the Investor Options on the basis of one (1) Investor Option for every two (2) Investor Shares subscribed for. Accordingly, the Investor Options will only be issued to Exempt Investors who subscribed for and were issued with Investor Shares.

In addition to the above information, the material terms of the Investor Options are as follows:

1. The Investor Options are options to subscribe for ordinary shares in the capital of the Company.
2. The exercise price of the Investor Options is twenty cents (\$0.20) per option.
3. Shares issued on exercise of the options will rank pari passu with all existing ordinary shares of the Company from the date of issue.

4. Subject to the Company's Constitution, the Corporations Act, the Listing Rules and the ASTC Settlement Rules, the options shall be freely transferable. The Directors may decline to register any transfer of options where permitted to do so under its Constitution or the ASX Listing Rules or the ASTC Settlement Rules including where:
 - (a) The registration of the transfer would result in a contravention of or failure to observe the provisions of a law of a State or Territory of the Commonwealth;
 - (b) The Company has a lien on the options the subject of the transfer; or
 - (c) More than three (3) persons are to be registered as joint holders except in the case of executors or trustees of a deceased shareholder.
5. The Investor Options may be exercised wholly or in part by notice in writing to the Company at any time on or before 31 March 2008 ("Expiry Date") together with payment for the exercise price of twenty cents (\$0.20) per Investor Options and the option certificate (if any) for those Investor Options for cancellation by the Company.
6. The Investor Options will be quoted on the Australian Stock Exchange Limited ("ASX") with the current series (ASX Code: BOWO).
7. The Company will allot the number of shares the subject of any exercise notice, and apply at its cost for listing of the shares so allotted.
8. The option holder will be permitted to participate in new issues of securities of the Company on the prior exercise of the Investor Options, in which case the holder of the options will be afforded the period of at least 14 days notice prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Investor Options.
9. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Investor Options, the exercise price of the Investor Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the options which are not conferred on shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Investor Options will remain unchanged.
10. If there is a pro rata issue (except a bonus issue), the exercise price of an Investor Option may be reduced according to the following formula:

$$O^n = O - E \frac{[P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Investor Option;
- O = the old exercise price of the Investor Option;
- E = the number of underlying securities into which one Investor Option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

11. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Investor Option is exercisable may be increased by the number of shares which the option holder would have received if the option had been exercised before the record date for the bonus issue.
12. The terms of the Investor Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Investor Options shall not be changed to reduce the exercise price, increase the number of Investor Options or change any period for exercise of the Investor Options.

RESOLUTION 8 - APPROVAL OF ISSUE OF SHARES AND OPTIONS TO OILEX NL

(a) Introduction

On 24 August 2006, the Company entered the Sale and Purchase Agreement with Oilex NL ACN 078 652 632 (**Oilex**) to acquire the Oilex Interests in consideration for the issue of 3,500,000 ordinary shares in the Company and 3,500,000 Unlisted Options to Oilex. Further information regarding the Oilex Interests is set out below.

At the same time, the Company entered the Share Sale Agreement with Oilex and SEQOil Pty Ltd ACN 065 683 641 (**SEQOil**), to acquire all of the issued share capital of SEQOil in consideration for the issue of 11,500,000 ordinary shares in the Company and 11,500,000 Unlisted Options to Oilex. Oilex owns 100% of the issued share capital of SEQOil. Further information regarding SEQOil is set out below.

Under the terms of the Agreements, if this Resolution is not passed, the transactions as contemplated by the Agreements will not proceed. Completion of the transactions contemplated by the Agreements (including the issue of the Consideration Shares and the Consideration Options) are also subject to a number of other conditions precedent, including the completion of satisfactory due diligence by the Company on the Oilex Interests and SEQOil. Accordingly, if all other conditions precedent are not either satisfied or waived in accordance with the terms of the Agreements and completion of the Agreements therefore does not occur, the Consideration Shares and the Consideration Options will not be issued.

(b) Listing Rule 7.1

The following table sets out the current capital structure of the Company and the capital structure of the Company upon the issue of the Consideration Shares and the Consideration Options:

	Current Capital	Consideration Shares and Options to be issued	Capital upon issue of Consideration Shares and Options
Ordinary shares	80,764,437	15,000,000	95,764,437
Listed options (BOWO) ⁽¹⁾	14,997,564	-	14,997,564
Unlisted options ⁽²⁾	7,050,000	15,000,000	22,050,000

- (1) The Investor Options to be issued to Exempt Investors, for which approval of the issue of is sought pursuant to Resolution 7, are not included in this Table.
- (2) The unlisted options are exercisable at prices ranging from \$0.30 per share to \$0.50 per share with various expiry dates, as early as 20 May 2008 and as late as 20 May 2010. The D'Ercole Remuneration Options, for which approval of the issue of is sought pursuant to Resolution 5, are not included in this table.

The issue of the Consideration Shares and the Consideration Options will exceed the fifteen percent (15%) limit contained in Listing Rule 7.1 (which states that issues in the past twelve (12) months that exceed fifteen percent (15%) of the capital of the Company require shareholder approval). Accordingly, the directors are seeking the approval of shareholders pursuant to Listing

Rule 7.1 for the issue of the Consideration Shares and the Consideration Options pursuant to Listing Rule 7.1.

(c) *Oilex Interests and SEQOil*

On completion of the Agreements, the Company will acquire a further 40% direct working interest in the Barcoo Block of ATP 794P in addition to the 25% direct working interest Bow is already earning by funding 60% of the upcoming Banff-1 oil exploration well. Following drilling of the Banff-1 well, Bow will have a 85% direct working interest in the Barcoo Block.

The acquisitions pursuant to the Agreements will also expand the Company's central Eromanga Basin and western Surat Basin portfolio. On completion of the acquisitions, the Company will hold 60.44% of the Rookwood Oil Field and surrounding tenement and will increase its current interest in the Donga Oil Field and surrounding tenements from 42.5% to 85%.

The Oilex Interests to be acquired by the Company pursuant to the Sale and Purchase Agreement include Oilex's interests in the following tenements (or any consideration received by Oilex for such interests which are subject to pre-emptive rights):

TENEMENT	OILEX INTEREST
ATP 545P ¹	45.5%
ATP 548P	11.35%*
ATP 794P Barcoo Junction	80%

*subject to pre-emptive rights

¹Note: As agreed between the parties, ATP 545P is currently being transferred from Oilex to the Company.

SEQOil currently has interests in the following tenements:

TENEMENT	SEQOIL INTEREST
ATP 677P	50%
ATP 794P Barcoo	40%
ATP 794P Barcoo Junction	8%
ATP 794P Brightspot	10%
ATP 794P Regleigh	16%
ATP 794P Springfield	16%
ATP 794P Moonscape ¹	40%
ATP 574P Walloons	3.75%
ATP 574P Conloi	57.5%
ATP 593P Don Juan	76%
ATP 608P Stratton	48.125%
ATP 608P Rockwood	60.435%
ATP 805P Donga	42.5%

¹ Note: Subject to farm-out agreement with Coomooroo Explorations Coy Pty Ltd.

(d) *Current Holdings of Oilex*

Oilex does not currently have any interest in the voting shares of the Company. Upon issue of the Consideration Shares, Oilex will hold a relevant interest in 15.66% of the voting shares of the Company. In the event that Oilex exercised all of the Consideration Options, on the assumption

that its relevant interests in the Company otherwise remained the same, Oilex would have a relevant interest of 27.08% of the voting shares of the Company (and further assuming that the Company does not issue any further shares and that no other options are exercised).

To ensure that the exercise of the Consideration Options does not result in a breach of Section 606 of the Corporations Act (which prohibits the acquisition of a relevant interest in the issued voting shares in a company of greater than 20% unless certain exceptions apply) a condition of the exercise of the Consideration Options is that such exercise does not result in the issue of shares in contravention of Section 606 of the Corporations Act.

(e) *Options*

In addition to the above information, the material terms of the Consideration Options are as follows:

1. Each Consideration Option will entitle the holder to subscribe for one ordinary fully paid share in the issued capital of the Company upon payment of the exercise price of \$0.50 each (**Exercise Price**) on or before 5 years from the Completion Date (**Expiry Date**) PROVIDED THAT the right of the option holder to exercise any Consideration Option shall be subject to the issue of the resulting share not being in contravention of the Corporations Act (including section 606).
2. The Consideration Options will be issued on the Completion Date.
3. The Consideration Options will expire on the Expiry Date unless earlier exercised.
4. Except with the written consent of the board of directors of the Company, which must not be unreasonably withheld, the Consideration Options will not be transferable in whole or in part and may not be exercised by any other person.
5. The Consideration Options will vest immediately upon their grant by the Company and as such, may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise (in such form as specified by the Buyer) together with a cheque for the Exercise Price to the Company at any time on or before the Expiry Date.
6. Upon the valid exercise of the Consideration Options pursuant to item 5 and payment of the Exercise Price, the Company will issue fully paid ordinary shares in the issued capital of the Company ranking pari passu with the then issued ordinary shares in the issued capital of the Company.
7. The option holder will be permitted to participate in new issues of securities of the Company on the prior exercise of the Consideration Options, in which case the option holder will be afforded the period of at least 10 Business Days notice prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Consideration Options.
8. To the extent that the Options are not exercised the option holder shall not be permitted to participate in new issues of securities.
9. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Consideration Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the option holder which are not conferred on shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders of the Company approving a reconstruction of capital, in all other respects the terms for the exercise of the Consideration Options will remain unchanged.
10. The Company will not apply for listing of the Consideration Options on the ASX.
11. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Consideration Option is exercisable will be increased by the number of shares which the option holder would have received if the Consideration Option had been exercised before the record date for the bonus issue.
12. The terms of the Consideration Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change.

However, the terms of the Consideration Options shall not be changed to reduce the Exercise Price, increase the number of Consideration Options or change any period for exercise of the Consideration Options.

GENERAL INFORMATION

Capital Structure

The following table sets out the current capital structure of the Company and the capital structure of the Company in the event that all resolutions put to the Meeting are approved and the D'Ercole Options, the Investor Options, the Consideration Shares and the Consideration Options are issued:

	Current Capital	Capital upon issue of securities as contemplated in Resolutions 5, 7 & 8
Ordinary shares	80,764,437	95,764,437
Listed options (BOWO)	14,997,564	18,321,064
Unlisted options ⁽¹⁾	7,050,000	22,275,000

(1) The unlisted options are exercisable at prices ranging from \$0.30 per share to \$0.50 per share with various expiry dates, as early as 20 May 2008 and as late as 20 May 2010.

Share Price

The following is a summary of the Company's share price over the three (3) month period immediately prior to the date of this Notice:

Event	Date	Share Price
High	28 September 2006	\$0.265
Low	29 June 2006	\$0.185
Last	28 September 2006	\$0.265

INTERPRETATION

Agreements means the Sale and Purchase Agreement and the Share Sale Agreement;

Completion Date has the meaning ascribed to that term in the Agreements, being the date five (5) business days after the date on which all conditions precedent of the Agreements are either satisfied or waived in accordance with the terms of the Agreements;

Consideration Options means 15,000,000 Unlisted Options to be issued to Oilex pursuant to the Agreements;

Consideration Shares means 15,000,000 fully paid ordinary shares in the Company to be issued to Oilex pursuant to the Agreements;

Exempt Investor means various investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act 2001;

Investor Options means 3,323,500 attaching bonus options to subscribe for ordinary shares in the Company exercisable at 20 cents each on or before 31 March 2008;

Investor Shares means 6,647,000 fully paid ordinary shares in the Company;

Oilex Interests means the interests of Oilex to be acquired pursuant to the Sale and Purchase Agreement;

Sale and Purchase Agreement means the agreement entered by the Company and Oilex on or about 24 August 2006 pursuant to which Oilex agreed to sell and the Company agreed to purchase the Oilex Interests;

Share Sale Agreement means the agreement entered by the Company, Oilex and SEQOil on or about 24 August 2006 pursuant to which Oilex agreed to sell and the Company agreed to purchase all of the issued share capital of SEQOil; and

Unlisted Options means unlisted options to subscribe for fully paid ordinary shares in the issued capital of the Company exercisable at \$0.50 each on or before the date being five (5) years after the Completion Date.

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Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by shareholders to make a decision in relation to the benefits contemplated by the proposed resolution.

Shareholders who are unable to attend the Meeting are urged to complete their proxies and return them as soon as possible and, in any event, no later than forty eight hours prior to the Meeting.

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7pm 29 October 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Any inquiries in relation to the Resolutions or the Explanatory Notes should be directed to Mr Duncan Cornish (Company Secretary):

Level 5, 60 Edward Street
BRISBANE QLD 4000
Phone: +61 7 3303 0675

**BOW ENERGY LIMITED
ACN 111 019 857**

PROXY FORM

APPOINTMENT OF PROXY

I/We

(name of shareholder)

being a member/s of Bow Energy Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting

(mark with an "X")

OR

Write here the name of the person you are

appointing if this person is someone other than the Chairman of the Meeting

or failing the person named, of if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Bow Energy Limited to be held at Level 2, Naldham House, 1 Eagle Street, Brisbane, Queensland on 31 October 2006 at 9.00am (Brisbane time) and at any adjournment of that meeting.

If you do not wish to direct your proxy how to vote please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman of the meeting intends to vote undirected proxies in favour of the resolutions.

Failure to Direct

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/she has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

Appointment of Multiple Proxies

A member may appoint more than one proxy. If two (or more) proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%. (An additional proxy form will be supplied by the Company on request or you may copy this form.)

Exercising voting power over only part of your shares

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is shares (Note: proxy will be over all shares if left blank)

Voting directions to your proxy – please mark

		For	Against	Abstain*
Resolution 1	Remuneration Report (This vote is advisory only and non binding on the Directors or the Company)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-appointment of Stephen Bizzell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of the issue of shares to Keith Martens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of the issue of options to Peter O'Neill, Duncan Cornish, Melina Kiernan and Dan Howes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of the issue of options to Cecilia D'Ercole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of the issue of the Investor Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of the issue of the Investor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of the issue of Shares and Options to Oilex NL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Execution

This section *must* be signed in accordance with the instructions below to enable your directions to be implemented.

Individual or Security holder 1

**Sole Director and
Sole Company Secretary**

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

How to Complete the Proxy Form

1. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company.

2. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate section. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint on a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together in the same envelope.

4. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 9.00am 29 October 2006 being 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged with the Company:

IN PERSON:- Bow Energy Ltd, Level 5, 60 Edward Street, Brisbane, Queensland

BY MAIL:- Bow Energy Ltd, GPO Box 5244, Brisbane, QLD, 4001

BY FAX:- (07) 3303 0651