



Quarterly Report

REPORT FOR THE QUARTER ENDING 30 JUNE 2006

HIGHLIGHTS

- **ATP 752P in the Cooper-Eromanga Basin to be granted for a 12 year term commencing 1 August 2006** following the execution of an agreement with Native Title claimants. The grant paves the way for a staged three to five well exploration program already funded through farmout. Bow is fully carried on the exploration program and retains 25% to 35% direct working interest. The first two wells in the permit are planned for October 2006.
- **Preparation for the drilling of Banff-1** in ATP 794P Barcoo Block now scheduled to commence in mid to late August / early September 2006 following unseasonal rain delaying access. The Banff Prospect has up to 34 million barrels of oil potential (Bow earning 25% by funding 60% of Banff-1).
- **Rig sharing agreement with Beach Petroleum** finalised for its Cooper-Eromanga drilling program substantially reduces the initial mobilisation costs and allows flexibility on timing of exploration wells.
- **Preparations for the 2006 Surat and Cooper Basin drilling program** – ongoing geological appraisal of Bow's Surat and Cooper permits has identified a selection of 68 oil leads and prospects.
- **Bow Increases Equity in Central Eromanga Basin** - Bow is being assigned 100% interest in ATP 545P – a permit located between Bow's 100% owned ATP 809P and ATP 794P (Bow earning 25%) which was awarded to Bow earlier in the year.
- **Ongoing seismic reprocessing programs in all areas for prospect generation and in preparation for drilling.**

For further information, contact Ron Prefontaine, Managing Director or Duncan Cornish, Company Secretary. Telephone +61 7 3303 0675 or e-mail info@bowenergy.com.au

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ACTIVITIES DURING THE PAST QUARTER

COOPER-EROMANGA BASIN

Bow intends to drill or participate in the drilling of up to eight exploration wells within its Cooper-Eromanga Basin tenements in the next 12 to 18 months. The number of wells to be drilled is conditional on the results of seismic reprocessing, seismic acquisition and mapping programs in progress and planned.

The first exploration well in Bow's Cooper-Eromanga tenements is planned to commence in late August / early September 2006.

Bow finalised its rig sharing agreement with Beach Petroleum which secures rig slot options and substantially reduces the initial mobilisation costs while allowing more flexibility on well timing.

ATP 794P Barcoo Block (Bow farming in for 25%) – Banff-1 to be drilled

The Banff-Jasper structural trend in ATP 794P has several large, relatively shallow (~1600 metres) untested four-way closures identified with a combined total maximum oil potential estimated at 90 million barrels recoverable. The Banff Prospect in particular is a large four-way closed structure with up to 34 million barrels of recoverable oil potential.

The Banff-1 drilling location was selected to test the oil potential of the Banff Prospect. Land holder permitting and cultural and heritage clearance for the well has been completed. However, the proposed 1,650 metre deep well has been delayed due to unseasonal rain which has made the location temporarily inaccessible to heavy equipment.

Assuming adequate access, the well is now planned to spud in late August / early September 2006.

ATP 752P Barta and Wompi Blocks (Bow/Ocellaris 25% to 35% after farmin completed)

Following the signing of an Agreement with Native Title claimants, ATP 752P has been granted for a 12 year term to commence on 1 August 2006. Avery Resources (Australia) Pty Ltd, a wholly owned subsidiary of Avery Resources Inc ("Avery") from Calgary, Alberta, Canada exercised its option to drill the initial three wells and acquire 100 kilometres of new seismic data as part of a staged farmin. Avery is to drill up to five wells and acquire seismic data to earn up to 50% interest in the Barta and Wompi Blocks (Blocks) in Cooper-Eromanga Basin permit ATP 752P.

Bow will retain 25% to 35% interest in the permit depending on which stage Avery completes its farmin to.

The Barta Block is located 10km east of the James-1 oil discovery which flowed 1,810 barrels of oil per day and immediately adjacent to the Cook Oil Field where the Cook-1 oil discovery flowed 879 barrels of oil per day.

Bow carried out initial detailed mapping of the Barta area which has identified 11 prospect and leads between the James and Cook oil fields in the Block which have a combined recoverable oil potential of 98 million barrels. The largest structure identified to date, the Vancouver Prospect, has over 27 square kilometres of closure and up to 52 million barrels of recoverable oil potential. Bow has commenced data collection for a 508 kilometre seismic reprocessing program and is planning a 100 km seismic program in October/November 2006 to firm up drilling prospects in the Barta Block.

Bow has also identified 17 leads and prospects on trend and adjacent to high oil flow oil fields (some wells flowed in excess of 3,000 barrels of oil per day) in the Wompi Block of ATP 752P.

A 1029 km seismic reprocessing program in the Wompi Block is 35% completed. The reprocessing program is designed to mature several of the prospects and leads identified to date in the Block for drilling. To date, four prospects with the required criteria for oil accumulations in the area have been highgraded for immediate drilling. Oil potential of the high graded drillable prospects ranges from 1.2 to 5 million barrels of recoverable oil.

The first two wells of the Avery farmin program are planned to commence drilling in the Wompi Block in October 2006. Given the prospectivity of the area, the Wompi Block joint venture has decided to add an optional well to the drilling program which is in addition to the three well Avery farmin program. The third and fourth wells in the Wompi Block are currently planned for December 2006. The Wompi Block joint venture is investigating drilling all four wells back-to-back.

ATP 809P (Bow 100%) – Central Eromanga Basin

Several wells in the permit had oil shows including a minor oil recovery in a nearby well. Data compilation is in progress with the target to identify and high grade prospects for drilling in 2007.

ATP 545P (Bow being assigned 100% equity) – Central Eromanga Basin

Bow is being assigned 100% equity in ATP 545P. The permit is located between Bow 100% owned ATP 809P and ATP 794P where Bow is earning 25% equity by participating in Banff-1. Oil shows have been encountered in several wells previously drilled in the Central Eromanga Basin adjacent to ATP 545P.

ATP 736P, ATP 737P, ATP 738P (Bow 20% through Ocellaris Oil)

These areas are subject to native title and are considered lower priority than Bow's other Cooper-Eromanga areas.

SURAT-BOWEN BASIN

Bow continues to work up oil exploration targets in its western Surat Basin tenements and has so far identified 35 oil prospects and leads with an aggregate recoverable oil potential in excess of 50 million barrels.

In addition to its other Surat project interests, Bow has an option to farm into PL 15 in the western Surat by funding a well to earn 50% interest.

Bow intends to drill or participate in the drilling of at least three wells within its western Surat holdings in the next 12 to 18 months. This drilling is in addition to planned appraisal drilling on the Donga Oil Field which is conditional on the analysis and subsequent oil field economics to decide if the Joint Venture proceeds with field development.

Bow is considering farmout of its Surat tenements where it holds 100% equity.

PL 15 (Bow has option to earn 50%) – Oil prospects on trend with oil fields identified

Bow and Mosaic Oil signed a heads of agreement for Bow to farm in to western Surat Basin tenement PL 15. Bow has until 31 August 2006 to exercise an option to earn up to 50% of PL 15 by drilling a well within 12 months of the exercise date.

Bow has since finalised the mapping in the PL and identified nine prospects and leads in the permit with two prospects with commercial oil potential ready for immediate drilling. Bow intends to exercise its option to earn by drilling in the PL.

ATP 805P (Bow 42.5%) – Donga-3 Production Data to be Analysed

An extended 30 days production test was completed on the Donga-3 well.

Due to the unavailability of equipment and services in the area, the retrieval of the downhole gauges has been delayed. Following the retrieval of the gauges, results will be analysed and integrated with all data to determine the commercial potential of a multi-well appraisal and development program.

The decision on future appraisal drilling on the Donga Oil Field is conditional on the positive results of the analysis of the production test data, new mapping and subsequent oil field economics to decide if the Joint Venture proceeds with field development.

Bow has identified several other leads and prospects in the permit.

ATP 664P/706P (Bow 100%)

Initial geological mapping has so far identified nine prospects and leads in these western Surat Basin permits. A seismic reprocessing program over high graded prospects and possibly infill seismic data acquisition is planned prior to selecting potential drilling locations.

ATP 608P Stratton Block (Bow 20%)

Several leads and prospects have been identified in the permit including a closure updip of Stratton-1 which had very good oil shows within a basal Evergreen sandstone. A seismic reprocessing program over high graded prospects and possibly infill seismic data acquisition is planned prior to selecting potential drilling locations.

ATP 807P (Bow 100%) – Wunger Block

ATP 807P contains the Wunger-1 well drilled in 1963 which flowed 740 barrels per day gross of which 10 barrels per day was oil along with 180,000 cubic feet per day of gas. Initial mapping has identified approximately 250 hectares of updip potential from Wunger-1.

Five additional leads and prospects have been identified in the permit. The primary target, the Showgrounds sandstone, has produced at commercial flow rates in oil fields located immediately south and west of the permit.

A seismic reprocessing program over high graded prospects and infill seismic data acquisition is planned for late 2006 prior to selecting potential drilling locations.

ATP 747/746P (Bow 100% of conventional petroleum rights - Applications)

The applications for these permits are located on the eastern side of the Surat Basin adjacent to several oil fields including the Moonie Oil field, the largest oil field discovered to date in the Surat Basin.

Granting of these tenements has been placed on hold by the Department pending a decision by the Minister on exploration within state forests.

ATP 574P – Conloi (Bow 6.25% to 12.5% of conventional petroleum rights)

White Sands carried out a workover of the pump on Conloi-1 which resulted in no flow of oil to surface. To investigate the apparent downhole problems, the White Sands rig is planned to move back on site in the next quarter.

Clarence-Moreton Basin

PEL 432 (BOW 87.5%)

Pickabooba South-1 drilled in August 2005 to 1,152 metres encountered good gas indications and up to 75% blue white fluorescence with very slow crush cut and faint ring residue were noted in a secondary targets within a 14.2 metre thick Basal Bundamba Sandstone at the contact with the Ipswich Coal Measures. A drill stem test over the interval indicated the oil was residual but proved oil has migrated into the area.

Post drilling interpretation of the seismic data indicates the Basal Bundamba sandstone tested in Pickabooba South-1 was outside structural closure and three untested structural prospects and leads updip and in the vicinity of the well have been identified.

Bow is considering farming out the area prior to undertaking further fieldwork.

PEL 445 (Bow 100% of conventional petroleum rights)

No immediate work is planned in this area. Expenditure commitments in the permit are currently being met by Arrow Energy NL's coal seam gas exploration work.

ATP 644P (Bow 100% of conventional petroleum rights) – new seismic survey delayed

Pressure data from Mt Lindesay-1, a previously drilled CSG core hole in the permit, suggests there is a conventional gas accumulation at a depth of about 920 metres interpreted to be within the Heifer Creek Sandstone (Hutton Sst equivalent) in ATP 644P.

A proposed 60 kilometre seismic survey in the Mt Lindesay area designed to detail a drilling prospect in the area has been delayed. The seismic survey may be carried out when a seismic crew becomes available in the area later in 2006 or early 2007.

CARNARVON BASIN

WA 261P (BOW 10%)

The permit contains the Chamois Oil field which is located on the western side of the permit and Bow has requested the operator investigate the economics of developing this field.

TP/17 (Bow 10%)

There were no activities during the quarter and planned in the near term.

TP/19, EP 421 (Bow 10%)

Processing and interpretation of the 60 kilometre portion of the Karatha 2D seismic survey designed to detail the Sharp Peak lead which has up to 83 million barrels of oil potential is continuing.

EP 325 (Bow 11.213%)

Processing and interpretation of the 79 kilometre Rivoli 2D seismic program to detail the Rivoli Gas field and one other prospect in immediate area is continuing. A 377 km seismic reprocessing program over other prospects and leads in the permit is progressing.

BOW AND BEACH FORMALISE THE RIG SHARING AGREEMENT

Bow and Beach Petroleum formalised a rig sharing agreement which secures Bow several options at its election to use Hunt Rig-2 to carry out its planned Cooper-Eromanga drilling exploration program. The rig sharing agreement with Beach has reduced Bow's initial rig mobilisation costs to one quarter of the previous costs and gives Bow more flexibility on well timing.

NEW VENTURES

Bow is assessing exploration, appraisal and corporate opportunities in proven oil basins in Australia.

PERSONNEL

No changes in personnel over the quarter.

COMPANY PROMOTION

Bow had a manned booth at the 2006 APPEA conference in the Gold Coast and presented a farmout summary of its 100% Surat tenements and other areas at the PESA farmout seminar and booth.

Bow's Managing Director is presenting at the 'Excellence in Upstream Energy' conference in Sydney on 31 July 2006 and at the 'Good Oil Conference' in Perth on 6 September 2006. Bow will have manned booths with information on the Company at both events.

BOW'S PLANNED ACTIVITIES FOR THE NEXT QUARTER

- Drilling of Banff-1 in ATP 794P. The well is a 1,650 metre test of a mapped four-way closed structure with up to 34 million barrels of recoverable oil potential.
- Preparing for and likely commencement of the multi-well Avery farmin drilling program in the Cooper-Eromanga Basin permit ATP 752P with the first two wells planned for October in the Wompi Block. The preparation includes the completion of an extensive seismic reprocessing program to high grade drilling prospects.
- Preparation for a 100 km seismic program in the Barta Block in ATP 752P as part of the Avery farmin program planned to commence in October/November 2006. In conjunction with this new seismic acquisition, a 508 kilometre seismic reprocessing program is to be carried out over the 11 prospects identified in the Block.
- Preparation for and likely commencement of a reprocessing and seismic infill program in highgraded leads and prospects in Bow's western Surat Basin tenements.
- Detailed mapping of Bow's Surat Basin tenements in preparation for a drilling program in the second half of 2006 and 2007.
- Continued oil prospect generation in other Bow areas.
- Continued assessment of new projects and other opportunities.

The technical information contained herein is based on information compiled by the Company's Managing Director, Ron Prefontaine, who has more than 25 years experience in petroleum exploration.

CORPORATE INFORMATION & DIRECTORY

DIRECTORS

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SHAREHOLDER ENQUIRIES

Link Market Services Ltd manages Bow Energy Ltd's share registry.

If you would like to monitor your shareholding online, you can do so by visiting Link Market Services Ltd's website, www.shares.com.au and following the instructions.

For issuer-sponsored shareholders, if you change address, or if you have any other queries regarding the details of your shareholding, please contact the Company's share registry directly:

ISSUED CAPITAL

At 30 June 2006, Bow Energy Ltd had the following securities on issue:

- 74.12 million ordinary shares
- 15.00 million 20c options expiring 31/3/08
- 7.05 million (unquoted) employee options (various exercise prices and expiry dates)

AUSTRALIAN STOCK EXCHANGE ("ASX")

ASX Codes: BOW (Ordinary shares)
BOWO (20c Options expiring 31/3/08)

INTERNET ADDRESS

All Company announcements, reports and presentations are posted on our website www.bowenergy.com.au

If you would like to receive new releases by email, please send us an email to info@bowenergy.com.au with the subject "email alerts" or register your details on our website.

Website: www.bowenergy.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 63 111 019 857