



Quarterly Report

REPORT FOR THE QUARTER ENDING 30 September 2006

HIGHLIGHTS

Bow to purchase Oilex Ltd's assets in Queensland for escrowed shares and options. The deal includes equity in two oil fields in the Surat Basin and additional oil exploration interests in the Cooper-Eromanga and Bowen-Surat Basins.

Preparation for a three well oil exploration program in ATP 752P Cooper-Eromanga Basin. ATP 752P was granted for a 12 year term commencing 1 August 2006 which paves the way for a staged five well and seismic acquisition exploration program fully funded through farmout. The ATP 752P drilling programs are planned to commence in December 2006. Bow is fully carried on the oil drilling exploration program in this permit

Preparation for a two well appraisal program on the Donga Oil Field with drilling planned to commence in late November 2006.

Drilled Banff-1 in ATP 794P Barcoo Block to a total depth of 1,650 metres. The well was plugged and abandoned after failing to encounter oil shows.

Preparations for the 2007 Surat and Cooper Basin drilling program – ongoing geological appraisal of the Bow's Surat and Cooper permits has identified over 70 oil leads and prospects.

Bow raised \$1.46 million through a share placement.

Bow announced a share purchase plan (SPP) to all shareholders at 16.5 cents per shares. \$2.2 million of the SPP is underwritten. The SPP will close on 17 November 2006.

Ongoing seismic reprocessing and mapping programs in other areas for prospect generation and in preparation for drilling and/or farmout.

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Electronic copies and more information are available on Bow's website www.bowenergy.com.au

ACTIVITIES DURING THE PAST QUARTER

BOW TO PURCHASE OILEX'S QUEENSLAND ASSETS

Bow and Oilex NL (Oilex) entered into agreements providing for Bow to purchase all of Oilex's onshore Queensland petroleum assets.

The interests being purchased are Oilex's onshore Queensland interests and its 100% subsidiary SEQOil Pty Ltd.

Oilex is to receive 15 million ordinary Bow shares and 15 million unlisted Bow options to purchase Bow shares exercisable at 50 cents per share on or before 5 years from the issue date. The shares will be subject to voluntarily escrow for a period of two years from the date of issue.

The purchase expands Bow's central Eromanga Basin and western Surat Basin oil exploration portfolio.

Included in the purchase are production equipment and direct working interests in the Donga and Rookwood Oil Fields in the Surat Basin. Bow will have 60.44% of the Rookwood Oil Field and surrounding tenement and will increase its interest in the Donga Oil Field from 42.5% to 85% and surrounding tenement.

Also included in the purchase were interests in ATP 593P, ATP 574P and ATP 608 Stratton Block in the Surat Basin, ATP 677P, ATP 548P (subject to pre-emptive rights) and other blocks in ATP 794P in the Cooper-Eromanga Basin.

The purchase is subject to Bow shareholder approval at Bow's Annual General Meeting to be held on 31 October 2006.

BOW FARMOUT PROGRAMS

Bow has identified in excess of 70 leads and prospects in its vast holding in Queensland and following the integration of the Oilex assets, this list will increase. Bow is planning to divest risk in areas where it has high equities through farmout with the target to retain sufficient equity after the farmout to still add substantial shareholder value on any successful farmout drilling.

BOW RAISED ADDITIONAL WORKING CAPITAL

In August 2006, Bow raised \$1.46 million through a share placement of 6,644,500 shares and 3,323,750 listed options. On 13 October 2006, Bow announced a share purchase plan at 16.5 cps with a minimum of \$2.2 million underwritten.

COOPER-EROMANGA BASIN ACTIVITIES

Bow intends to drill or participate in the drilling of up to nine 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, mapping programs in progress as well as the success of the Central Eromanga Farmout Program.

In preparation for the Central Eromanga Farmout Project, the data collation in the Central Eromanga Basin is nearing completion. The collation included the need to convert a large amount of seismic data from analogue to work station compatible digital format. Marketing of the Central Eromanga Farmout Project will commence in early 2007.

ATP 794P Barcoo Block (Bow 65% after the Oilex Queensland Assets purchase)

Banff-1, drilled in the Barcoo Block of ATP 794P was the first exploration well in Bow's Cooper-Eromanga oil exploration program. The well was drilled to 1650 metres and was plugged and abandoned after failing to encounter any significant hydrocarbons. Bow earned 25% equity in the permit by funding 60% of the well and together with the Oilex Queensland assets purchase will retain 65% direct working equity in the Block.

Bow is currently reviewing the prospectivity of the western half of the Barcoo Block where several oil recoveries and oil shows have been encountered in previous drilling by past operators. Bow may include this area in a Central Eromanga Farmout Program.

ATP 794P Springfield and Regleigh Blocks (Bow 16% after the Oilex Queensland Assets purchase)

These Blocks are considered gas prone and Bow does not plan any work in the immediate future.

ATP 794P Moonscape Block (Bow 40% after the Oilex Queensland Assets Purchase)

Coomooroo Explorations has a staged farmin option to earn up to 60% of the Moonscape Block by contributing to the cost of a geochemical survey, 100 kilometres of new seismic acquisition and the drilling, testing and completion of three wells. The geochemical survey is planned for the current quarter.

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

Following the signing of a Native Title Agreement with traditional owners, ATP 752P has been granted for a 12 year term which commenced on 1 August 2006.

Bow is fully carried on a staged multiwell farmin oil exploration program by Avery Resources (Australia) Pty Ltd (Avery). Avery has committed to fund the first three oil exploration wells in the Wompi Block and a seismic acquisition program in the Barta Block with the funding of two additional wells by Avery conditional on the subsequent interpretation of the new seismic data. Bow will retain 25% equity in all of ATP 752P after the Avery farmin is completed.

A 1029 km seismic reprocessing program in the Wompi Block is nearing completion. The reprocessing program is designed to mature several of the prospects and leads identified to date in the Block for drilling. To date, eight prospects with the required criteria for oil accumulations in the area have been highgraded for potential drilling. The ATP 752P Joint Venture has selected three prospects for immediate drilling with the drilling program planned to commence in December 2006.

Bow will operate the initial three well back-to-back oil exploration programs in the Wompi Block of ATP 752P. The first well, Marracooda-2, will twin a well which had an interpreted oil column in a zone which produced at high oil flow rates from wells in adjacent tenements. The second well planned is Gamma-1 which has 6.11 million barrels of recoverable oil potential. The third well is Nora-1 which has 6.62 million barrels of recoverable oil potential. The recoverable oil potentials of the prospects in the Wompi Block of ATP 752P are estimated from one zone only whereas several fields in adjacent tenements have produced from multiple oil zones.

Two infill seismic acquisition programs (2D and 3D) are being carried out in the Barta Block of ATP 752P. 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. The seismic programs are designed to detail several oil prospects in the block of which two are to be selected as the targets for the final two wells in the Avery farmin program. Line clearing for the seismic surveys has been completed with recording to commence shortly.

A 508 kilometre seismic reprocessing program in the Barta Block has commenced which will be integrated with the new seismic data to firm up drilling prospects

Drilling in the Barta Block is planned for the 2nd quarter of 2007 with drilling conditional on the results of the seismic infill and reprocessing programs. One of the prospects being detailed by the seismic programs has the potential to contain up to 52 million barrels of recoverable oil in one zone.

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

Bow completed a comprehensive analogue to digital conversion of all available seismic data in the permit and surrounding areas. Mapping is in progress with the target to identify and high grade prospects for drilling in 2007.

Bow may include this area in its Central Eromanga Farmout Program.

ATP 545P (Bow 100%)

The equity in the permit was transferred to Bow from other companies at no cost to Bow. Data collation has been completed and detailed and regional mapping will be integrated with surrounding areas as part of the Central Eromanga Basin study. Oil shows have been encountered in several wells previously drilled in the Central Eromanga Basin adjacent to ATP 545P.

Bow may include this area in its Central Eromanga Farmout Program.

ATP 677P (Bow 50% after the Oilex Queensland Assets Purchase)

This area is interpreted to be located on the fringes of the Central Eromanga petroleum system. One well drilled in the permit by a previous operator had oil shows.

Bow may include this area in its Central Eromanga Farmout Program.

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 ACTIVITIES

Following the purchase of the Oilex Queensland assets, Bow will gain substantial interests in two oil fields, Rookwood and Donga, as well as several oil exploration tenements in the Surat-Bowen Basin. Bow plans to drill two appraisal wells on the Donga Oil Field (Bow 85%) and carry out production optimisation in the other Rookwood Oil Field (Bow 60.44%).

Bow continues to identify oil exploration targets in its western Surat Basin tenements and has so far identified 70 oil prospects and leads with an aggregate recoverable oil potential in excess of 161 million barrels.

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

Bow is preparing and will market a Surat Farmout Program – a multiwell farmout program of its western Surat holdings where it holds 50%-100% direct working interests. The goal of the Surat Farmout Program is to retain sufficient equity to create shareholder wealth from any commercial discoveries in the farmout areas.

ATP 805P (Bow 85% after the Oilex Queensland Assets purchase) – two appraisal wells planned on the Donga Oil Field

A test of the Donga-3 oil discovery recovered 23 barrels of oil and 39 barrels of formation water. Donga-3 intersected the oil sand 10 metres lower than Donga-2 and intersected the oil water contact of the field. Following an integration of the results of the production test at Donga-3 with all available data on the field, Bow determined the field has the potential to contain 2.2 to 5 million barrels of oil with the oil recovery contingent on adequate water drive.

The first two appraisal wells on the Donga Oil Field are planned to commence drilling in late November 2006 with the drilling of the second appraisal well contingent on positive results of the first. The first well will be drilled adjacent to Donga-2, a well drilled in 1979 which did not properly test the Donga oil sand. Any additional development drilling of the field will be conditional on positive results of the appraisal drilling and subsequent production testing of the appraisal wells.

Bow has identified several other leads and prospects in the permit some of which may be included as part of the Surat Farmout Program.

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

Bow has finalised the mapping in the PL and identified nine prospects and leads with two prospects having commercial oil potential ready for immediate drilling. Bow exercised the option to earn 50% of PL 15 by drilling a well prior to 31 August 2007.

Bow has identified eight prospects and strong leads in the Block and has highgraded Jawsone-1 to test the oil potential of the Jawsone Prospect as the likely farmin earning well. The Jawsone Prospect is technically ready to drill and has the potential to contain 3.5 million barrels of oil in place.

Bow is in the planning stages of a multiwell drilling program in the Surat Basin which will include the Jawsone-1 well. The program is scheduled to commence in the first half 2007 subject to availability of a suitable drilling rig and the success of the Surat Farmout Program.

ATP 664P/706P (Bow 100%)

Initial geological mapping has so far identified 15 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.

These areas are to be included in the Surat Farmout Program.

ATP 608P Rookwood Block (Bow 60.44% after the Oilex Queensland Assets purchase)

This block contains the Rookwood Oil Field which produces at an average of about 12 barrels of oil per day from one well, Rookwood South-1. The well has produced over 13,000 barrels of oil to date with no water. Bow will be carrying out a production rate test of the well to determine optimal production rates.

Bow also plans to complete Rookwood North-1, a well located about 210 metres north of Rookwood South, as a pumping oil well. The well was drilled, cased and suspended in 2005 by the previous operator.

ATP 608P Stratton Block (Bow 68.13% after the Oilex Queensland Assets purchase)

Several leads and prospects have been identified in the permit including a closure updip of Stratton-1. The well encountered very good oil shows within the basal Evergreen sandstone which were not properly tested. A seismic reprocessing program over high graded prospects and possibly infill seismic data acquisition is planned prior to selecting potential drilling locations.

This area may be included in the Surat Farmout Program.

ATP 807P (Bow 100%) – Wunger Block

Seven 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 being planned. This area will be included in the Surat Farmout Program.

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 63.75% of conventional petroleum rights after the Oilex Queensland Assets purchase)

Several wells drilled in the permit had oil shows and/or oil recoveries including the shut-in Conloi Oil Field (18,000 barrels of oil produced from Conloi-1 before being shut in). The Conloi Oil Field may be worked over by Bow to determine if it can be produced.

Given its higher equity in ATP 574P after the Oilex assets purchase, Bow is planning a complete review of this tenement.

This area may be included in the Surat Farmout Program.

ATP 593P – Don Juan (Bow 76% after the Oilex Queensland assets purchase)

Good oil shows which flowed water on testing were intersected in the Jurassic aged Hutton and Precipice sandstones in three wells in the permit. One zone in the high point drilled in the permit has untested oil potential. Several prospects and leads have been identified on two structural trends mapped in the permit.

Bow plans to complete detailed mapping and data integration in this permit following the completion of the Oilex Queensland assets purchase.

This area may be included in the Surat Farmout Program.

CLARENCE-MORETON BASIN ACTIVITIES

PEL 432 (BOW 87.5%)

Three structural prospects and leads located updip and in the vicinity of the Pickabooba South-1 well, drilled last year, have been identified.

Bow has been attempting to farm out the area without success.

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's coal seam gas exploration work.

ATP 644P (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's coal seam gas exploration work.

CARNARVON BASIN ACTIVITIES

WA 261P (BOW 10%)

The permit contains the Chamois Oil field which is located on the western side of the permit. The economics of developing this field in conjunction with nearby shut in oil fields is being reviewed by the operator.

TP/17 (Bow 10%)

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

TP/19, EP 421 (Bow 10%)

The interpretation of the 60 kilometre portion of the Karratha 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%)

The interpretation of the 79 kilometre Rivoli 2D seismic program and 377 km seismic reprocessing program to detail the Rivoli Gas field and other prospects in the immediate area is continuing.

BOW AND BEACH CONTINUE THE RIG SHARING AGREEMENT

Bow and Beach Petroleum have 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.

DRILLING RIG SECURED FOR DONGA OIL FIELD APPRAISAL

Bow has secured the services of Australian Drilling Services to drill and test one plus one optional oil appraisal wells on the Donga Oil Field. The drilling is planned to commence in late November 2006,

NEW VENTURES

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

PERSONNEL

Cecilia D'Ercole has joined the company as an exploration geologist in Bow's Perth office. Cecilia had been consulting to Bow for a number of months prior to her accepting a full time position, She has extensive petroleum geological experience and will report directly to Bow's Exploration Manager, Keith Martens.

COMPANY PROMOTION

Bow had manned booths and made company presentations at Excellence in Upstream Energy 2006 Conference in Sydney and the Good Oil Conference 2006 in Perth.

Bow is presenting at the Mining 2006 Conference in Brisbane and will present its Surat Farmout Program at the AAPG (the global petroleum annual conference) in Perth in early November. Bow will also have a manned booth at the AAPG conference which will promote its Surat Farmout Program.

BOW'S PLANNED ACTIVITIES FOR THE NEXT QUARTER

- The completion of the Oilex Queensland assets purchase which is conditional on shareholder approval at the 31 October 2006 Bow Annual General Meeting.
- Preparing for and drilling two appraisal wells on the Donga Oil Field. The decision to drill the second appraisal well will be contingent on positive results of the first.
- Production optimisation investigations and tests of the Rookwood Oil Field.
- Preparing for and commencement of the multi-well Avery farmin drilling program in the Cooper-Eromanga Basin permit ATP 752P with the first three wells in the Wompi Block currently scheduled to start in second half of December 2006.
- The acquisition of 2D and 3D seismic data in the Barta Block of ATP 752P. 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 with the target to high grade two drilling prospects as part of the Avery Farmin drilling program.
- Preparation for and marketing of the Surat Farmout Program.
- Commencement of the 2007 Central Eromanga Farmout Program preparation.
- Detailed mapping, seismic reprocessing and new seismic acquisition within Bow's other Surat-Bowen and Cooper-Eromanga Basins tenements for oil prospect generation. Some of these areas may be included in our Central Eromanga and Surat Farmout Programs.
- 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

Ron Prefontaine (Managing Director)
Nicholas Mather
Stephen Bizzell

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Duncan Cornish

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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 September 2005, Bow Energy Ltd had the following securities on issue:

- 80.8 million ordinary shares
- 15.0 million 20c options expiring 31/3/08
- 7.1 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

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