

# ANNUAL REPORT 2011

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Bowen Basin development **PROGRESSES**,  
with EIS for upstream & midstream  
development options underway

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**ENCOURAGING** trends on pilot  
production wells at Blackwater CSG Field

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Power station civil works **COMPLETED**  
with commissioning expected in first  
half 2012

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Exploration and appraisal activity  
**RAMPED UP** to strengthen 2P & 3P  
reserves



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# STRATEGIC OVERVIEW

## DEVELOPING OUR SUBSTANTIAL ENERGY ASSETS

Bow listed on the Australian Stock Exchange in May 2005 with an initial capital raising of \$6 million and a focus on the discovery of commercial oil and gas fields. Since then, Bow has grown into a S&P ASX200 company with a market capitalisation of over \$500 million. The company is headquartered in Brisbane and has a regional office in Blackwater to support the development of the Bowen Basin tenements.

In early 2009, after Bow was awarded several highly prospective CSG tenements in Queensland's Bowen Basin, its long term strategy evolved to focus on the development of these key CSG tenements, with the intention to supply gas into both domestic and future liquefied natural gas (LNG) export markets in Gladstone. Conventional oil assets in the Cooper Eromanga Basin are also being developed in conjunction with joint venture partners.

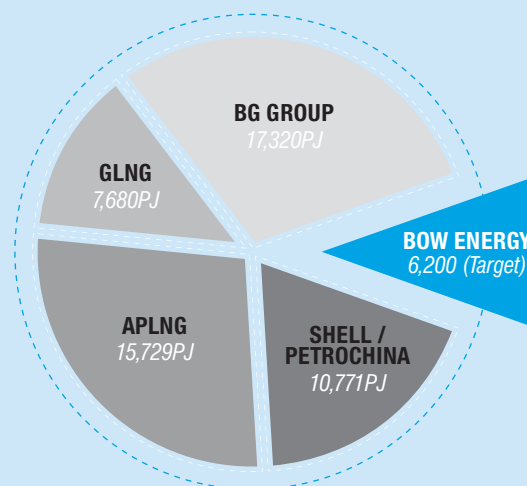
The company has achieved strong growth in its business on the back of exploration and appraisal successes over the last two years, particularly the discovery and appraisal of several very large CSG fields in the Bowen Basin and is well funded with in excess of \$94 million to advance reserves certification and pilot production testing in the Norwich Park and Blackwater CSG fields. In addition, Bow is in the final stages of construction of a 30MW gas fired power plant at Blackwater.

Bow's strategic goal is to sell significant volumes of gas into the growing Queensland domestic and export markets. The Company strategy remains consistent with multiple potential channels to market including:

- Domestic power generation
- Domestic gas supply for industry
- Export LNG markets via Gladstone

At the time of the preparation of this report, Bow currently holds one of the largest uncommitted, certified gas reserves in Queensland with 2,752PJ of 3P and 238PJ of 2P reserves and a total of 13 trillion cubic feet (TCF) of gas in place. Bow's significant gas potential is contained within eight CSG fields in the Bowen and Surat Basins which are located near growing domestic and export markets. Current activities include a trial of multiple drilling and completion techniques with the aim of proving commercial gas flows and achieving the stated targets of 1,250PJ of 2P and 6,200PJ of 3P reserves. Achievement of this level of reserves will put the company on par with other significant CSG projects as shown below.

Figure 1: Total Qld 3P Reserves



BG, Shell, APLNG 3P reserve numbers sourced from Energy Quest Quarterly, August 2011 Report. Bow 3P reserve numbers represent the company's target.



The target of 1,250PJ of 2P reserves represents the gas required to support a one million tonne per annum (Mtpa) liquefied natural gas (LNG) facility for 20 years which is the base case assumption for an economically meaningful development.

Bow currently employs 43 people but expects that this will grow significantly as project development accelerates. Bow technical staff have extensive CSG knowledge and experience.

The likely introduction of a carbon price in Australia will result in increased domestic demand for lower carbon emitting transition fuels such as CSG. This is already resulting in gas-fired electricity generation trending from supplying peaking demand towards intermediate and ultimately base-level electricity generation.

Importantly gas-fired power stations such as Bow's Blackwater Power plant emit up to 70 per cent less greenhouse gasses than equivalent coal-fired power, while also helping meet the rising demand for base-load power.\*

CSG is a well-established industry in Australia with the majority of gas consumption in Queensland already sourced from CSG fields. An important aspect of Bows' CSG potential is the location of its fields in the Bowen Basin where there is diminished environmental, landholder and community impacts, along with lower water management costs, than in the Surat Basin. One of the key elements to this is that Bow's tenements do not overlie the Great Artesian Basin and therefore are expected to have much lower water production rates than gas sourced from the Surat Basin. Bow considers this as a key competitive advantage.

In addition to Bow's CSG program there has been success in the exploration and development of conventional oil during the year. Appraisal drilling at the Cuisinier Oil Field in the Cooper/Eromanga Basin with our joint venture partners has seen all of the wells



drilled so far intersecting oil and suggests the potential for a significant oil field. The latest wells have been completed and are being brought on line as soon as the surface infrastructure is upgraded to accommodate the additional production. The original well, Cuisinier-1, continues to produce at about 350 barrels per day.

The company has, and continues to demonstrate, great potential. Delivering its reserve and commercial targets is the task of Bow's experienced managerial and technical team, which includes leaders in the development of Queensland's fast-growing CSG industry.

On September 26 Arrow Energy announced a cash offer of \$1.52 per Bow share. The Bow Board recommends that Bow shareholders vote in favour of the scheme in the absence of a superior proposal, and subject to an Independent Expert stating that in its opinion, the scheme is in the best interest of Bow Energy shareholders.

\* Reference: APPEA CSG FACTS: ENVIRONMENT



# REACHING TARGETS

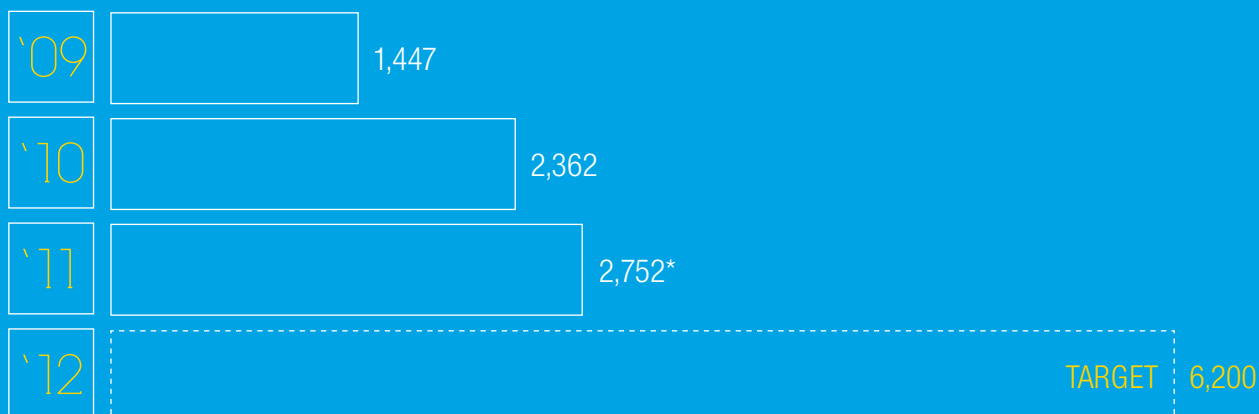
"Bow Energy is the very definition of an ideal reserves play in the Queensland CSG project, with already significant volumes of 3P gas and 2C potential, located approximately 260km north west of Gladstone, nearby the main gas transmission corridor and adjacent to the GLNG and QCLNG acreage." *RBC Capital Markets, May 2011*

## NET 2P RESERVES (PJ)



\* Reserves as at July 2011

## NET 3P RESERVES (PJ)



\* Reserves as at July 2011

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GROWTH IN 2P CERTIFIED GAS RESERVES

109%

GROWTH IN 3P CERTIFIED GAS RESERVES

17%



# CHAIRMAN'S AND CEO'S REPORT

Bow Energy has had a year of numerous achievements, building a strong foundation for future success, and it is with great pleasure that we present Bow's sixth Annual Report on behalf of the Board.

The 2011 financial year has been one of turbulence and disruption to financial and equity markets, however with significant amounts of cash available from an oversubscribed \$78 million capital raising in November 2010, Bow has not only been able to weather these conditions but also progress key field activities and technical studies towards developing our significant energy assets.

Bow has one of the largest uncommitted 3P gas reserves in Queensland and our strategy is unwavering as we pursue multiple development paths for delivering our gas to domestic and export markets.

Early in the year Bow outlined a \$40 million exploration, appraisal and production pilot program aimed to achieve targeted gas reserves of 1,250PJ of 2P and 6,200PJ of 3P reserves. While flooding in Queensland has resulted in delays, your company has made significant progress.

The weather delay has been put to good use allowing our technical team to continue to test and review the progress of the pilot wells in the Blackwater CSG Field and take advantage of data sharing arrangements with other Bowen Basin CSG and coal companies. This has allowed our team to refine our work plan. The results are that total expenditure to achieve the same targets is now estimated to be significantly below the original cost.

Including reserve upgrades announced in July 2011, Bow has increased 2P reserves by more than 109% and 3P reserves by 17% over the year. We expect that our reserve targets will be met in an incremental manner as each of our pilot programs continue to progress and we are able to integrate those results into the gas reserves analysis.

Our pilot programs include trials of a number of drilling and well completion methods with the aim of achieving commercial gas flows. Eight pilot production wells are on pump in the Blackwater field that are at various stages of dewatering. Initial results are promising with good flows of water and increasing down-hole pressures and increasing gas flows. The wells are situated in four different geographical locations within the field and spread over 25 kilometres.

Our program at Norwich Park has not progressed as quickly as we would have liked due, in the first instance, to the significant flooding that occurred in central Queensland this year. Whilst the heavy rain stopped falling by April/May the ground was sufficiently saturated that even relatively small falls made access impossible. Further delays have been due to the complexities arising from the new Queensland Government Land Access Code.

Whilst we have generally had good relations with landowners, we are now forced to deal on a formal basis with lawyers and undertake the full legalistic process. This process has set time frames and we believe that, subject to weather conditions, we will be able to commence drilling at Norwich Park late this calendar year. The company is hopeful a review of the recent land access rules announced by the Queensland Government will minimise future land access delays.

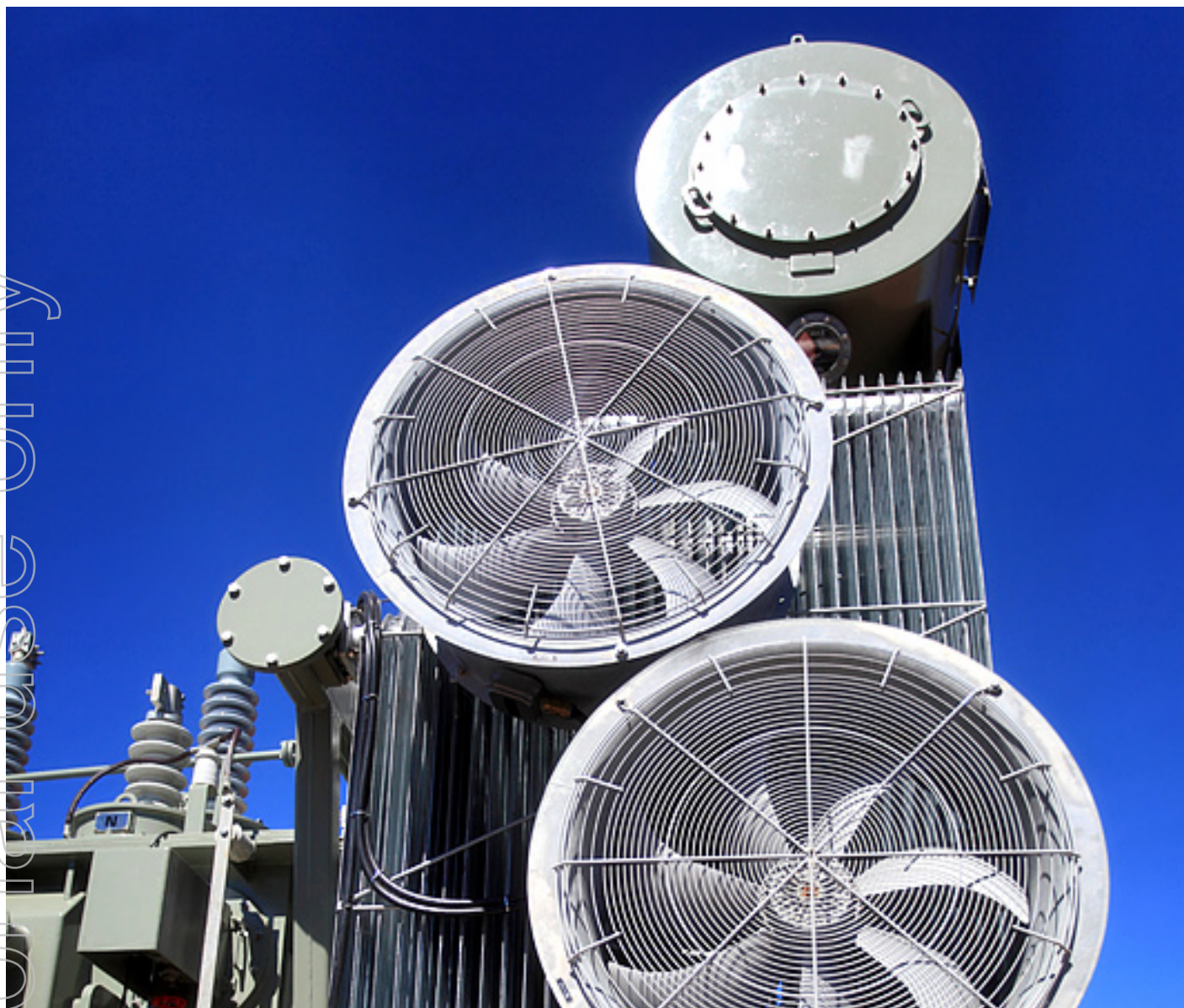
Recently introduced rules regarding Strategic Cropping Land and potential restrictions on the development of resource projects near towns also have the potential to impact our business. The company is in active discussions with local and State Governments to minimise the effect.

Bow has identified significant demand for long-term domestic gas supplies, and together with export LNG markets via Gladstone, has a number of strategic pathways to monetise its substantial CSG reserves and resources. There have been numerous discussions during the year with potential joint venture partners and off-take customers and we are confident that a successful outcome will be achieved in the near future.

In mid 2010 we commenced construction of our 30MW gas-fired power station near Blackwater, central Queensland. The power station will allow us to monetise our initial gas production from the pilot wells that are currently dewatering while also providing a ready market for ramp up gas during field development.

Bow's conventional oil portfolio continued to outperform during the year with the successful drilling of a further three wells into the Barta and Cuisinier fields, located in the Cooper Basin. These wells are being brought into





production progressively as the operator upgrades the surface facilities. In the meantime the Cuisinier-1 well continues to produce in excess of 350 barrels of oil per day.

Bow's shareholder base has continued to grow in line with interest in our strategic and unique assets. Our shareholder base is now over 10,000 while we have also seen institutional holdings increase over the year from 14.5% to 31.7% following a significant marketing effort with domestic and international fund managers.

Finally the quality and strategic value of our assets has not gone unnoticed in the greater market as Arrow Energy is offering \$1.52 for your shares in Bow.

The Revised Offer of \$1.52 represents:

- A premium of 72% to the closing price of \$0.885 on 19 August 2011, the last trading day prior to the announcement that Bow had received an indicative proposal from Arrow
- A premium of 58% to the three month volume weighted average price prior to 19 August 2011

Your Board has reviewed a number of options and concluded that a change of control transaction with a large cash takeover premium is in shareholders' best interests and allows for the crystallisation of

Bow Energy's long term value proposition without needing to address risks associated with the funding and execution of our development plans.

We recommended that you vote in favour of the scheme in the absence of a superior proposal, and subject to the Independent Expert stating that in its opinion the scheme is in the best interests of Bow Energy shareholders.

On behalf of the Directors and management, we would like to thank you for your continued support along with that of our highly skilled employees, the community and all other stakeholders.

**Howard Stack**  
Chairman

**John de Stefani**  
Chief Executive Officer

# OUR COMPETITIVE ADVANTAGE

Bow's two key CSG tenements are located in the Bowen Basin and therefore do not overlie the Great Artesian Basin as do most of the Surat Basin CSG projects (see right).

The key benefits of CSG development in the Bowen Basin are:

- Wells produce typically less than 10% of water compared with the Surat Basin
- Lower water production means lower management costs
- Properties are larger – resulting in impacts to fewer landholders
- The land use is typically focussed on grazing activities rather than high intensity cropping
- Landholders are generally “resource industry” friendly and experienced, having had dealings with coal mining activities for decades
- Lower water production and less water handling infrastructure means less environmental impact.

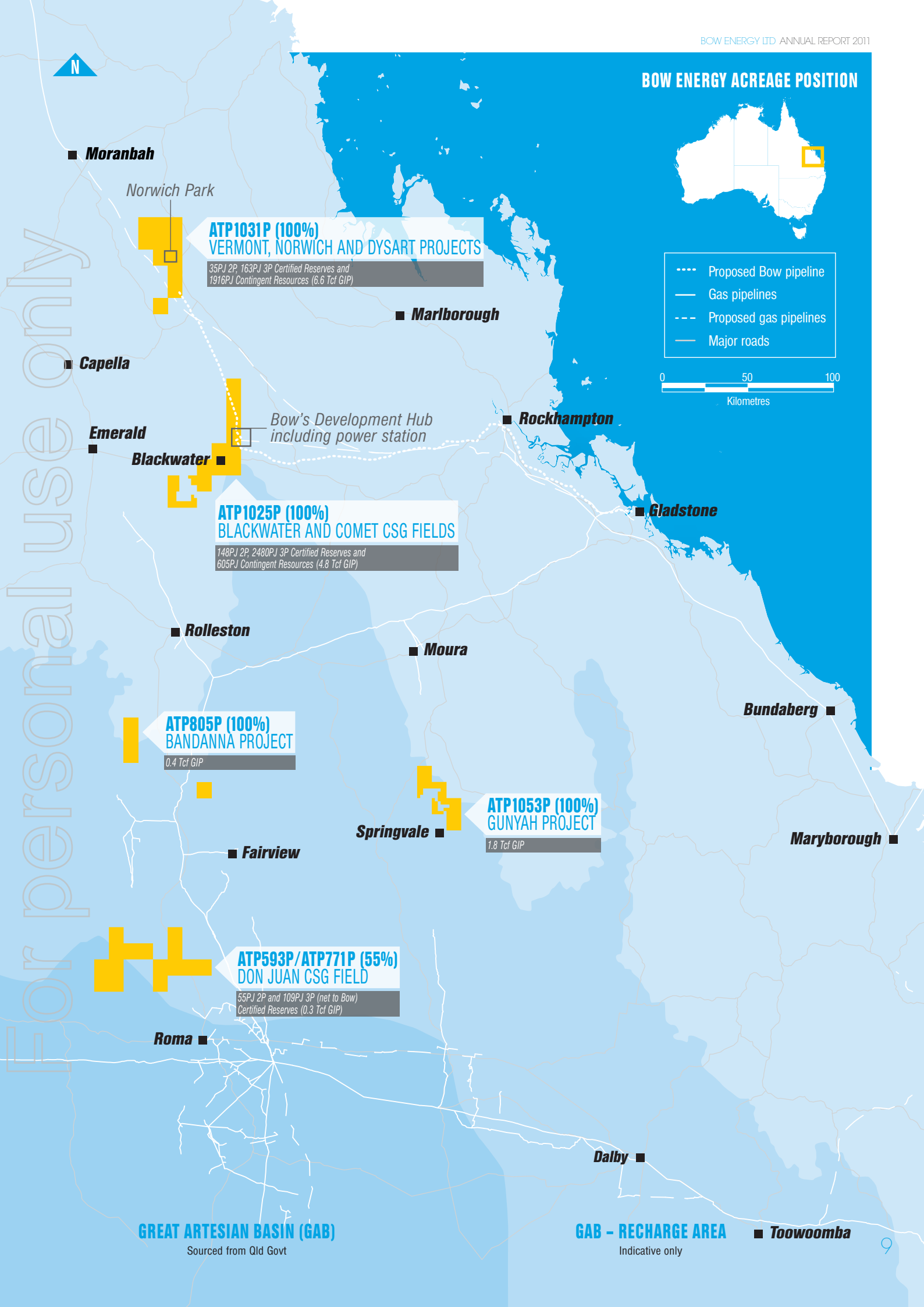
## FY2012 GOALS

Bow remains true to our strategy and we continue on the journey to deliver the key elements that we have previously set out:

*(subject to the outcome of the Arrow Energy proposal)*

- **Gas reserves growth and production:** Achieve CSG reserve targets of 6,200PJ of 3P and 1,250PJ of 2P (net to Bow). Develop well completion methods to deliver commercial gas flows.
- **Commission Blackwater Power Station:** Complete construction of 30MW gas-fired Blackwater Power Project. Identify opportunities for replication and for larger scale integrated power generation developments.
- **Multiple monetisation strategies:** Pursue multiple development paths for monetising CSG assets, including domestic power generation, domestic gas supply for industrial and domestic users, and potential export as LNG via Gladstone.
- **Introduce Joint Venture/off-take partners** to secure the successful development of our CSG projects.
- **Seek gas pipeline infrastructure approvals:** Initiate required gas pipeline infrastructure from Bowen Basin CSG fields to Gladstone for potential supply to both domestic and export gas markets.
- **Gas field development:** Initiate early design and approval efforts for proposed development plans consistent with monetisation strategies.
- **Maximise value of conventional oil assets:** Maximise value of conventional oil assets through strategic development and farm-out of holdings in Eromanga and Cooper Basins.
- **Expand experienced team:** Support a high performance culture and actively recruit high calibre people equipped to drive the Company's expanding business.

## BOW ENERGY ACREAGE POSITION





# OPERATIONS REVIEW

Bow Energy is focussed on coal seam gas exploration, appraisal and production within Queensland, Australia. The company is pursuing multiple channels to develop and market its gas fields including domestic power generation, domestic gas supply for industry, and export liquefied natural gas (LNG) markets via Gladstone.

Bow Energy currently has the largest uncontracted gas reserves position in Queensland with the company fully funded to deliver targets of up to 6,200 PJ of 3P Reserves and 1,250 PJ of 2P Reserves. The current 2P Reserve target of 1,250 PJ represents sufficient gas to supply a 1 million tonne per annum (Mtpa) LNG train for over 20 years. This is significant with respect to the proposed Gladstone LNG industry where a number of LNG project proponents are considered short on gas requirements for sanctioned LNG trains and are also seeking gas supply for expansion LNG trains.

Bow has recently taken positive strides towards its reserve targets from the previous financial year increasing;

- 2P reserves by 109% to 238 PJ (includes Blackwater reserves increase announced on July 19th)
- 3P reserves by 17% to 2,752 PJ
- Contingent resources by 189% to 2,521 PJ

Included within these reserve/resource increases was the key milestone of the initial reserves certification of 35 PJ of 2P reserves and 163 PJ of 3P within the Norwich Park tenement. The company also increased the 2P reserve position in the Blackwater Field by a further 89 PJ (announced July 19th).

Bow Energy achieved these significant milestones with drilling and appraisal work during the 2010-2011 financial year despite encountering land access delays from state-wide flooding and the unexpected complexities arising from the new Queensland Government Land Access Code.

Bow Energy continues to progress and focus on the appraisal of eight different CSG projects and fields within both the Surat and Bowen Basins which together have a gas in place potential of up to 13.8 trillion cubic feet (Tcf).

**Table 1: GIP Summary of CSG Tenements**

Project (all 100% unless stated otherwise)	Target Coal Measures	Gas in Place (Tcf net to Bow) <sup>1</sup>
Comet Block (ATP1025P)	Rangal and Fort Cooper	4.8
Don Juan Project (Bow 55%)	Juandah and Taroom	0.3
Norwich Park Projects (ATP1031P)	Moranbah and Rangal <sup>2</sup>	6.5
Gunyah Project (ATP1053P)	Rangal	1.8
Bandanna Project (ATP805P)	Bandanna	0.4
<b>Total GIP (net Tcf to Bow)</b>		<b>13.8</b>

<sup>1</sup> MBA provided GIP estimates for the Norwich Park, Gunyah and Bandanna projects only, as detailed in Appendix 1. MHA had independently provided GIP potential for Bow's Comet and Don Juan Projects as part of the reserve certification statements in these projects as previously announced.

<sup>2</sup> MBA did not include any GIP estimates for the Fort Cooper coal measures within Norwich Park block due to no open file data on current producing CSG fields from this coal measure. Bow notes that Arrow Energy reported in July 2009 and again in December 2009 that it had encouraging gas flow rates and obtained 2P certified reserves from its Fort Cooper coal measures within the Moranbah Gas Project in the Bowen Basin, located about 50 kilometres north-west of the Norwich Block. Furthermore, Bow has encountered an average of 28.4 metres of gassy Fort Cooper coals in its first five wells in its initial seven well exploration program at Norwich Park. For these reasons, Bow believes there is the potential for substantial gas resources in the Fort Cooper coal measures not included in the MBA assessment.



## DATA SHARING AGREEMENTS

Shared data from pilot production wells adjacent to Bow's Norwich Park tenement, along with the company's existing core-hole data was compiled by Netherland, Sewell and Associates Inc. (NSAI) who were able to certify 35 PJ of 2P, 163 PJ of 3P reserves and 1,916 PJ of contingent resources within the field.

Subsequent to the end of the year, shared data from pilot production wells adjacent to Bow's Blackwater field, along with Bow's existing core hole data was collated by MHA Petroleum Consultants (MHA) who certified a further 89 PJ of 2P and 13 PJ of 3P within Bow's Blackwater field (ATP1025P). The contingent resources decreased by 7 PJ as a result of partial conversion to 3P reserves.

## RESERVE TARGETS

Bow continues to draw confidence from its current pilot production program and expects to achieve its target of 6,200 PJ of 3P reserves and 1,250 PJ of 2P reserves mid-2012.

Bow's current gas reserves targets are summarised below.

**Table 2: Current Reserves and Revised Reserve Targets**

Project (all 100% unless stated otherwise)	Current Certified Reserves/Resources			Current Funding to Deliver Reserve Targets <sup>1</sup>	
	Contingent Resources (PJ net to Bow)	3P Reserves (PJ net to Bow)	2P Reserves (PJ net to Bow)	3P Reserves (PJ net to Bow)	2P Reserves (PJ net to Bow)
Blackwater and Comet CSG Fields (ATP1025P)	605	2,480	148	2,467	535
Norwich Park 3 projects within ATP1031P)	1,916	163	35	3,000	660
Gunyah Project (ATP1053)	-	-	-	600	-
Bandanna Project (ATP805)	-	-	-	-	-
Don Juan Project (Bow 55%)	-	109	55	133	55
<b>Total Reserves/Resources (net PJ to Bow)</b>	<b>2,521</b>	<b>2,752</b>	<b>238</b>	<b>6,200</b>	<b>1,250</b>

<sup>1</sup> As a result of delays from rain and floods earlier this year some of the appraisal work, particularly in the Norwich Park tenement, is now scheduled in the 2012 calendar year.

### Competent Person Statement

**MHA** – The estimates of gas reserve and resources for the Blackwater Block (ATP 1025P), Comet Block (ATP 1025P) and Don Juan CSG Field (ATP 771P) has been prepared by MHA Petroleum Consultants, LLC (MHA) in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers. The reserve statement has been compiled by Mr Timothy L Hower Chairman of MHA, together with personnel under his supervision. Mr Hower, who has over 28 years industry experience, and MHA have consented to the inclusion of the technical information contained in this announcement in the form and context in which it appears.

**MBA** – The estimates of gas in place estimates for the Norwich Park (ATP 1031P), Gunyah Block (ATP 1053P) and Bandanna Project (ATP 805P) has been prepared by Mr Doug Barranger of MBA Petroleum Consultants Pty Ltd (MBA). Mr Barranger has more than 25 years of experience in the petroleum industry and 10 years of experience in the coal seam gas industry.

**NSAI** – The estimates of gas reserves and resources tabulated (ATP 1031P) has been prepared by Mr John Hattner of Netherland Sewell and Associates Inc ('NSAI'), Dallas, Texas, USA. Mr Hattner is a full-time employee of NSAI, is a qualified person as defined under ASX Listing Rule 5.11 and has consented to the use of the reserves and resource figures as tabulated.

**Bow** – Other technical information contained herein is based on information compiled by the Company's Chief Operating Officer, Vic Palanyk, who has over 30 years' experience in the petroleum industry and 15 years in CSG.

## OPERATIONS REVIEW

### COMET CSG BLOCK ATP1025P

The company is carrying out several different proof of concept pilot well designs and completion techniques over various locations in its Bowen Basin CSG tenements to determine future commercial production methods. In addition to a number of lateral pilot production wells, various hydraulic fracturing techniques of vertical wells are also being trialled by Bow. The company has completed 10 pilot wells at Blackwater that are under pump and dewatering.

#### Blackwater CSG Field

##### **Bow Energy 100% ownership**

Bow's Blackwater CSG field, located within ATP 1025P, has provided the focal point for much of the company's drilling and appraisal activity during the financial year. Pilot production programs within the Blackwater field are showing encouraging results, with 10 pilot wells now completed.

##### *Two Lateral Production Pilot Wells (BWP37 and BWP39)*

Lateral (horizontal) pilot production well, BWP39, intersected approximately 560 metres of coal and was completed, and production testing commenced, before the end of the year. BWP39 successfully intersected the same coal measure and similar thickness of coal as Arrow Energy's successful pilot production wells located immediately south of the Blackwater field. The profile of early production on BWP39 is encouraging with increasing water flow rates, early gas flows and early gas pressure build-ups. Bow's other lateral well, BWP37, which intersected at least 50 metres of net producible coal due to unforeseen faulting and horizontal steering issues, is showing increasing water flow rates.

##### *Eight Vertical Fractured Pilot Production Wells*

The first four spot vertical pilot, BWP33-36, has been on production and dewatering since mid-February 2011. Water levels have been progressively drawn down and this has resulted in early gas pressure build-up and breakout in three of these wells. In these early stages, the wells are being operated conservatively to control gas pressure build up and subsequent flows to ensure potential coal damage is minimised. The second four vertical well pilot (BWP19, 23, 25 and 26) was hydraulically fractured in April. The wells have been completed and are now dewatering. Water rates are increasing and early gas pressure build-up and flows are occurring in all of these wells.

### *Blackwater Seismic Program Completed*

The 50 kilometre 2D seismic acquisition program was completed in the September quarter. The seismic program was designed to determine locations for future pilot lateral production wells within the Blackwater field. Interpretation of the data has identified at least three lateral locations. Drilling of the wells is expected to commence late in the 2011 calendar year.

#### Comet CSG Field

##### **Bow Energy 100% ownership**

While drilling activities are being concentrated in the Blackwater CSG field, Bow continues to negotiate overlapping tenure agreements with coal parties as required in the Comet CSG field.

### NORWICH PARK CSG BLOCK ATP1031P

##### **Bow Energy 100% ownership**

Bow certified the first reserves in the Norwich Park field during the financial year. Data from pilot production wells adjacent to Bow's Norwich Park tenement, along with the company's existing core hole data was compiled by Netherland, Sewell and Associates Inc. (NSAI) who certified 35 PJ of 2P, 163 PJ of 3P reserves and 1,916 PJ of contingent resources within the field.

As highlighted in the tenement map below, NSAI's certified reserves/resource area covers the Vermont CSG Field, located in the western section of the tenement. Appraisal is yet to commence on the Dysart Prospect, located in the north eastern section of the tenement. Exploration of the Dysart Prospect is expected to uncover further gas potential in Norwich Park.

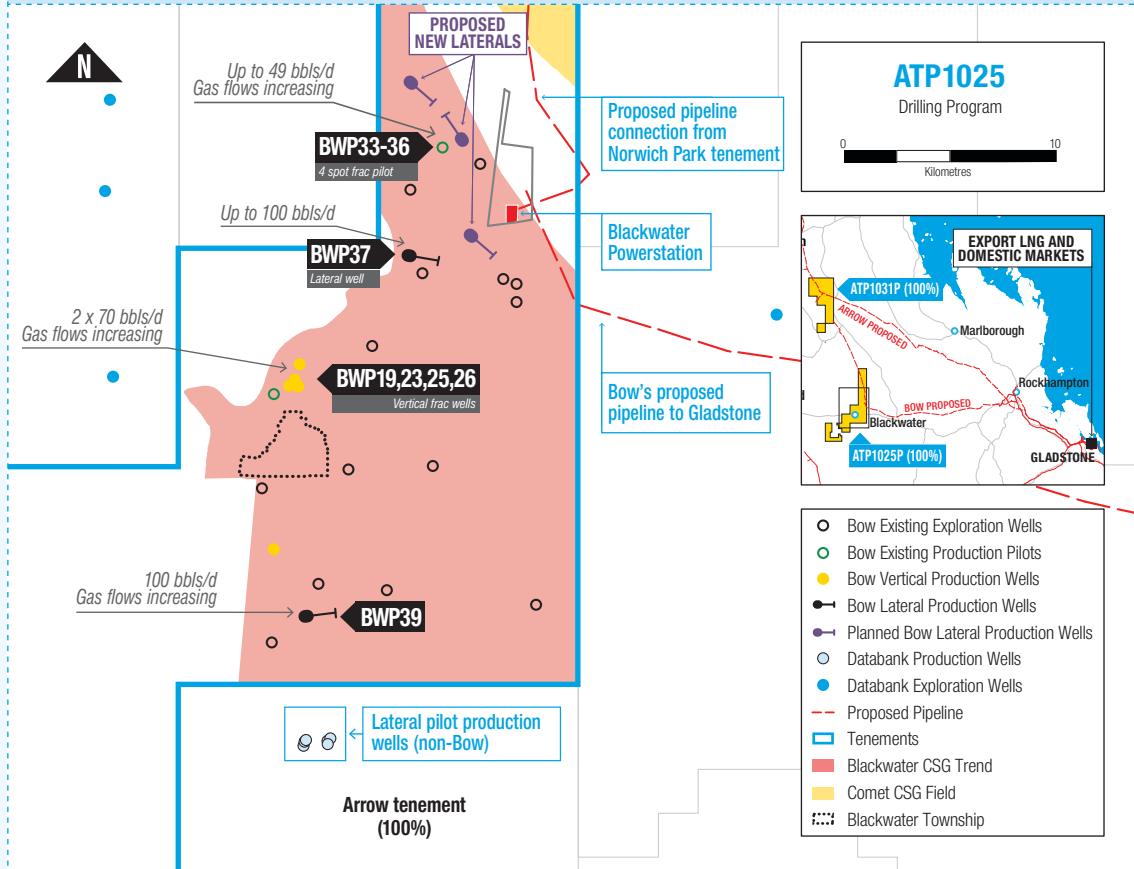
Drilling and appraisal activities in ATP1031P have been substantially delayed in 2011 due to the lingering effects of the 2010-2011 summer floods and the complexities arising from the new Queensland Government Land Access Code.

Subject to land access, a pilot production program is expected to commence in the Vermont CSG Field area late in 2011 where Bow is planning to replicate the Blackwater drilling activity. This program will also test different well design and completion techniques with the aim of determining the optimal commercial production methods for Norwich Park.

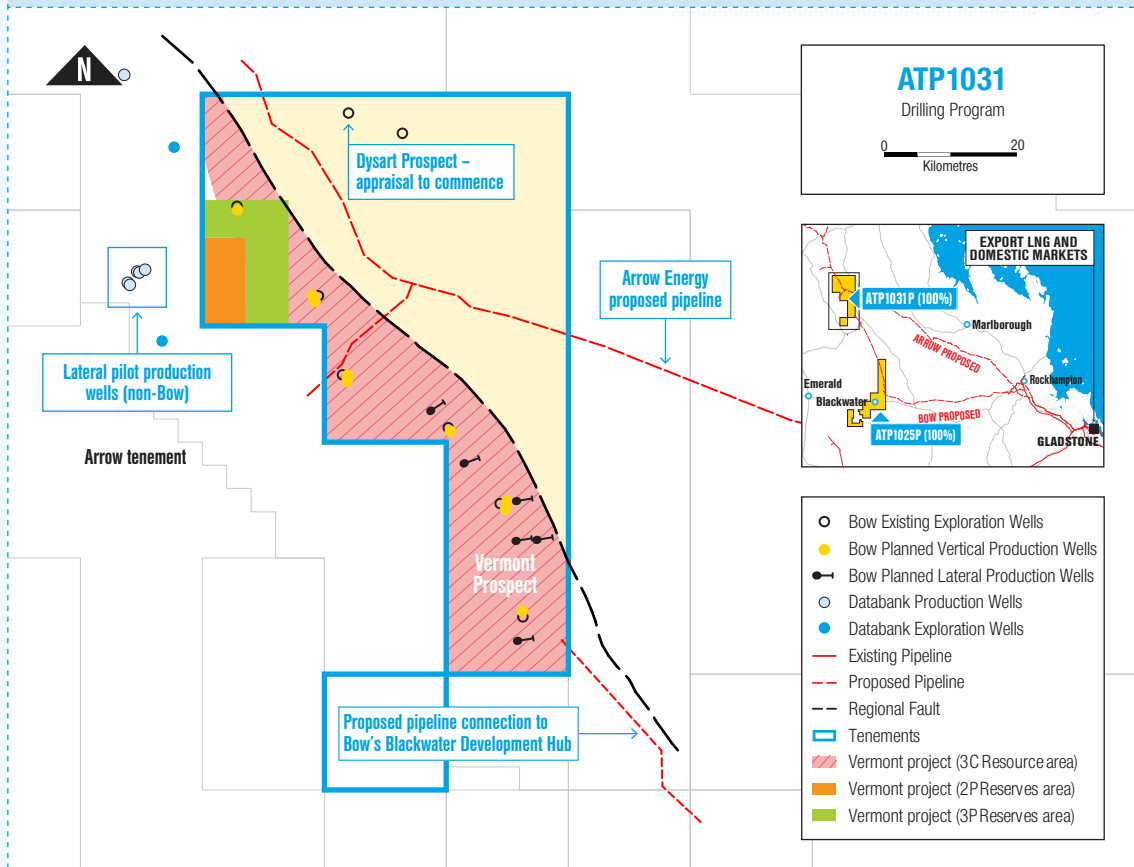
Bow is planning up to six lateral production wells at Norwich Park to systematically target the conversion of certified gas resources in the tenement to 2P reserves. A further three core holes are also planned to be drilled within ATP1031P to fully evaluate the gas potential of the Dysart Prospect area within the tenement. To date the only reserves/resources in the tenement are attributed to the Vermont/Norwich CSG Field.



## COMET CSG BLOCK ATP1025P



## NORWICH PARK CSG BLOCK ATP1031P



## OPERATIONS REVIEW

### GUNYAH CSG PROJECT ATP1053P

#### Bow Energy 100% ownership

The Gunyah Block is centrally located between the Moura-Dawson River and Scotia-Peat CSG production projects. An initial three core-hole locations have been selected to appraise the CSG potential of the Baralaba CM within the block, with drilling expected to commence following the formal granting of the permit. The tenement is interpreted to have 1.8 TCF of gas in place potential.

Bow is currently waiting for formal grant of the tenement from the Queensland Government after finalising all relevant documentation, including a Conjunctive Ancillary Agreement (between Bow and the Wulli Wulli People) and the State Deed (all parties including the Queensland Government). The Conjunctive Ancillary agreement captures the significant requirements for CSG exploration and production such as cultural heritage management plans. Bow cannot carry out any exploration or appraisal work until this permit is granted.

### BANDANNA PROJECT ATP805P

#### Bow Energy 100% ownership

Located 70 kilometres north-west of Santos's Fairview CSG Field, the Bandanna CSG project will target the

Bandanna Coal Measures which are interpreted to occur at depths between 200-1,000 metres. Bow is planning to drill one exploration core hole in the Bandanna prospect early 2012. The tenement is interpreted to have 0.4 TCF of gas in place potential.

### DON JUAN PROJECT ATP771P / ATP593P

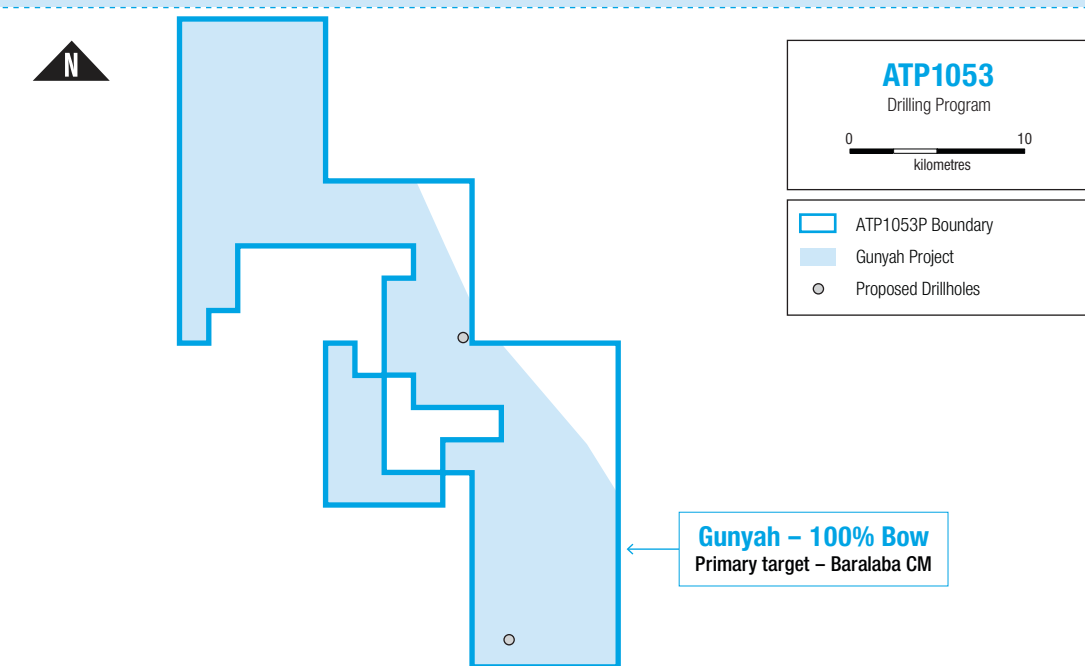
#### Bow Energy 55% ownership

The Don Juan CSG Project is a joint venture between Bow and Senex Energy (Operator and 45% interest) targeting the Walloon Coal Measures (including the Juandah and Taroom coal seam packages).

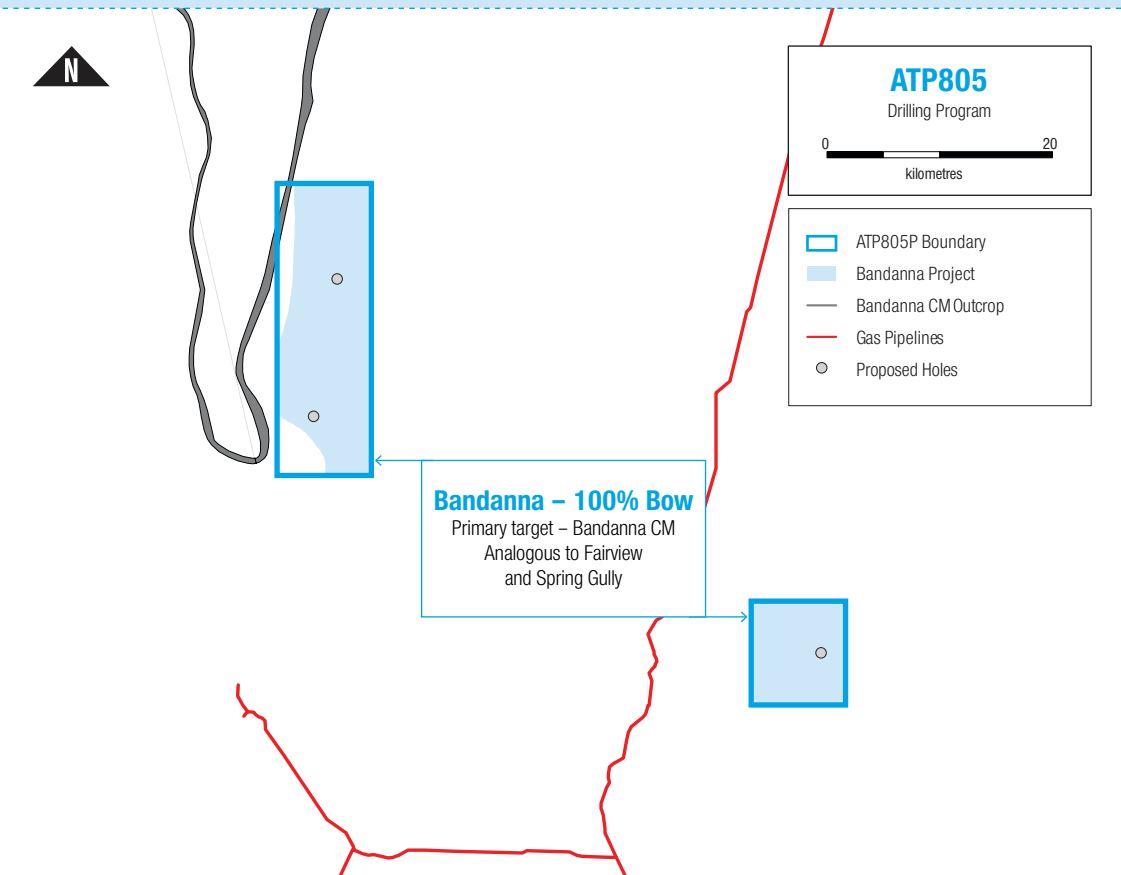
The Don Juan CSG project includes ATP771P and ATP593P and is located in the western Surat Basin about 40 kilometres north of Roma, adjacent to and west of BG Group's Lacerta CSG field. All certified reserves to date (55PJ 2P and 109 PJ 3P net Bow) are within ATP771P. Planning is currently underway for the drilling of two exploration core wells in ATP593P during late 2011 to evaluate the Walloon CSG fairway extending from ATP771P into this area.

Discussions on gas marketing options for the Don Juan CSG Field continue, with one option being the connection into the nearby Queensland Gas Pipeline approximately 15 kilometres east of the field.

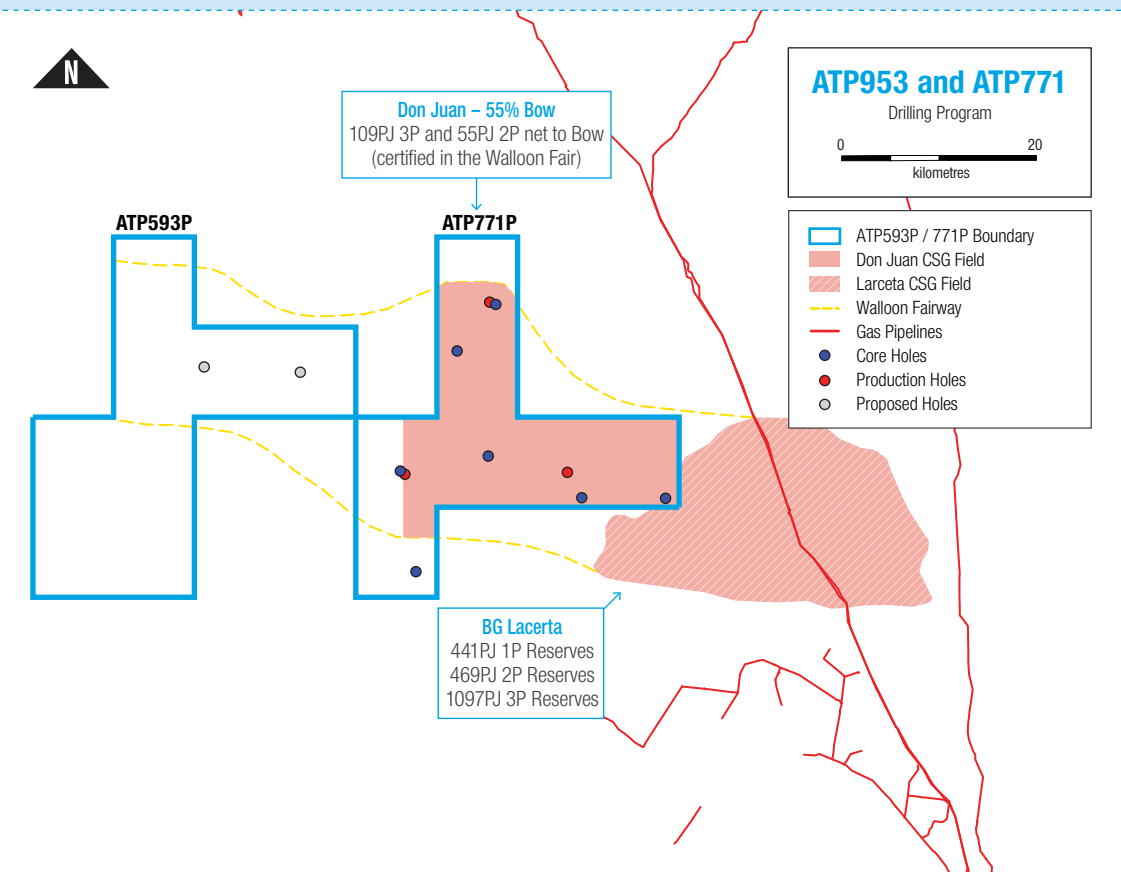
#### Gunyah CSG Project ATP1053P



## Bandanna Project ATP805P



## Don Juan Project ATP771P / ATP593P





# OPERATIONS REVIEW

## COMMERCIAL ACTIVITIES

### Gas Development Strategy

Bow continues to pursue its stated strategy of progressing multiple opportunities in power generation, domestic gas supplies and export LNG. The company has advanced discussions with potential joint venture and potential long term off-take partners during the year.

In addition to the 30MW Blackwater Power Project, Bow is continuing to pursue electricity generation opportunities including investigating the feasibility for a 200MW power plant located at Blackwater, Queensland.

### EIS for Bowen Basin Development

Bow has commenced an Environmental Impact Statement (EIS) to ensure that the company meets all environmental regulatory approvals for upstream development activities within ATP1025P (Blackwater and Comet projects) and ATP1031P (Norwich Park projects) as well the construction of two high pressure gas transmission pipelines:

- A pipeline linking ATP1031P to ATP1025P, approximately 90 kilometres (straight line) in length; and
- A gas transmission pipeline connecting Blackwater to Gladstone (terminating at the Gladstone City Gate) via Rockhampton, approximately 250 kilometres in length.

The Draft EIS is expected to be completed by late 2011.

Bow has obtained a Pipeline Survey Licence (PSL51) for the corridor from Blackwater through to Gladstone (via Rockhampton). The company is finalising a route selection study (including identification of a preferred alignment) for the Norwich Park to Blackwater Gas Hub (in ATP1025P) gas pipeline. This section of pipeline will provide a link between CSG reserves in ATP1031P and the Blackwater to Gladstone pipeline.

An application for a PSL has been submitted to the regulatory authority for the Norwich Park to Blackwater pipeline route and is pending approval.

### Blackwater Power Project Nears Completion

Bow announced in August 2010 the commencement of construction on Bow's 100 percent owned 30MW gas-fired Blackwater Power Project, located approximately 15 kilometres north-east of the town of Blackwater in central Queensland. The project will be supplied with CSG from Bow's adjacent Blackwater CSG Field.

Civil, construction, mechanical and electrical and pre-commissioning works are all expected to be completed during the upcoming quarter. Due to delays in gas delivery and securing power line easements, commissioning is currently scheduled for early 2012.



## CONVENTIONAL OIL PROJECTS

Bow has maintained exploration and appraisal activity in its key conventional oil projects through farm-in arrangements in the Cooper Basin.

### Cooper Basin

Bow is fully carried on a multi-staged farm-in oil exploration program within the Barta and Wompi blocks of ATP 752P, located in the southwest corner of Queensland. The blocks are adjacent to and on trend with areas where Santos has concentrated its Cooper Basin oil exploration program. Two wells have been drilled within the farm-in in the past year, Cuisinier-2 and Barta North-1, with a further farm-in well, Sampdoria-1 drilled in August 2011. The JV also drilled Cuisinier-3 as an infield development well during the year.

#### Barta Block

The Cuisinier oil field is located in the onshore Cooper Basin, Queensland, in ATP752P where Bow holds a 15 percent interest.

The Cuisinier-1 (CN-1) discovery well began production May 2010 and has cumulatively produced over 138,000 barrels of oil to 31 July. The well's daily productive capability continues to be in excess of 350 bopd (barrels of oil per day).

Two appraisal development wells, Cuisinier-2 (CN-2) and Cuisinier-3 (CN-3) were drilled within the Cuisinier oil field, with both wells being successful and subsequently cased as potential oil producing wells. CN-2 was drilled approximately 450 metres northeast of CN-1 and encountered three separate pay sands in the Murta sandstone to a depth 28 metres below the base of perforations in Cuisinier-1. CN-3 was drilled approximately 700 metres southwest from CN-1 and showed apparent log pay in two Murta zone sandstones. The results to date from the new Cuisinier appraisal wells indicate that at least a 19 metre gross oil column exists within the upper Murta oil zone originally found in CN-1. The lower Murta oil pay, as demonstrated by CN-2, looks to extend as much as 21 metres below the upper Murta zone. To date all three Cuisinier wells have yet to intersect an oil/water contact for the field meaning the true extent of the oil field still unknown.

Cuisinier-2 was placed on production from July 18, results to date indicate the well is capable of sustained production rates of up to 210 bopd. Cuisinier-3 was placed on production from August 20, initially the well will produce from the upper Murta sandstone zone only to establish separate reservoir pressure information. Results to date show the upper Murta zone in Cuisinier-3 is capable of producing at sustained production rates of up to 120 bopd.

An exploration well, Barta North-1, was drilled approximately five kilometres southwest of Cuisinier-1 on what was mapped as a separate structure. The well was perforated over six metres in the Upper Murta zone, the equivalent zone to the producing Murta pay sand at Cuisinier-1 oil well. The well has been completed as a pumping oil well and the operator is reviewing facilities connection options. Preliminary analysis of the productivity of the Murta reservoir in Barta North-1 indicates potential for the well to produce at rates around 90 bopd. Barta North-1 failed to intersect an oil/water contact within the upper Murta sandstone, with the true extent of the oil discovery still unknown.

The Sampdoria-1 oil exploration well has been plugged and abandoned after reaching a depth of 1,823 metres in the Toolachee Formation. Shows were recorded in the Murta Formation and Hutton Sandstone and a Drill Stem Test was conducted across the show at the top of the Hutton Sandstone. The test recovered 2.8 barrels of mud-cut formation water.

Sampdoria-1 is located approximately four kilometres to the north east of the Genoa oil. The primary targets were sands of the basal Birkhead Formation and Hutton Sandstone with secondary targets in the McKinlay Member and Namur Formation. Bow Energy is free carried in this program and as such will not be responsible for any expenses relating to this well.



## OPERATIONS REVIEW

A multi-well exploration and appraisal drilling program is planned in 2012.

### Wompi Block

Santos and Bengal are farming into this block with a staged earning program of up to three wells plus 200 km<sup>2</sup> of 3D seismic acquisition. Bow is fully carried through this program. Some 200 km<sup>2</sup> of 3D seismic was acquired in the block in late 2008. The seismic targets a number of prospects and leads located adjacent to, or on trend, with high production oil wells located in neighbouring production licences. Processing of the 3D seismic data was completed with a number of drilling prospects defined.

### Surat Basin (ATP805P, ATP608P, ATP807P and PL15)

These areas were reassessed by an independent consultant. Following the results of this review Bow Energy decided to relinquish two tenement areas ATP664P and ATP706P that were deemed to have no oil prospectivity in the area. No other activity was undertaken during the financial year.

### Central Eromanga Basin (ATP736PA, ATP737PA, ATP738PA, ATP948PA and ATP944P)

Following reassessment by an independent consultant Bow Energy decided to relinquish two tenement areas ATP545P and ATP677P that were deemed to have no oil prospectivity in the area. On 10 August Bow reached agreement to farm out four central Eromanga basin oil exploration tenements to Real Energy Corporation Pty Limited subject to Real Energy raising sufficient capital by 31 December 2011.

### Clarence Moreton Basin (ATP644P and PEL445)

No activity was undertaken during the financial year.

### Carnarvon Basin (WA261P and EP325)

Work has continued on a 3D seismic survey program over the WA261P area to detail the Chamois oil field and high grade other prospects for drilling. No activity was undertaken within EP325 during the financial year.

## BOW COMMITTED TO MINIMUM ENVIRONMENTAL IMPACT

Bow aims to minimise the release of any harmful substances during its operations and actively promotes ecological values of the areas in which it operates. This includes, at a minimum, compliance with laws and regulations for operations and rehabilitation practices.

## HEALTH AND SAFETY A PRIORITY

Bow is committed to a safe and healthy workplace for all of its employees, consultants, contractors, service providers and visitors across all facets of its operations. Bow's OH&S target is to achieve zero harm and it strives to instil the attitude that safety is everyone's responsibility at all levels of the Company. This attitude not only improves safety and helps advance Bow's safety systems, but can also improve processes, minimise downtime and increase operational performance.

## MATERIAL TRANSACTIONS AFTER 1 JULY 2011

First oil production from the new Cuisinier wells -2 and -3 commenced from August 20th with sustained production expected at rates of 200 bopd and 150-250 bopd respectively.

The Sampdoria-1 well was drilled in the ATP752P Wompi block targeting a four way dip structural closure in the Hutton Sandstone reservoir. The well encountered fair to moderate oil shows within the upper Hutton Sandstone, but a subsequent Drill Stem test failed to encounter any commercial hydrocarbons, so the well was therefore plugged and abandoned. The joint venture is determining how this result affects the prospectivity of the Wompi block.

On 10th August Bow reached an agreement to farm-out four Central Eromanga Basin oil exploration tenements to Real Energy Corporation Pty Limited subject to Real Energy raising sufficient capital by 31st December 2011. Up to six oil exploration wells may be drilled, cased and suspended to earn-in to the tenements with a minimum commitment of at least four wells and 500 kilometres of 2D seismic in the first two years. Bow will be fully carried on this program and will retain 32.5% to 50% equity port farm-in.

On 22 August Bow announced that Arrow Energy Holdings Pty Ltd had made a non-binding conditional proposal to acquire all Bow Energy shares at \$1.48 per share. On 26 September Arrow Energy revised their offer to \$1.52 per share and at the date of this report the Bow board has recommended that you vote in favour of the scheme in the absence of a superior proposal, and subject to the Independent Expert stating that in its opinion the scheme is in the best interest of Bow Energy shareholders.





# DIRECTORS

## HOWARD STACK

*Independent Non-Executive Chairman*

Mr Stack was appointed to the board of directors as independent non-executive chairman on 17 December 2009, and appointed to the audit and risk management committee.

He brings considerable value to the company in achieving its goal of becoming a major upstream energy company.

Mr Stack has served on the boards of Australian National Industries Limited, Flight Centre Limited, Data #3 Limited, Voxson Limited, Eastern Corporation Limited, Diversified Mining Services Limited and Magnetica Limited. He currently provides legal and commercial advice on fuel and infrastructure projects including Bayswater and Liddell Power Station projects in the Hunter Valley, New South Wales.

He was previously Managing Partner of the Australian law firm Feez Ruthning during which time he negotiated the merger with Allen, Allen & Hemsley. He is currently Chairman of the Board of Trustees for Brisbane Grammar School.

## RON PREFONTAINE

*Executive Director*

Mr Prefontaine served as Managing Director following Bow's registration on 17 September 2004. In April 2010 he was appointed Executive Director as part of an executive restructure, focusing on technical and business development.

He has over 31 years exploration and production experience in the petroleum industry.

Since 1994 he has consulted to the industry in technical and management positions, which included being a Director for Arrow Energy Ltd (Arrow) from 2001 to 2005. At Arrow, Mr Prefontaine was in charge of its early successful CSG exploration program.

Mr Prefontaine founded Australian CBM Pty Ltd (now owned by Arrow Energy Ltd), Permian Oil Pty Ltd (now owned by BG Group), SEQOil Pty Ltd (now owned by Bow Energy Ltd) and Ocellaris Oil Pty Ltd (now owned by Bow Energy Ltd).

Mr Prefontaine is past President of the Petroleum Exploration Society of Australia (Queensland) and the Queensland Petroleum Exploration Society. In 2008, he was presented with the inaugural John Doran Good Oil Conference lifetime achievement award in recognition of his service to the oil and gas industry.



**STEPHEN BIZZELL***Non-Executive Director*

Mr Bizzell has been a Non-Executive Director since the time of registration of the Company, 17 September 2004. He is a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand.

Stephen has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions, and has over 15 years corporate finance and public company management experience in the resources sector in Australia and Canada.

Mr Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners and Executive Director of Dart Energy Ltd. Stephen was also an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in August 2010 by Shell and PetroChina, for \$3.5 billion. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. Mr Bizzell is a member of Bow's Audit and Risk Management Committee.

**NICK MATHER***Non-Executive Director*

Mr Mather has been a Non-Executive Director since registration of the Company on 17 September 2004. Mr Mather has over 27 years technical and corporate experience and is also Managing Director of D'Aguilar Gold Ltd, an ASX listed resource investment company, and CEO of Solomon Gold plc an LSE:AIM listed company. He is also Chairman of ASX listed Navaho Gold and Armour Energy, a large shale gas company. Mr Mather's main focus has always been on the identification of, and investment in, large resource exploration projects.

Mr Mather was also founder and Chairman of TSX-V listed Waratah Coal Inc until its \$130m takeover by Minerology Pty Ltd in December 2008.

Previously as an Executive Director of Arrow Energy Ltd, from 2000 to 2004, he drove the acquisition and business development of Arrow's large Surat Basin Coal Bed Methane project in south-east Queensland and as a Non-Executive Director of Ballarat Goldfields NL until 2004 he assisted the company in its recapitalisation and requote on the ASX in 2003. He was also Managing Director of BeMaX Resources NL (ASX-listed) from 1997 until 2000 and was instrumental in the discovery of the world class Ginkgo mineral sand deposit in the Murray Basin in 1998.

Mr Mather is a member of the Audit and Risk Management Committee.





# SENIOR MANAGEMENT

## JOHN DE STEFANI

*Chief Executive Officer*

Mr De Stefani was appointed Chief Executive Officer of Bow in February 2010 after serving as CEO Commercial.

Prior to joining Bow in 2008, Mr De Stefani spent eight years as General Manager/Director of an expanding power generator and CEO of a high tech business which delivered strong sustainable growth.

Mr De Stefani is a chartered accountant with 20 years of business experience. He has a proven successful track record in project finance, business development and asset management with over eight years international energy experience working on projects in the US, UK, Egypt, Turkey and the Philippines.

Mr De Stefani has a Bachelor of Business from the Queensland University of Technology and a MBA from the London Business School. He is a member of the Institute of Chartered Accountants of Australia and the Australian Institute of Company Directors.

## VICTOR PALANYK

*Chief Operations Officer*

Mr Palanyk has more than 30 years experience in the resources industry including petroleum and mining in Australia, Asia, North America and the Middle East. He has worked in most facets of the industry including exploration, development, production, business development, commercial and business analysis.

Mr Palanyk also has 15 years experience in all facets of coal seam gas (CSG). His past management positions include General Manager of Queensland Gas Company, Technical Manager for Anglocoal Australia's CSG business and Manager for Rio Tinto's CSG business.

Mr Palanyk is responsible for managing Bow's technical efforts to expand its gas reserves base and to implement its development plans to establish Bow as a major upstream energy company.

Mr Palanyk has a BSc Specialization Geology from the University of Alberta, Canada, he is a member of the Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG) and the Petroleum Exploration Society of Australia (PESA).





**PETER HARBISON***Chief Financial Officer*

Mr Harbison was appointed CFO of Bow in May 2010 and is a chartered accountant with 20 years of business experience. He has a Bachelor of Commerce from University of Queensland and is a member of the Institute of Chartered Accountants of Australia.

Peter was engaged by Arrow Energy from January 2009 until June 2010, developing the financial strategy to meet Arrow's short to medium term capital funding requirements, from upstream coal seam gas field development through to downstream LNG facility. Prior to that, Mr Harbison was CFO for Broadcast Australia Pty Ltd and Arqiva Ltd, both part of the Macquarie Communications Infrastructure Group, where he was involved in major corporate transactions and capital restructuring for large scale communications infrastructure projects across Australia and the UK.

**DUNCAN CORNISH***Company Secretary*

Mr Cornish is an accomplished and highly efficient corporate administrator and manager. He has many years experience in pivotal management roles in capital raisings and stock exchange listings for numerous companies on the ASX, AIM Market of the London Stock Exchange and the Toronto Stock Exchange.

He has also focused on the areas of company reporting and company regulatory, secretarial and governance areas, and business acquisition and disposal due diligence. He has worked previously with Ernst and Young and PricewaterhouseCoopers in both Australia and the UK.

Duncan is currently Company Secretary and CFO of other listed companies on the ASX and TSX-V having assisted in the listing and capital raising of each of the companies. He is supported by a small experienced team of accountants and administrators.

Mr Cornish is a Chartered Accountant and a member of the Australian Institute of Chartered Accountants.



## DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Bow Energy Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2011.

### Directors

The following persons were directors of Bow Energy Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

**Howard Stack** *BA, LLB*  
(*Non-Executive Chairman*)

Mr Stack was appointed to the board of directors as independent non-executive chairman on 17 December 2009. He brings considerable value to the company in achieving its goal of becoming a major upstream energy company.

Mr Stack has served on the boards of Australian National Industries Limited, Flight Centre Limited, Data #3 Limited, Voxson Limited, Eastern Corporation Limited, Diversified Mining Services Limited, Waratah Coal Inc. and Magnetica Limited. He currently provides legal and commercial advice on fuel and infrastructure projects including Bayswater and Liddell Power Station projects in the Hunter Valley, New South Wales. He was previously Managing Partner of the Australian law firm Feez Ruthning during which time he negotiated the merger with Allen, Allen & Hemsley. He is currently Chairman of the Board of Trustees for Brisbane Grammar School.

Mr Stack is a member of the Audit and Risk Management Committee and Remuneration Committee.

During the past three years Mr Stack has also served as a Director of the following ASX listed companies:

- Waratah Coal Inc. (2 June 2008 until 22 December 2008) (ASX listed from 10 November 2008 to 22 December 2008)

**Ron Prefontaine** *BSc (Hons) Geophysics*  
(*Executive Director*)

Mr Prefontaine has been an Executive Director since the time of registration of the Company, 17 September 2004.

He has over 32 years exploration and production experience in the petroleum industry.

Since 1994 he has consulted to the industry in technical and management positions, which included being a Director of Arrow Energy Ltd (Arrow) from 2001 to 2005. At Arrow, Mr Prefontaine was in charge of its early successful CSG exploration program.

Mr Prefontaine founded Australian CBM Pty Ltd (now owned by Arrow Energy), Permian Oil Pty Ltd (now owned by BG Group), Seqoil Pty Ltd (now owned by Bow Energy) and Ocellaris Oil Pty Ltd (now owned by Bow Energy).

Mr Prefontaine is past President of the Petroleum Exploration Society of Australia (Queensland) and the Queensland Petroleum Exploration Society. In 2008 he was presented with the inaugural John Doran Good Oil Conference lifetime achievement award in recognition of his service to the oil and gas industry.

**Nicholas Mather** *BSc (Hons) Geology*  
(*Non-Executive Director*)

Mr Mather has been a Non-Executive Director since registration of the Company on 17 September 2004. Mr Mather has over 27 years technical and corporate experience and is also Managing Director of D'Aguilar Gold Ltd, an ASX listed resource investment company, and CEO of Solomon Gold plc an LSE:AIM listed company. He is also Chairman of ASX listed Navaho Gold and Armour Energy, a large shale gas company. Mr Mather's main focus has always been on the identification of, and investment in, large resource exploration projects.

Mr Mather was also founder and Chairman of TSX-V listed Waratah Coal Inc until its \$130m takeover by Minerology Pty Ltd in December 2008.

Previously as an Executive Director of Arrow Energy Ltd, from 2000 to 2004, he drove the acquisition and business development of Arrow's large Surat Basin Coal Bed Methane project in south-east Queensland and as a Non-Executive Director of Ballarat Goldfields NL until 2004 he assisted the company in its recapitalisation and requote on the ASX in 2003. He was also Managing Director of BeMaX Resources NL (ASX-listed) from 1997 until 2000 and was instrumental in the discovery of the world class Ginkgo mineral sand deposit in the Murray Basin in 1998.

Mr Mather is a member of the Audit and Risk Management Committee.

## Directors (continued)

During the past three years Mr Mather has also served as a Director of the following ASX listed companies:

- D'Aguilar Gold Ltd\* (since 26 October 2001)
- Mt Isa Metals Ltd\* (since 15 June 2006)
- Waratah Coal Inc. (6 May 2005 until 22 December 2008) (ASX listed from 10 November 2008 to 22 December 2008)
- Navaho Gold (since 22 January 2003, listed on the ASX 11 April 2011)
- Ausnico (since 22 December 2006, listed on the ASX 21 October 2010)

\* Denotes current directorship.

### **Stephen Bizzell** BCom, ACA, MAICD (Non-Executive Director)

Mr Bizzell has been a Non-Executive Director since the time of registration of the Company, 17 September 2004. He is a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions and has over 16 years corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies.

Mr Bizzell is the Chairman of boutique investment banking and funds management group Bizzell Capital Partners and Executive Director of Dart Energy Ltd.

Mr Bizzell was also an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in August 2010 by Shell and Petrochina, for \$3.5 billion. Stephen was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company.

Mr Bizzell is Chairman of the Audit & Risk Management Committee and Remuneration Committee.

During the past three years Mr Bizzell has also served as a Director of the following ASX listed companies:

- Renison Consolidated Mines NL\* (since 28 June 1996)
- Arrow Energy Ltd (from 16 June 1999 to 23 August 2010)
- Dart Energy Ltd\* (Since 9 November 2006) (ASX listed since 22 July 2010)
- Liquefied Natural Gas Limited (from 20 December 2007 to 17 March 2010) (Alternate Director)
- Apollo Gas Ltd (since 15 August 2009 ceased quotation on ASX 9 February 2011 following takeover)
- Hot Rock Ltd\* (since 22 September 2009)
- Renaissance Uranium Ltd\* (since 1 September 2011)
- Stanmore Coal Ltd\* (since 5 October 2009)
- Diversa Ltd\* (since 25 August 2010)

\* Denotes current directorship.

### **Michele Muscillo** LLB (Hons) (Alternate Director)

Mr Muscillo was appointed as Alternate Director for Mr Prefontaine (Executive Director) for the period 26 May 2010 to 6 July 2010.

Mr Muscillo is a Partner of HopgoodGanim Lawyers. He was admitted as a Solicitor in 2004 and has a practice focusing almost exclusively in mergers and acquisitions and capital raising. Mr Muscillo has a Bachelor of Laws from Queensland University of Technology and was the recipient of the QUT University Medal. In his role with HopgoodGanim Lawyers, Mr Muscillo has acted on a variety of corporate transactions including initial public offerings, takeovers and other acquisitions.

## DIRECTORS' REPORT

### Secretary

**Duncan Cornish** *BBus (Acctcy), ACA*  
(Company Secretary)

Mr Cornish has been the Company Secretary since the time of registration of the Company, 17 September 2004. He has many years experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PriceWaterhouseCoopers. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

Mr Cornish holds a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants. He is also Company Secretary and Chief Financial Officer of several other listed companies. He is supported by a small experienced team of accountants and administrators.

### Interests in the Shares and Options of the Company

As at the date of this report, the interests of the Directors in the shares and options of Bow Energy Ltd are shown in the table below:

	Ordinary Shares	Unlisted Options (\$0.50 @ 7/11/11)	Unlisted Options (\$2.00 @ 31/1/13)
Howard Stack	447,289	-	2,000,000
Ron Prefontaine	10,713,724	1,669,456	2,000,000
Nicholas Mather	4,713,663	3,333,333	2,000,000
Stephen Bizzell	6,624,187	-	2,000,000

### Principal Activities

The principal activities of the consolidated entity during the financial period were oil and gas exploration and the construction of the Blackwater power station. There were no significant changes in the nature of the consolidated entity's principal activities during the financial period.

### Operating Results

For the year ended 30 June 2011, the consolidated loss for the consolidated entity after providing for income tax was \$1,531,000 (2010 profit: \$6,798,000).

### Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year.

### Review of Operations

Detailed comments on operations and exploration programs up to the date of this report are included separately in the Annual Report under Operations Review.

### Review of Financial Condition

#### Capital structure

On 18 November 2010, 42,120,000 ordinary shares were issued (@ \$1.15 to raise \$48,438,000 before issue costs), pursuant to a Share Placement as announced by the Company on 11 November 2010.

On 23 December 2010, 26,044,854 ordinary shares were issued (@ \$1.15 to raise \$29,951,000 before issue costs), pursuant to a Share Purchase Plan announced by the Company on 11 November 2010.



## Review of Financial Condition (continued)

### Capital structure (continued)

During the year the following options were exercised into ordinary shares:

- 645,188 unlisted \$0.50 options expiring 7 November 2011, raising \$323,000
- 1,100,000 unlisted \$0.338 options expiring 1 July 2011, raising \$372,000

The following options were issued to Directors:

- 8,000,000 unlisted \$2.00 options expiring 31 January 2013

The following options were issued to employees:

- 500,000 unlisted \$1.80 options expiring 31 December 2013
- 500,000 unlisted \$2.20 options expiring 31 December 2013

At 30 June 2011, the Company had 350,517,229 ordinary shares and 27,809,443 unlisted options on issue.

As at the date of this report, the Company had 352,129,161 ordinary shares and 26,197,511 unlisted options on issue.

### Financial position

The net assets of the consolidated entity have increased by \$77,098,000 from \$128,100,000 at 30 June 2010 to \$205,198,000 at 30 June 2011. This increase has largely resulted from the following factors:

- Successfully raising capital through a Share Placement and Share Purchase Plan.
- The application of cash reserves to capitalised exploration activities and the construction of the 30MW Blackwater power station.

The consolidated entity's working capital, being current assets less current liabilities has increased from \$73,390,000 in 2010 to \$95,531,000 in 2011.

During the past year the consolidated entity has invested in further exploring its oil and gas tenements as well as the construction of the Blackwater Power Station.

### Treasury policy

The consolidated entity does not have a formally established treasury function. The Board is responsible for managing the consolidated entity's finance facilities. The consolidated entity does not currently undertake hedging of any kind and is not directly exposed to material currency risks.

### Liquidity and funding

The consolidated entity has sufficient funds to finance its operations and exploration activities and construction projects, and to allow the consolidated entity to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

## Significant Changes in the State of Affairs

Details of other changes to the capital structure of the consolidated entity are given in the Review of Financial Condition above.

### After Balance Date Events

On 19 July 2011 it was announced that the Company had obtained further certified reserves in the Blackwater CSG Field (ATP 1025) increasing Bow's total certified reserves to 238 PJ of 2P and 2,752 PJ of 3P reserves. The increase of a further 89 PJ of 2P and 13 PJ of 3P certified reserves was based on data from pilot production wells adjacent to Bow's Blackwater CSG field (as a result of a data sharing agreement), along with data from Bow's previous core holes.

## DIRECTORS' REPORT

### After Balance Date Events (continued)

On 10 August 2011 the Company announced that it had reached agreement to farm out its petroleum tenements in the Central Eromanga Basin (ATP's 794, 809, 944 and 948A) to Real Energy Corporation Pty Ltd. The effective start date is conditional upon Real Energy raising sufficient capital by 31 December 2011. For Real Energy to earn its interest up to six oil exploration wells may be drilled, cased and suspended with a minimum commitment of at least four wells and 500km of 2D seismic in the first two years. Under the agreement the Company is fully carried on the work program and retains 32.5% to 50% equity post farmin.

On 22 August 2011 it was announced that the Company had received an indicative, non-binding and conditional proposal from Arrow Energy Holdings Pty Ltd. Under the proposal, Arrow Energy would acquire all the issued capital in Bow Energy from Bow Energy shareholders for cash consideration of \$1.48 per share. On 26 September 2011 the Company announced that Arrow Energy had increased its offer to \$1.52 cash consideration per share. The Bow Energy Board unanimously recommended the offer, in the absence of a superior proposal and subject to an Independent Expert concluding that the revised offer is in the best interests of Bow Energy Shareholders. Bow Energy and Arrow Energy have entered into a Scheme Implementation Agreement to facilitate the revised offer.

The following change to the Company's capital structure also occurred subsequent to 30 June 2011:

- 1,611,932 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

There have been no other events since 30 June 2011 that impact upon the financial report as at 30 June 2011.

### Future Developments, Prospects and Business Strategies

Likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Operations Review.

There are no further developments of which the Directors are aware which could be expected to affect the results of the consolidated entity's operations in subsequent financial years other than information which the Directors believe comment, on or disclosure of, would prejudice the interests of the consolidated entity.

### Environmental Issues

The consolidated entity is subject to environmental regulation in relation to its exploration activities and power station assets. There are no matters that have arisen in relation to environmental issues up to the date of this report.

### Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of Bow Energy Ltd, and for the key management personnel.

#### Remuneration policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

The Board, assisted by the Remuneration Committee, assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company.

The Company aims to reward the Executive Director and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short-term and long-term incentives.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director and Senior Management remuneration is separate and distinct.

## Remuneration Report (Audited) (continued)

### Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum approved aggregate remuneration currently determined by the Company is \$500,000 per annum. Additionally, Non-Executive Directors will be entitled to be reimbursed for properly incurred expenses.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to Non-Executive Directors. A Non-Executive Director is entitled to be paid travel and other expenses properly incurred by them in attending Director's or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the year ended 30 June 2011 is detailed in this Remuneration Report.

### Executive Director and Senior Management remuneration

The Company aims to reward the Executive Director and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward the Executive Director and Senior Management for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of the Executive Director and Senior Management with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Director and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align the Executive Director and Senior Management objectives with shareholder and business objectives by providing a fixed remuneration component and offering short term and long-term incentives.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of Company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices. Senior Management are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Short-term incentives are provided in the form of cash bonuses. The calculation method is based on a defined percentage of each participant's fixed remuneration in satisfaction of personal and company key performance indicators (KPIs). The KPIs and other targets are reviewed at least annually by the Remuneration Committee to ensure that they remain relevant and appropriate, and may be varied to ensure that the benefits offered to each participant to incentivise performance and achievement are consistent with the Company's goals and objectives.

Long-term incentives are provided in the form of options and/or the issue of shares following the completion of satisfactory time periods of service. The Company uses employee continuity of service and the future share price to align comparative shareholder return and reward for executives.

The remuneration of the Executive Director and Senior Management for the year ended 30 June 2011 is detailed in this Remuneration Report.

## DIRECTORS' REPORT

### Remuneration Report (Audited) (continued)

#### Executive Director and Senior Management remuneration (continued)

Subsequent to year end the Company implemented a new incentive plan effective 1 July 2011. The plan has been introduced to ensure the Company is able to attract, develop and retain high quality executives and employees whilst ensuring that remuneration is consistent with market practices. The incentive plan consists of the following:

Short-term incentives consist of cash bonuses and deferred equity performance rights (vesting over one and two years). The calculation method is similar to the previous short-term incentive plan and is based on a defined percentage of each participant's fixed remuneration in satisfaction of personal and company key performance indicators (KPIs).

Long-term incentives consist of loan funded shares. The loan funded shares have replaced the previous share option plan. The long term incentive rewards executives who continue to serve the company over the performance period and who contribute to the increase in shareholder value, as measured by share price growth. The Board believes that share price growth is the true measure of success and has introduced the plan to continue to focus executives on this objective.

The Company provides the executive with a limited-recourse loan to buy shares in the Company at market value. The plan provides a similar economic benefit to the current Option Plan as the executive is only rewarded for growing the share price. Because the executive is paying full market value for the share, the intrinsic value of the LTI at the Grant Date is \$nil, and the LTI will only deliver value to the executive if the share price increases.

#### Relationship between remuneration and Company performance

During the financial year, the Company (and its subsidiaries) has generated losses as its principal activity was oil and gas exploration and the construction of the Blackwater power station.

The Company listed on the ASX on 20 May 2005. The following table shows the share price at the end of the financial year for the Company for the last six years:

	2006	2007	2008	2009	2010	2011
Share price at year-end	\$0.19	\$0.19	\$0.44	\$0.83	\$1.125	\$0.895

During the year ended 30 June 2011 the market price of the Company's ordinary shares ranged from a low of \$0.74 to a high of \$1.42.

There were no dividends paid during the year ended 30 June 2011.

As the Company is still in the exploration and development stage, the link between remuneration, company performance and shareholder wealth is tenuous, however the Board considers the past performance of the Company as a whole when determining the overall level of key management personnel compensation. Share prices are subject to the influence of oil prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of company performance.

#### Employment contracts

It is the Board's policy that employment agreements are entered into with all Executive Directors, Executives and employees.

Contracts do not provide for pre-determining compensation values or method of payment. Rather the amount of compensation is determined by the Board in accordance with the remuneration policy set out above.

The current employment agreements with the Executive Director, Chief Executive Officer, Chief Financial Officer and the Company Secretary have three month notice periods. All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have received letters outlining the key terms of their appointment.

Key management personnel are entitled to their statutory entitlements of accrued annual leave and long service leave together with any superannuation on termination. No other termination payments are payable.



## Remuneration Report (Audited) (continued)

### Employment contracts (continued)

#### *Executive Director*

The Executive Director, Mr Ron Prefontaine, is employed under a Consultancy Agreement with Prefontaine Consulting Pty Ltd. This agreement commenced on 1 February 2010 and replaced the previous Executive Services Contract with Prefontaine Consulting.

Under the terms of the Agreement, Prefontaine Consulting Pty Ltd receives a base fee of \$10,000 per month, based on a retainer for services for a minimum of 4 days per month. The Company is obliged to reimburse Prefontaine Consulting for all reasonable and necessary expenses incurred by it in the performance of its duties.

The Agreement is for a term of 12 months. Both Bow Energy Ltd and Prefontaine Consulting Pty Ltd are entitled to terminate the agreement by giving to the other not less than three (3) months written notice. Bow Energy Ltd is entitled to terminate the Agreement upon the happening of various events in respect of Prefontaine Consulting Pty Ltd's solvency or other conduct. If Mr Prefontaine is terminated due to not being re-elected as a director and not as a result upon the happening of various events in respect of Prefontaine Consulting Pty Ltd's solvency or other conduct, then Mr Prefontaine is entitled to three (3) months base fees.

If by agreement by both Bow Energy Ltd and Prefontaine Consulting Pty Ltd, Mr Prefontaine continues to perform the services after the end of the term, then the terms and conditions of the agreement (except for the term) continue to apply and, without limiting any other right to terminate that may be available to either Bow Energy Ltd or Prefontaine Consulting Pty Ltd, each party may terminate the agreement on 14 days notice in writing to the other.

#### *Senior Management*

##### *Chief Executive Officer*

The Chief Executive Officer, Mr John de Stefani, is employed under an Executive Services Agreement. This agreement commenced on 1 February 2010 and replaced the previous employment contract with Mr de Stefani (as CEO – Commercial, that commenced on 11 August 2008).

No options were issued to Mr de Stefani during the current financial year. During the previous financial year, pursuant to the terms of the current agreement, Mr de Stefani was granted 1,000,000 unlisted options exercisable on or before 1 July 2013 at \$2.00. The options vest on the earlier of a change in control event occurring or 1 July 2012. In the event of Mr de Stefani ceasing to be an employee of Bow Energy Ltd, all options which have not vested will expire immediately. Any options which have vested will expire 3 months after Mr de Stefani ceases to be an employee, unless his employment is terminated by Bow Energy Ltd with cause, in which case the vested options will expire immediately. Mr de Stefani also holds a further 2,000,000 unlisted options (1,000,000 exercisable at \$0.688 on or before 1 July 12 and 1,000,000 exercisable at \$0.938 on or before 1 July 2013) issued pursuant to his initial Executive Service Agreement in 2008 as CEO – Commercial.

During the financial year Mr de Stefani was paid a cash bonus of \$26,250 based on the Board's assessment of personal and company performance against agreed KPIs.

Based on each year's review, Mr de Stefani may also be entitled to a short term incentive cash bonus of up to 18% of his base salary and deferred equity performance rights (vesting over one and two years equally) of up to 36% of his base salary based significantly on the achievement of personal and company KPIs set from time to time, by the Board. Mr de Stefani may also be entitled to a long term incentive consisting of loan funded shares to the value of 30% of his base salary (vesting after three years or upon a change of control event taking place).

The Executive Services Agreement may be terminated by either party by providing 3 months written notice. Bow Energy Ltd may terminate the agreement immediately and without payment in lieu of notice in the case of serious misconduct pursuant to the terms of the agreement. There are no termination payments provided for in Mr de Stefani's employment agreement.

## DIRECTORS' REPORT

### Remuneration Report (Audited) (continued)

#### Employment contracts (continued)

##### Senior Management (continued)

##### Chief Operating Officer

The Company has an employment agreement with Mr Vic Palanyk for the position of Chief Operating Officer which commenced on 18 January 2010.

No options were issued to Mr Palanyk during the current financial year. During the previous financial year Mr Palanyk was granted the following options:

- 500,000 unlisted options exercisable on or before 31 March 2013 at \$1.80. The options vested on 31 December 2010.
- 500,000 unlisted options exercisable on or before 31 March 2013 at \$2.20. The options vest 31 December 2011.

In the event of Mr Palanyk ceasing to be an employee of Bow Energy Ltd, all options which have not vested will expire immediately. Any options which have vested will expire 3 months after Mr Palanyk ceases to be an employee, unless his employment is terminated by Bow Energy Ltd with cause, in which case the vested options will expire immediately.

The employment agreement may be terminated by either party by providing one month's written notice. Bow Energy Ltd may terminate the employment with notice or pay in lieu in the event of gross negligence or serious misconduct. There are no termination payments provided for in Mr Palanyk's employment agreement.

During the financial year Mr Palanyk was paid a cash bonus of \$33,125 based on the Board's assessment of personal and company performance against agreed KPIs.

Based on each year's review, Mr Palanyk may also be entitled to a short term incentive cash bonus of up to 16% of his base salary and deferred equity performance rights (vesting over one and two years equally) of up to 32% of his base salary based significantly on the achievement of personal and company KPIs set from time to time, by the Board. Mr Palanyk may also be entitled to a long term incentive consisting of loan funded shares to the value of 30% of his base salary (vesting after three years or upon a change of control event taking place).

##### Chief Financial Officer

The Company has an employment agreement with Mr Peter Harbison for the position of Chief Financial Officer which commenced on 15 June 2010.

No options were issued to Mr Harbison during the current financial year. During the previous financial year Mr Harbison was granted the following options:

- 500,000 unlisted options exercisable on or before 31 December 2013 at \$1.80. The options vest 31 December 2011.
- 500,000 unlisted options exercisable on or before 31 December 2013 at \$2.20. The options vest 31 December 2012.

In the event of Mr Harbison ceasing to be an employee of Bow Energy Ltd, all options which have not vested will expire immediately. Any options which have vested will expire 3 months after Mr Harbison ceases to be an employee, unless his employment is terminated by Bow Energy Ltd with cause, in which case the vested options will expire immediately.

The employment agreement may be terminated by either party by providing three months' written notice. Bow Energy Ltd may terminate the employment with notice or pay in lieu in the event of gross negligence or serious misconduct. There are no termination payments provided for in Mr Harbison's employment agreement.

During the financial year Mr Harbison was paid a cash bonus of \$18,958 based on the Board's assessment of personal and company performance against agreed KPIs.

Based on each year's review, Mr Harbison may also be entitled to a short term incentive cash bonus of up to 16% of his base salary and deferred equity performance rights (vesting over one and two years equally) of up to 32% of his base salary based significantly on the achievement of personal and company KPIs set from time to time, by the Board. Mr Harbison may also be entitled to a long term incentive consisting of loan funded shares to the value of 30% of his base salary (vesting after three years or upon a change of control event taking place).

## Remuneration Report (Audited) (continued)

### Employment contracts (continued)

#### Senior Management (continued)

#### Company Secretary

The Company has a services agreement with Corporate Administration Services Pty Ltd (CAS) and Duncan Cornish, the Secretary of the Company. The agreement is for a term of 12 months commencing 1 October 2010. Under the terms and conditions of the agreement, CAS has agreed to provide certain corporate secretarial, administration and other services to the Company. Additionally, Duncan Cornish has agreed to act as the Secretary of the Company.

CAS receives a base fee for provision of the services of \$50,000 (exclusive of GST). The Company is also obliged to reimburse CAS for all reasonable and necessary expenses incurred by CAS in providing services pursuant to the agreement.

Both the Company and CAS are entitled to terminate the agreement upon giving not less than three month's written notice. In the event that a party is in breach of the agreement either party may terminate the agreement immediately on written notice. In addition, the Company is entitled to terminate the agreement upon the happening of various events in respect of CAS' solvency or other conduct of CAS or Duncan Cornish. CAS is also entitled to terminate the agreement upon the happening of various events in respect of the Company's solvency.

### (a) Details of Key Management Personnel

#### (i) Directors

Howard Stack	Non-Executive Chairman
Ron Prefontaine	Executive Director
Nicholas Mather	Non-Executive Director
Stephen Bizzell	Non-Executive Director
Michele Muscillo	Alternate Director (for the period 26 May 2010 to 6 July 2010)

#### (ii) Senior Management

John de Stefani	Chief Executive Officer
Vic Palanyk	Chief Operating Officer
Peter Harbison	Chief Financial Officer
Duncan Cornish	Company Secretary

## DIRECTORS' REPORT

## Remuneration Report (Audited) (continued)

## (b) Remuneration details

The following tables show remuneration in respect to the financial years ended 30 June 2011 and 2010, the components of remuneration for each key management person and, to the extent different, the five Group executives and Company executives who received the highest remuneration:

	Short-term Benefits			Post-employment	Long-term Employee Benefits	Share-Based Payments	Total	% Options as Remuneration	Proportion of remuneration that is performance based
	Salary & Fees \$	Cash Bonus \$	Other Benefits \$	Superannuation \$		Equity Settled Options \$	\$	%	%
<b>2011</b>									
<b>Directors</b>									
Howard Stack	73,395	-	9,220	6,606	-	127,849	217,070	59%	-
Ron Prefontaine	120,000	-	9,220	-	-	127,849	257,069	50%	-
Nicholas Mather	60,000	-	9,220	-	-	127,849	197,069	65%	-
Stephen Bizzell	60,000	-	9,220	-	-	127,849	197,069	65%	-
Michele Muscillo*	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>313,395</b>	<b>-</b>	<b>36,880</b>	<b>6,606</b>	<b>-</b>	<b>511,396</b>	<b>868,277</b>		
<b>Senior Management</b>									
John de Stefani	350,000	26,250	9,220	25,000	-	187,026	597,496	31%	4%
Vic Palanyk	293,029	33,125	9,220	29,354	-	143,664	508,392	28%	7%
Peter Harbison	272,500	18,958	9,220	24,096	-	201,534	526,308	38%	4%
Duncan Cornish	53,400	-	9,220	-	-	-	62,620	-	-
<b>Total</b>	<b>968,929</b>	<b>78,333</b>	<b>36,880</b>	<b>78,450</b>	<b>-</b>	<b>532,224</b>	<b>1,694,816</b>		

\* Michele Muscillo was appointed as Alternate Director for the period 26 May 2010 to 6 July 2010.



## Remuneration Report (Audited) (continued)

## (b) Remuneration details (continued)

	Short-term Benefits			Post-employment	Long-term Employee Benefits	Share-Based Payments	Total	% Options as Remuneration	Proportion of remuneration that is performance based
2010	Salary & Fees \$	Cash Bonus \$	Other Benefits \$	Superannuation \$	\$	Equity Settled Options \$		%	%
Directors									
Howard Stack*	39,439	-	4,304	3,550	-	-	59%	-	-
Ron Prefontaine	110,000	-	8,622	-	-	-	50%	-	-
Nicholas Mather	55,000	-	8,622	-	-	-	65%	-	-
Stephen Bizzell	55,000	-	8,622	-	-	-	65%	-	-
Michele Muscillo^	6,023	-	-	-	-	-	-	-	-
Total	265,462	-	30,170	3,550	-	-			
Senior Management									
John de Stefani	311,846	42,000	8,622	25,366	-	182,556	570,390	32%	-
Vic Palanyk~	106,316	30,000	3,623	25,124	-	126,995	292,058	43%	-
Dusan Pribilovic+	168,981	20,000	-	17,008	-	222,629	428,618	52%	-
Peter Harbison#	12,000	-	391	1,080	-	8,282	21,753	38%	-
Duncan Cornish	119,800	-	8,622	-	-	-	128,422	-	-
Total	718,596	92,000	21,257	68,579	-	540,462	1,441,241		

\* Howard Stack was appointed as Non-Executive Chairman on 17 December 2009.

<sup>^</sup> Michele Muscillo was appointed as Alternate Director on 26 May 2010.

<sup>~</sup> Vic Palanyk commenced as Chief Operating Officer on 18 January 2010.

<sup>+</sup> Dusan Pribilovic ceased to be classified as Senior Management on 30 June 2010.

<sup>#</sup> Peter Harbison commenced as Chief Financial Officer on 15 June 2010.

## Cash bonuses

Key management personnel were paid performance-related bonuses based on a calendar year review. The following table shows the proportion and amounts of remuneration paid during the year ended 30 June 2011 that are performance related:

	Short-term Incentives – At Risk			
	Potential STI % of Base Salary %	Paid %	Forfeited %	Paid \$
<b>2011</b>				
<b>Senior Management</b>				
John de Stefani	30%	25%	75%	26,250
Vic Palanyk	25%	50%	50%	33,125
Peter Harbison	25%	50%	50%	18,958

During the year ended 30 June 2010, John de Stefani and Dusan Pribilovic were paid cash bonuses of \$42,000 and \$20,000 respectively. These were discretionary bonuses determined by the board due to the achievements of the Company during the previous year. Also during the year ended 30 June 2010, Vic Palanyk received a one-off cash payment of \$30,000 upon starting employment.

## DIRECTORS' REPORT

## Remuneration Report (Audited) (continued)

## (b) Remuneration details (continued)

## Options

The terms and conditions of options over ordinary shares in the Company provided as remuneration in the current or future reporting period, to key management personnel is set out below.

	Grant Date	Grant Number	Exercise Price	Expiry Date	Vesting Date	Number Vested @ 30 June 2011	Value per option at grant date (\$)#	Total value of options at grant date	Total value expensed during the year ended 30 June 2011	Maximum total value of grant yet to vest
			\$				\$	\$	\$	\$
<b>Directors</b>										
Howard Stack	27/07/10	2,000,000	2.00	31/01/2013	01/07/2012	-	0.133	265,880	127,849	138,031
Ron Prefontaine	27/07/10	2,000,000	2.00	31/01/2013	01/07/2012	-	0.133	265,880	127,849	138,031
Nicholas Mather	27/07/10	2,000,000	2.00	31/01/2013	01/07/2012	-	0.133	265,880	127,849	138,031
Stephen Bizzell	27/07/10	2,000,000	2.00	31/01/2013	01/07/2012	-	0.133	265,880	127,849	138,031
<b>Senior Management</b>										
John de Stefani	19/09/2008	500,000	0.338	1/07/2011	1/07/2010	500,000	0.127	63,407	98	-
	19/09/2008	500,000	0.688	1/07/2012	1/07/2010	500,000	0.12	60,000	93	-
	19/09/2008	500,000	0.688	1/07/2012	1/07/2011	-	0.12	60,000	21,576	60
	19/09/2008	500,000	0.938	1/07/2013	1/07/2011	-	0.13	65,000	23,374	65
	19/09/2008	500,000	0.938	1/07/2013	1/07/2012	-	0.13	65,000	17,180	17,273
	1/2/2010	1,000,000	2.00	1/07/2013	1/07/2012	-	0.301	301,000	124,705	125,388
Vic Palanyk	4/12/2009	500,000	1.80	31/3/2013	31/12/2010	500,000	0.343	171,500	80,500	-
	4/12/2009	500,000	2.20	31/3/2013	31/12/2011	-	0.262	131,000	63,164	31,841
Peter Harbison	15/06/2010	500,000	1.80	31/12/2013	31/12/2011	-	0.413	206,500	133,638	67,370
	15/06/2010	500,000	2.20	31/12/2013	31/12/2012	-	0.346	173,000	67,896	102,314
<b>Total</b>		<b>13,500,000</b>						<b>2,359,927</b>	<b>1,043,620</b>	<b>896,435</b>

# Calculation of the value of options granted is either the Monte Carlo simulation or Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option. For further details refer to Note 25.

During the year 8,000,000 unlisted options exercisable on or before 31 January 2013 at \$2.00 were issued to Directors. The options vest on the earlier of 1 July 2012 or a Change of Control event occurring, subject to the condition that the Options will be forfeited and not vest unless the change in market price of the Shares from 27 January 2010 to 1 July 2012 outperforms the change in the S&P/ASX 200 Index for the same period.

The options issued to senior management are not issued based on performance criteria as the Board does not consider this appropriate for a junior exploration company. The options are issued to the majority of executives of Bow Energy Ltd to align comparative shareholder return and reward for executives and continuity of service.

All options were issued by Bow Energy Ltd and entitle the holder to one ordinary share in Bow Energy Ltd for each option exercised.

All options issued as part of remuneration were granted for nil consideration. Once vesting conditions in relation to continual employment with the Company are satisfied, options can be exercised at any time up to the expiry date.

All options vested at 30 June 2011 vested in full during the current year.

During the year ended 30 June 2011, no options granted as remuneration lapsed.

## Remuneration Report (Audited) (continued)

### (b) Remuneration details (continued)

#### Shares issued on exercise of remuneration options

Options exercised, during the year ended 30 June 2011, that were granted as remuneration in prior periods:

	No. of ordinary shares issued	Amount paid per share	Amount unpaid per share	Value of options at exercise date
		\$	\$	\$
<b>Senior Management</b>				
John de Stefani	1,000,000	0.338	-	562,000

All options exercised during the year ended 30 June 2011 resulted in the issue of ordinary shares in Bow Energy Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety.

#### End of Remuneration Report

#### Directors' Meetings

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors' Meetings	Audit & Risk Management Committee Meetings	Remuneration Committee Meetings
<b>Number of meetings held:</b>	<b>9</b>	<b>2</b>	<b>3</b>
<b>Number of meetings attended:</b>			
Howard Stack	9	2	3
Ron Prefontaine	9	n/a (not a member)	n/a (not a member)
Nicholas Mather	9	2	3
Stephen Bizzell	9	2	3
Michele Muscillo <sup>^</sup>	-	n/a (not a member)	n/a (not a member)

<sup>^</sup> Michele Muscillo was appointed as Alternate Director for the period 26 May 2010 to 6 July 2010.

#### Indemnification and Insurance of Directors, Officers and Auditor

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretary.

The Company has insured all of the Directors of Bow Energy Ltd. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

## DIRECTORS' REPORT

### Options

As at the date of this report there were 26,197,511 unissued ordinary shares of Bow Energy Ltd under options as follows:

Expiry Date	Exercise Price	Number of Options
7/11/2011	\$0.50	9,797,511
1/07/2012	\$0.688	1,100,000
1/07/2013	\$0.938	1,100,000
30/06/2012	\$1.00	1,100,000
31/03/2013	\$1.80	500,000
31/03/2013	\$2.20	500,000
31/12/2012	\$1.80	550,000
31/12/2012	\$2.20	550,000
1/07/2013	\$2.00	1,000,000
31/12/2013	\$1.80	1,000,000
31/12/2013	\$2.20	1,000,000
31/01/2013	\$2.00	8,000,000
		26,197,511

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

During the year ended 30 June 2011, 1,745,188 ordinary shares of the Company were issued as a result of the exercise of an option over unissued shares.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 40 and forms part of the Directors' Report for the year ended 30 June 2011.

### Non-Audit Services

The following non-audit services were provided by the Company's auditor BDO Audit (QLD) Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO Audit (QLD) Pty Ltd received the following amounts for the provision of non-audit services:

Tax services	\$13,445
Other tax and business advisory services	\$61,519



### Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in some cases, to the nearest dollar.

This report is signed in accordance with a resolution of the directors.



**Stephen Bizzell**

Director

**Brisbane**

29 September 2011

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## AUDITOR'S INDEPENDENCE DECLARATION



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### DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF BOW ENERGY LTD

As lead auditor of Bow Energy Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bow Energy Ltd and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'T J Kendall'. The signature is written over a light blue dotted rectangular background.

**T J KENDALL**

Director

**BDO Audit (QLD) Pty Ltd**

Brisbane, 29 September 2011

BDO Audit (QLD) Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (QLD) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

## CORPORATE GOVERNANCE STATEMENT

The board of Directors of Bow Energy Ltd is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Bow Energy Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

Bow Energy Ltd's Corporate Governance Statement is structured with reference to the Australian Stock Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

- Principle 1** Lay solid foundations for management and oversight
- Principle 2** Structure the board to add value
- Principle 3** Promote ethical and responsible decision making
- Principle 4** Safeguard integrity in financial reporting
- Principle 5** Make timely and balanced disclosure
- Principle 6** Respect the rights of shareholders
- Principle 7** Recognise and manage risk
- Principle 8** Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

### ASX Principles and recommendations

### Summary of the Company's Position

#### Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives

The Board has not established a separate nomination committee. The Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of a separate nomination committee at this time. In the absence of a formally constituted nomination committee, the Board acts as a nomination committee. Members of the Board have been brought together to provide a blend of qualifications, skills and national and international experience required for managing a company operating within the petroleum industry.

#### Principle 2 – Structure the board to add value

Recommendation 2.4 – The board should establish a nomination committee

The Board's view is that the Company is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek advice of external advisors in relation to this role. The Board shall, upon the Company reaching the requisite corporate and commercial maturity, approve the constitution of a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

### Board

The Board has adopted a formal board charter that outlines the roles and responsibilities of Directors and senior executives. The Board Charter has been made publicly available on the Company's website.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors.

The Corporate Governance Council defines an independent Director as a non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

## CORPORATE GOVERNANCE STATEMENT

### Board (continued)

In the context of Director independence, “materiality” is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company’s loyalty.

Factors that may impact on a Director’s independence are considered each time the Board meets.

#### At the date of this report:

In accordance with the Council’s definition of independence above, and the materiality thresholds set, the following Directors are considered to be independent:

Name	Position
Howard Stack	Non-Executive Chairman
Nicholas Mather	Non-Executive Director
Stephen Bizzell	Non-Executive Director

In accordance with the Council’s definition of independence above, and the materiality thresholds set, the following Directors are not considered to be independent:

Name	Position	Reason for non-compliance
Ron Prefontaine	Executive Director	Mr Prefontaine is employed by the Company in an executive capacity.

Bow Energy Ltd considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Bow Energy Ltd due to their considerable industry and corporate experience.

There are procedures in place, agreed by the board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company’s expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Howard Stack	1 year 9 months
Ron Prefontaine	7 years
Nicholas Mather	7 years
Stephen Bizzell	7 years



## Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information, until it has been released to the market and adequate time has passed for this to be reflected in the security's prices, and during certain pre-determined windows.

The Company's policy regarding dealings by Directors in the Company's shares is that Directors should never engage in short term trading and should not enter into transactions when they are in possession of price sensitive information not yet released by the Company to the market; or for a period of fourteen (14) days prior to the scheduled (per ASX Listing Rules) release by the Company of (ASX) Quarterly Operations and Cash Flow Reports or such shorter period as may be approved of by the Board of Directors after receipt of notice of intention to buy or sell by a Director to other members of the Board.

Directors will generally be permitted to engage in trading (subject to due notification of Clearance and Trade) for a period commencing one (1) business day after the release of (ASX) Quarterly Operations and Cash Flow Reports to the market and for a period commencing one (1) business day following the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public.

## Remuneration Committee

The Board has established a Remuneration Committee, which operates under a charter approved by the Board. The remuneration committee aims to ensure that remuneration is consistent with market practice and that the company is able to attract, develop and retain high quality Directors, executives and employees. The committee reviews and makes recommendations to the Board for approval of the remuneration packages of senior executives and senior managers, remuneration policies and practices including incentive schemes and performance targets.

For details on the amount of remuneration and all monetary and non-monetary components for each of the Directors and executives during the period, please refer to the Remuneration Report within the Directors' Report.

The members of the Remuneration Committee at the date of this report are:

- Stephen Bizzell (Chairman of the committee)
- Howard Stack
- Nicholas Mather

For additional details of Directors' attendance at Remuneration Committee meetings and to review the qualifications of the members of the Committee, please refer to the Directors' Report.

The Remuneration Committee Charter has been made publicly available on the Company's website.

## Nomination Committee

Due to the size and scale of operations, Bow Energy Ltd does not have a separately established Nomination Committee. The full Board carries out the function of the Nomination Committee, operating under a charter approved by the Board.

## CORPORATE GOVERNANCE STATEMENT

### Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit and Risk Management Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Management Committee are Non-Executive independent Directors.

The members of the Audit and Risk Management Committee at the date of this report are:

- Stephen Bizzell (Chairman of the committee)
- Howard Stack
- Nicholas Mather

For additional details of Directors' attendance at Audit and Risk Management Committee meetings and to review the qualifications of the members of the Committee, please refer to the Directors' Report.

The Audit and Risk Management Committee Charter has been made publicly available on the Company's website.

### Risk Management

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's Risk Management policies can be found within the Audit and Risk Management Committee Charter available on the Company's website ([www.bowenergy.com.au](http://www.bowenergy.com.au)).

Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management.

A basic risk management and internal control system is in place. A formal report as to the effectiveness of the management of the Company's material business risks was undertaken during the year. The report did not identify any inadequacies in the risk management and internal control systems in place and is believed to be sufficient given the size and scale of operations of the Company.

As required by Recommendation 7.3, the Board has received written assurances from the Chief Executive Officer and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### Performance Evaluation

The full Board, in carrying out the functions of the Remuneration and Nomination Committee, considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

The performance of the individual members of the Board is considered at the regular meetings of the Board. No formal performance evaluation of the Directors was undertaken during the year ended 30 June 2011.

## Continuous Disclosure Policy

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. A copy of the Continuous Disclosure Policy can be found within the Company's Corporate Governance Statement on the Company's website ([www.bowenergy.com.au](http://www.bowenergy.com.au)) in the Corporate Governance section.

## Communications

The Company has adopted a Communications Policy aimed at promoting effective communications with shareholders and encouraging shareholder participation at general shareholder meetings. A copy of the policy can be found within the Company's Corporate Governance Statement on the Company's website ([www.bowenergy.com.au](http://www.bowenergy.com.au)) in the Corporate Governance section. In addition to corporate and project information generally available on the Company's website, in the News & Investor Relations section of the Company's website the following information is made available:

- ASX Announcements
- Presentations
- Broker Coverage
- Bow in the News
- Annual and Quarterly Reports
- Shareholder Services

## Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at:

<http://www.bowenergy.com.au/governance.html>

## INTERESTS IN PETROLEUM TENEMENTS

Bow Energy Ltd held the following interests in mining and exploration tenements as at 21 September 2011.

### Queensland Tenements

Tenure Type, Name and Number	Operator	Date of Expiry	Current % Interest of Bow	Notes
ATP 593P	Senex Energy Ltd	30/09/2018	55% - 76%	Walloon section forms part of Don Juan CSG
ATP 608P Rookwood Block	Sequoil Pty Ltd	30/11/2018	94.63%	
ATP 608P Remainder Block (Stratton)	Sequoil Pty Ltd	30/11/2018	92.1%	Staged farmout to Mosaic NL
ATP 644P	Arrow Energy Ltd	31/10/2019	100%	Conventional petroleum interests only
ATP 736P (application)	Senex Energy Ltd	-	20%	Ocellaris Oil Pty Ltd to be assigned 20% interest on grant of tenement
ATP 737P (application)	Senex Energy Ltd	-	20%	Ocellaris Oil Pty Ltd to be assigned 20% interest on grant of tenement
ATP 738P (application)	Senex Energy Ltd	-	20%	Ocellaris Oil Pty Ltd to be assigned 20% interest on grant of tenement
ATP 746P (application)	Arrow Energy Ltd	-	100%	Conventional petroleum interests only
ATP 747P (application)	Arrow Energy Ltd	-	100%	Conventional petroleum interests only
ATP 752P	Santos Ltd	31/07/2018	15%	
ATP 771P	Senex Energy Ltd	31/07/2012	55%	
ATP 794P Barcoo Block	Senex Energy Ltd	31/10/2017	65%	Potential farm out to Real Energy Corporation Pty Ltd
ATP 794P Barcoo sub-block	Senex Energy Ltd	31/10/2017	88%	Potential farm out to Real Energy Corporation Pty Ltd
ATP 794P Regleigh Block	Senex Energy Ltd	31/10/2017	16%	
ATP 794P Springfield Block	Senex Energy Ltd	31/10/2017	16%	
ATP 794P Bright Spot	Senex Energy Ltd	31/10/2017	10%	
ATP 794P Part 1 (Moonscape)	Senex Energy Ltd	31/10/2017	40% reducing to 16%	
ATP 805P	Bow Energy Ltd	31/08/2017	100%	
ATP 807P	Bow Energy Ltd	31/12/2020	100%	
ATP 809P	Bow Energy Ltd	31/03/2018	100%	Potential farm out to Real Energy Corporation Pty Ltd
ATP 944P	Bow Energy Ltd	31/12/2015	100%	Potential farm out to Real Energy Corporation Pty Ltd
ATP 948P (application)	Bow Energy Ltd	-	100%	Bow to be assigned 100% interest on grant of tenement
				Potential farm out to Real Energy Corporation Pty Ltd
PL 15	Mosaic Oil NL	29/04/2019	Earning 50%	
ATP 1025P	Bow Energy Ltd	28/02/2021	100%	
ATP 1031P	Bow Energy Ltd	28/02/2021	100%	
ATP 1053P	Bow Energy Ltd	-	100%	Native title completed, State Government to grant tenement



## Western Australia Tenements

Tenure Type, Name and Number	Operator	Date of Expiry	% Interest of Bow	Notes
WA 261P	Apache Energy Ltd	11/07/2012	12.2931%	
EP 325	Strike Oil Ltd	28/03/2011	11.213%	

## New South Wales Tenements

Tenure Type, Name and Number	Operator	Date of Expiry	% Interest of Bow	Notes
PEL 445	Arrow Energy Ltd	18/04/2016	100%	Conventional petroleum interests only

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Entity	
		2011 \$'000	2010 \$'000
Revenue	2	6,001	2,714
Other income	2	1,636	11,002
Costs of sales		(358)	-
Depreciation and amortisation expenses		(293)	(55)
Finance costs	3(b)	(25)	(1)
Write-off capitalised exploration assets		(776)	(467)
Other expenses	3(a)	(7,113)	(3,910)
Profit/(loss) before income tax expense		(928)	9,283
Income tax expense	4	(603)	(2,485)
Net profit/(loss) for the year		(1,531)	6,798
Other comprehensive income		-	-
Total comprehensive income for the year		(1,531)	6,798
Profit/(loss) for the year is attributable to:			
Owners of Bow Energy Ltd		(1,531)	6,798
Total comprehensive income for the year is attributable to:			
Owners of Bow Energy Ltd		(1,531)	6,798
Earnings/(loss) per share attributable to owners of Bow Energy Ltd		Cents	Cents
Basic earnings/(loss) per share (cents per share)	17	(0.48)	2.7
Diluted earnings/(loss) per share (cents per share)	17	(0.48)	2.6

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		Consolidated Entity	
	Note	2011 \$'000	2010 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	5	94,331	74,479
Trade and other receivables	6	2,434	1,511
Inventories	7	1,774	240
Other financial assets	8	4,680	3,120
Other current assets	9	621	109
<b>Total Current Assets</b>		<b>103,840</b>	<b>79,459</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	43,378	14,573
Other non-current assets	9	776	780
Exploration and evaluation expenditure	11	70,630	40,910
<b>Total Non-Current Assets</b>		<b>114,784</b>	<b>56,263</b>
<b>TOTAL ASSETS</b>		<b>218,624</b>	<b>135,722</b>
<b>Current Liabilities</b>			
Trade and other payables	12	8,275	6,068
Other current liabilities		34	-
<b>Total Current Liabilities</b>		<b>8,309</b>	<b>6,068</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	4(d)	1,701	1,004
Other non-current liabilities		390	-
Provisions	13	3,026	550
<b>Total Non-Current Liabilities</b>		<b>5,117</b>	<b>1,554</b>
<b>TOTAL LIABILITIES</b>		<b>13,426</b>	<b>7,622</b>
<b>NET ASSETS</b>		<b>205,198</b>	<b>128,100</b>
<b>Equity</b>			
Issued capital	14	198,352	121,037
Reserves	15	4,422	3,108
Retained profits	16	2,424	3,955
<b>TOTAL EQUITY</b>		<b>205,198</b>	<b>128,100</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Issued Capital	Retained Profits	Option Reserve	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>	<b>40,696</b>	<b>(2,843)</b>	<b>2,227</b>	<b>40,080</b>
<b>Total comprehensive income for the financial year</b>				
Profit/(loss) for the year	-	6,798	-	6,798
	-	6,798	-	6,798
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	81,383	-	-	81,383
Costs associated with issue of share capital	(1,042)	-	-	(1,042)
Issue of options	-	-	881	881
	80,341	-	881	81,222
<b>At 30 June 2010</b>	<b>121,037</b>	<b>3,955</b>	<b>3,108</b>	<b>128,100</b>
<b>Total comprehensive income for the financial year</b>				
Profit/(loss) for the year	-	(1,531)	-	(1,531)
	-	(1,531)	-	(1,531)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	79,012	-	-	79,012
Costs associated with issue of share capital	(1,697)	-	-	(1,697)
Issue of options	-	-	1,314	1,314
	77,315	-	1,314	78,629
<b>At 30 June 2011</b>	<b>198,352</b>	<b>2,424</b>	<b>4,422</b>	<b>205,198</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated Entity	
	Note	2011 \$'000	2010 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from operations (including refunds of GST)		6,922	3,382
Payments to suppliers and employees		(6,673)	(2,995)
Interest received		4,211	2,439
Interest paid		-	(1)
Research and Development tax offset		822	-
Net cash provided by operating activities	5(a)	5,282	2,825
<b>Cash Flows from Investing Activities</b>			
Security deposit payments		(170)	(83)
Payments for property, plant and equipment		(24,145)	(12,929)
Proceeds from sale of tenement		-	8,000
Payments for exploration and evaluation		(37,702)	(22,838)
Net cash used in investing activities		(62,017)	(27,850)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		79,012	81,383
Capital raising expenses		(2,424)	(2,522)
Net cash provided by financing activities		76,588	78,861
Net increase in cash held		19,852	53,836
Cash at the beginning of the financial year		74,479	20,643
Cash at the end of the financial year	5	94,331	74,479

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 1 Summary Of Significant Accounting Policies

The financial statements of Bow Energy Ltd for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 29 September 2011 and covers the consolidated entity consisting of Bow Energy Ltd and its subsidiaries as required by the *Corporations Act 2001*.

The financial statements are presented in the Australian currency.

Bow Energy Ltd is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

#### Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, amounts in the financial statements and Directors' Report have been 'rounded off' to the nearest thousand dollars, unless otherwise stated.

#### Going Concern and Recoverability of Exploration and Evaluation Expenditure

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration and evaluation expenditure of \$70,630,000 (2010: \$40,910,000). The ability of the consolidated entity to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of the capitalised exploration and evaluation expenditure, is dependent on the ability of the consolidated entity to successfully raise additional capital and/or the successful exploration and subsequent exploitation of areas of interest through sale, farm-out or development.

#### (a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Bow Energy Ltd at the end of the reporting period. A controlled entity is any entity over which Bow Energy Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

## Note 1 Summary of Significant Accounting Policies (continued)

### (b) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

#### *Sale of Goods*

Revenue from sale of oil is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

#### *Interest*

Revenue is recognised as interest accrues using the effective interest method.

### (c) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### *Tax consolidation*

Bow Energy Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated entity under tax consolidation legislation. Each entity in the consolidated entity recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The consolidated entity notified the Australian Tax Office that it had formed an income tax consolidated entity to apply from 7 November 2006. The tax consolidated entity has entered a tax funding arrangement whereby each company in the consolidated entity contributes to the income tax payable by the consolidated entity in proportion to their contribution to the consolidated entity's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 1 Summary of Significant Accounting Policies (continued)

##### (d) Impairment of Assets

At the end of each reporting period the consolidated entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

##### (e) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

##### (f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

##### (g) Financial Instruments

###### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

###### *Classification and subsequent measurement*

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

## Note 1 Summary of Significant Accounting Policies (continued)

### (g) Financial Instruments (continued)

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments. Classification and subsequent measurement categories are as follows:

#### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

#### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the consolidated entity sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

#### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are measured at fair value and are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

#### (v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### *Derivative instruments*

Bow Energy Limited and controlled entities designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the consolidated entity's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 1 Summary of Significant Accounting Policies (continued)

##### (g) Financial Instruments (continued)

###### (i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

###### (ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss.

###### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all other financial assets and liabilities, including recent arm's length transactions, reference to similar instruments and option pricing models.

###### Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

###### Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

###### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### (h) Property, Plant and Equipment

Property, plant and equipment are measured on the cost basis less, where applicable, depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

## Note 1 Summary of Significant Accounting Policies (continued)

### (h) Property, Plant and Equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated over their useful life to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

<i>Class of Fixed Assets</i>	<i>Depreciation Rate</i>
Plant and equipment	5% – 33% Diminishing Value
Computers and Office Equipment	10% – 33% Diminishing Value
Furniture and Fittings	20% – 50% Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. The gains and losses are included in the profit or loss.

Costs of site restoration are provided over the life of the asset from when construction is completed and are included in the costs of that stage. Site restoration costs include the dismantling and removal of assets, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of environmental authority. Future estimated costs are recognised at the present value of those future costs. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability.

### (i) Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Future estimated costs are recognised at the present value of those future costs. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability.

### (j) Interests in joint ventures

The consolidated entity's share of the assets, liabilities, revenue and expenses of joint venture assets are included in the appropriate items of the consolidated financial statements. Details of the consolidated entity's interests are shown in Note 20.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 1 Summary of Significant Accounting Policies (continued)

##### (k) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

##### (l) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

##### (m) Employee Benefits

###### *Wages and Salaries, Annual Leave and Sick Leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

##### (n) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure (as adjusted for risk) required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money. The increase in the provision due to the passage of time is recognised as interest expense.

The consolidated entity is required to restore land and the surrounding environment to its original condition at the end of the respective lease terms. For close down restoration and for environmental clean up costs, provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit or loss in each accounting period.

##### (o) Issued Capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

##### (p) Share-Based Payments

The consolidated entity provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options granted to employees and consultants are recognised as an employee benefit expense with a corresponding increase in equity (option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Bow Energy Ltd ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the consolidated entity until vesting date, or such that employees are required to meet internal targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

## Note 1 Summary of Significant Accounting Policies (continued)

### (p) Share-Based Payments (continued)

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

### (q) Earnings per Share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to members of Bow Energy Ltd by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

#### *Diluted earnings per share*

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (r) GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (s) New and amended standards and interpretations

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and related amendments; and
- AASB 2010-3 Amendments to Australian Accounting Standards arising from Annual Improvements Project.

The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

## Note 1 Summary of Significant Accounting Policies (continued)

## (t) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Consolidated entity has decided against early adoption of these standards. A list of those future requirements and their impact on the consolidated entity follows:

Reference	Description	Applicable from	Impact on financial report
AASB 9	Financial Instruments	1/01/2013	(1)
AASB 1053	Application of Tiers of Australian Accounting Standards	1/07/2013	(1)
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].	1/01/2013	(1)
Revised AASB 124	Related Party Disclosures (December 2009)	1/01/2011	(1)
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].	1/01/2011	(1)
AASB 2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1/07/2013	(1)
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	1/07/2011	(1)
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 11, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042].	1/01/2011	(1)
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	1/01/2013	(1)

(1) Application of the standard is not expected to have an impact on the consolidated entity's financial statements.

Other new and amended standards and interpretations are not expected to impact the consolidated entity.

## (u) Accounting Estimates and Judgments

*Critical accounting estimates and judgements*

Details of critical accounting estimates and judgements about the future made by management at the end of the reporting period are set out below:

(i) *Key estimates – share-based payments*

The consolidated entity uses estimates to determine the fair value of equity instruments issued to directors, executives and employees. Further detail of estimates used in determining the value of share-based payments is included in Note 25.

(ii) *Key estimates – impairment*

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No assets are considered impaired at year end.



## Note 1 Summary of Significant Accounting Policies (continued)

### Accounting Estimates and Judgments (continued)

#### (iii) Key judgements – exploration & evaluation expenditure

The consolidated entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$70,630,000 (2010: \$40,485,000).

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 2 Revenue and Other Income</b>		
<b>Revenue</b>		
- interest from other persons	4,952	2,606
- oil sales	1,049	108
<b>Total revenue</b>	<b>6,001</b>	<b>2,714</b>
<b>Other income</b>		
- fair value gain / (loss) on financial assets	1,560	(585)
- gain on sale of tenement <sup>(1)</sup>	-	11,519
- sundry income	76	68
<b>Total other income</b>	<b>1,636</b>	<b>11,002</b>
	<b>7,637</b>	<b>13,716</b>

<sup>(1)</sup> Bow sold its interest in ATP 574P, located in Queensland's Surat Basin, to Senex Energy Ltd (Senex) (previously Victoria Petroleum NL). The consideration for the sale for all of Bow's interests in ATP 574P, including a 3.75% interest in the Walloon Coal Seam Gas (CSG) and 18.75% to 63.75% interest in the deeper Walloon CSG stratigraphic section, was:

- \$8 million cash;
- 13 million fully paid shares in Senex Energy Ltd (SXY) (received on 1 February 2010, valued at \$3.7m); and
- Senex's interests in Surat Basin tenements ATP 608P (including 24% in Stratton Block and 30% in Rookwood Block) and ATP 805P (15%).

Bow's ownership in ATP 608P and ATP 805P has increased to 94.6% and 100% respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 3 Profit/(Loss) for the Year</b>		
<b>(a) Other expenses</b>		
Employee benefits expense <sup>(1)</sup>	3,929	1,860
Consultants fees	707	268
Occupancy costs <sup>(2)</sup>	455	266
Legal fees	326	275
Directors' fees	320	219
Compliance costs	252	321
Accounting fees	217	149
Insurance costs	172	164
Travel costs	161	34
Investors relation costs	143	115
Other	431	239
	7,113	3,910
 <sup>(1)</sup> Includes defined contribution superannuation expense of 2011: \$342,000 (2010: \$128,000)		
<sup>(2)</sup> Includes Operating leases – minimum lease payments of 2011: \$319,000 (2010: \$219,000)		
<b>(b) Finance costs</b>		
Provisions: unwinding of discount	26	-
Other	(1)	1
	25	1

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 4 Income Tax Expense</b>		
<b>(a) The components of income tax expense comprise:</b>		
Current tax	(8,873)	(4,539)
Deferred tax	9,023	7,606
Deferred tax assets relating to prior years now recognised	-	(582)
Adjustments for deferred tax in respect to prior periods	453	-
	603	2,485
<b>(b) The prima facie income tax on the profit / (loss) is reconciled to the income tax expense as follows:</b>		
Prima facie tax payable/(benefit) on profit/(loss) before income tax at 30% (2010: 30%)	(278)	2,785
Add tax effect of:		
Share based payments - options	394	264
Other non-deductible expenditure	34	18
Adjustments for deferred tax in respect to prior years	453	-
	603	3,067
Less tax effect of:		
Deferred tax assets relating to prior years now recognised	-	(582)
	-	(582)
Income tax expense	603	2,485
<b>(c) Amounts recognised directly in equity during the period</b>		
Tax effect of capital raising costs incurred in the current year charged to equity	728	757
Tax effect of capital raising costs incurred in prior year charged to equity	-	724
Amounts recognised directly in equity	728	1,481
<b>(d) Recognised deferred tax assets and deferred tax liabilities</b>		
Deferred tax liabilities		
Exploration and evaluation expenditure	21,189	12,273
Other assessable temporary differences	1,151	-
Total deferred tax liabilities	22,340	12,273
Deferred tax assets		
Unused tax losses	18,327	10,236
Deductible temporary differences	2,312	1,033
Total deferred tax assets	20,639	11,269
Net deferred tax liabilities	(1,701)	(1,004)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 4 Income Tax Expense (Continued)

##### (e) Movements in deferred tax assets and deferred tax liabilities

	Opening Balance	Charged to income	Charged to equity	Closing balance
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities				
Exploration and evaluation expenditure	4,753	7,520	-	12,273
Balance at 30 June 2010	4,753	7,520	-	12,273
Exploration and evaluation expenditure	12,273	8,916	-	21,189
Other assessable temporary differences	-	1,151	-	1,151
Balance at 30 June 2011	12,273	10,067	-	22,340
Deferred tax assets				
Deductible temporary differences	362	(86)	757	1,033
Unused tax losses	4,391	5,121	724	10,236
Balance at 30 June 2010	4,753	5,035	1,481	11,269
Deductible temporary differences	1,033	551	728	2,312
Unused tax losses	10,236	8,091	-	18,327
Balance at 30 June 2011	11,269	8,642	728	20,639

	Consolidated Entity	
	2011 \$'000	2010 \$'000
(f) Unrecognised deferred tax assets		
Unused tax losses	-	-

There is no expiry date on the future deductibility of unused tax losses.

There are no franking credits available to shareholders of the Company.

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2011 under COT.

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 5 Cash and Cash Equivalents</b>		
Cash on hand and at bank	7,179	8,550
Cash on deposit	87,152	65,929
	94,331	74,479

Cash at bank bear floating and fixed interest rates between 0% and 4.25% (2010: 1% and 4.5%). The effective interest rate on short-term bank deposits was 6.17% (2010: 4.47%).

**(a) Reconciliation of cash flow from operations with profit/(loss) after income tax**

Profit/(loss) after income tax	(1,531)	6,798
Non-cash flows in profit after income tax:		
Depreciation	293	55
Capitalised expenditure written-off	776	467
Share options expensed	1,315	880
Revaluation of investment	(1,560)	585
Finance costs – unwinding of discount	26	-
Proceeds from sale of tenement	-	(11,519)
Changes in operating assets and liabilities net of the effects of purchase and disposal of subsidiaries:		
- (Increase)/Decrease in trade and term receivables	3,987	2,604
- Increase/(Decrease) in trade payables and accruals	551	470
- Increase/(Decrease) in deferred tax liability	1,425	2,485
Cash flow from operations	5,282	2,825

**(b) Non-cash financing and investing activities**

During the previous financial year, Bow sold its interest in ATP 574P, located in Queensland's Surat Basin, to Senex Energy Ltd (previously Victoria Petroleum NL). The consideration for the sale for all of Bow's interests in ATP 574P, including a 3.75% interest in the Walloon Coal Seam Gas (CSG) and 18.75% to 63.75% interest in the deeper Walloon CSG stratigraphic section, was:

- \$8 million cash received (as disclosed in the statement of cash flows);
- 13 million fully paid shares in Senex Energy Ltd (SXY); and
- Senex's interests in Surat Basin tenements ATP 608P (including 24% in Stratton Block and 30% in Rookwood Block) and ATP 805P (15%).

Bow's ownership in ATP 608P and ATP 805P has increased to 94.6% and 100% respectively.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 6 Trade &amp; Other Receivables</b>		
<b>Current</b>		
Interest receivable	937	198
GST receivable	514	957
Lease incentive receivable	350	-
Joint venture receivables	263	236
Oil sales receivable	242	43
Other receivables	128	77
	2,434	1,511
No receivables balances are past due or impaired at year-end.		
<b>Note 7 Inventories</b>		
<b>Current at cost</b>		
Stores and consumables	1,774	240
<b>Note 8 Other Financial Assets</b>		
<b>Current</b>		
Financial assets at fair value through profit or loss	4,680	3,120
Financial assets at fair value through profit or loss comprise:		
Listed investments, at fair value		
- shares in listed corporations	4,680	3,120
Financial assets at fair value through profit or loss relate to listed shares held in Senex Energy Ltd (SXY) (previously Victoria Petroleum NL).		
<b>Note 9 Other Assets</b>		
<b>Current</b>		
Prepayments	243	109
Lease incentive	200	-
Security deposits	178	-
	621	109
<b>Non-Current</b>		
Security deposits	773	777
Other	3	3
	776	780

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 10 Property, Plant &amp; Equipment</b>		
Land		
At Cost	1,236	1,257
	1,236	1,257
Capital works in progress		
At Cost	41,733	12,933
	41,733	12,933
Plant and equipment		
At cost	50	53
Accumulated depreciation	(13)	(12)
	37	41
Computers and office equipment		
At cost	503	264
Accumulated depreciation	(216)	(107)
	287	157
Furniture and fittings		
At cost	122	207
Accumulated depreciation	(37)	(22)
	85	185
Total property, plant and equipment	43,378	14,573

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 10 Property, Plant & Equipment (continued)

##### Movements in carrying amounts

	Land	Capital works in progress	Plant and equipment	Computers and office equipment	Furniture and fittings	Total
2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	1,257	12,933	41	157	185	14,573
Additions	-	28,800	-	303	16	29,119
Disposals	(21)	-	-	-	-	(21)
Depreciation expense	-	-	(4)	(173)	(116)	(293)
Carrying amount at the end of the year	1,236	41,733	37	287	85	43,378

	Land	Capital works in progress	Plant and equipment	Computers and office equipment	Furniture and fittings	Total
2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	-	-	40	91	93	224
Additions	1,257	12,933	4	103	107	14,404
Disposals	-	-	-	-	-	-
Depreciation expense	-	-	(3)	(37)	(15)	(55)
Carrying amount at the end of the year	1,257	12,933	41	157	185	14,573

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 11 Exploration and Evaluation Expenditure</b>		
<b>Non-Current</b>		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	70,630	40,910

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of oil and/or gas, or alternatively, sale of the respective areas of interest.

**Movements in carrying amounts**

Balance at the beginning of the year	40,910	18,408
Additions	30,496	22,969
Written-off	(776)	(467)
Carrying amount at the end of the year	70,630	40,910

Amounts written-off during the financial year relate to areas of interest which have been surrendered as the directors did not see a commercial value in continuing exploration in the area.

**Note 12 Trade and Other Payables**

**Current**

Trade payables	7,023	3,396
Sundry payables and accrued expenses	1,079	2,593
Employee benefits	173	79
	8,275	6,068

**Note 13 Provisions**

Provision for restoration	3,026	550
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	Power Station \$'000	Exploration assets \$'000	Total \$'000
Opening balance at 1 July 2010	-	550	550
Additional provisions recognised	1,924	526	2,450
Charged to the profit or loss	-	26	26
Balance at 30 June 2011	1,924	1,102	3,026

The consolidated entity is required to restore land and the surrounding environment to its original condition at the end of the respective lease/operational terms. For close down restoration and for environmental clean up costs, provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to the profit or loss in each accounting period. For further details, refer to accounting policy note 1(n).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 14 Issued Capital</b>		
350,517,229 fully paid ordinary shares (2010: 280,607,187)	200,049	124,109
Costs associated with issue of share capital	(1,697)	(3,072)
	198,352	121,037

	2011 Number	2010 Number
<b>(a) Ordinary shares</b>		
At the beginning of the year	280,607,187	209,641,395
Share placement (1)	42,120,000	-
Share purchase plan (2)	26,044,854	-
Exercise of options (\$0.50 expiring 7 November 2011)	645,188	7,618,556
Exercise of options (\$0.338 expiring 1 July 2011)	1,100,000	500,000
Exercise of options (\$0.30 expiring 31 March 2010)	-	50,000
Exercise of options (\$0.50 expiring 20 May 2010)	-	1,516,667
Share placement (3)	-	31,200,000
Share purchase plan (4)	-	29,280,569
Share placement (5)	-	200,000
Share placement (6)	-	600,000
At reporting date	350,517,229	280,607,187

- (1) On 18 November 2010, 42,120,000 ordinary shares were issued (@ \$1.15 to raise \$48,438,000 before issue costs), pursuant to a Share Placement as announced by the Company on 11 November 2010.
- (2) On 23 December 2010, 26,044,854 ordinary shares were issued (@ \$1.15 to raise \$29,952,000 before issue costs), pursuant to a Share Purchase Plan announced by the Company on 11 November 2010.
- (3) On 19 November 2009, 31,200,000 ordinary shares were issued (@ \$1.25 to raise \$39,000,000 before issue costs), pursuant to a Share Placement as announced by the Company on 13 November 2009.
- (4) On 18 December 2009, 29,280,569 ordinary shares were issued (@ \$1.25 to raise \$36,601,000 before issue costs), pursuant to a Share Purchase Plan announced by the Company on 13 November 2009.
- (5) On 31 December 2009, 200,000 ordinary shares were issued (@ \$1.25 to raise \$250,000 before issue costs), pursuant to a Share Placement to Stephen Bizzell, a director of the Company, as announced by the Company on 13 November 2009 and as approved by shareholders at a General Meeting held on 15 December 2009.
- (6) On 5 January 2010, 600,000 ordinary shares were issued (@ \$1.25 to raise \$750,000 before issue costs), pursuant to a Share Placement to Nicholas Mather, a director of the Company, as announced by the Company on 13 November 2009 and as approved by shareholders at a General Meeting held on 15 December 2009.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.



## Note 14 Issued Capital (continued)

### (b) Options

As at the reporting date there were 27,809,443 unissued ordinary shares of Bow Energy Ltd under option as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Options
8/11/2006	8/11/2006	7/11/2011	\$0.50	11,409,443
19/09/2008	1/07/2009	1/07/2012	\$0.688	550,000
19/09/2008	1/07/2010	1/07/2012	\$0.688	550,000
19/09/2008	1/07/2009	1/07/2013	\$0.938	550,000
19/09/2008	1/07/2010	1/07/2013	\$0.938	550,000
30/06/2009	1/07/2010	30/06/2012	\$1.00	425,000
30/06/2009	1/07/2011	30/06/2012	\$1.00	425,000
22/07/2009	1/07/2010	30/06/2012	\$1.00	125,000
22/07/2009	1/07/2011	30/06/2012	\$1.00	125,000
4/12/2009	31/12/2010	31/03/2013	\$1.80	500,000
4/12/2009	31/12/2011	31/03/2013	\$2.20	500,000
18/12/2009	31/12/2010	31/12/2012	\$1.80	300,000
18/12/2009	31/12/2011	31/12/2012	\$2.20	300,000
6/01/2010	31/12/2010	31/12/2012	\$1.80	250,000
6/01/2010	31/12/2011	31/12/2012	\$2.20	250,000
1/02/2010	1/07/2012	1/07/2013	\$2.00	1,000,000
15/06/2010	31/12/2011	31/12/2013	\$1.80	500,000
15/06/2010	31/12/2012	31/12/2013	\$2.20	500,000
27/07/2010	1/07/2012	31/01/2013	\$2.00	8,000,000
23/06/2011	31/12/2011	31/12/2013	\$1.80	500,000
23/06/2011	31/12/2012	31/01/2013	\$2.20	500,000
Total				27,809,443

For information relating to the Bow Energy Ltd employee option plan and options issued for other goods and services, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to Note 25.

### (c) Capital Risk Management

Management controls the capital of the consolidated entity in order to provide capital growth to shareholders and ensure the consolidated entity can fund its operations and continue as a going concern.

The consolidated entity's capital comprises equity as shown in the consolidated statement of financial position.

There are no externally imposed capital requirements.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 15 Reserves</b>		
<b>Option reserve</b>		
Option reserve – capital raising	574	574
Option reserve – employee share options	2,821	1,507
Option reserve – assets acquisition	1,027	1,027
	4,422	3,108

The option reserve records the value of options issued as part of capital raisings, as well as expenses relating to director and employee share options, and the value of options issued to acquire assets.

#### Note 16 Retained Profits

Retained profits / (accumulated losses) attributable to members of Bow Energy Ltd at beginning of the financial year	3,955	(2,843)
Profits / (losses) after income tax	(1,531)	6,798
Retained profits attributable to members of Bow Energy Ltd at the end of the financial year	2,424	3,955

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 17 Earnings Per Share</b>		
<b>Earnings</b>		
Profit/(loss) attributable to owners of Bow Energy Ltd used to calculate basic and diluted earnings per share	(1,531)	6,798

	2011 Number	2010 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	320,184,248	251,525,991
Adjustments for calculation of diluted earnings per share – options	-	9,017,632
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	320,184,248	260,543,623

Options could potentially dilute basic earnings per share in the future but were not included in the calculation of dilutive earnings per share because they were antidilutive for 2011.

## Note 18 Dividends & Franking Credits

There were no dividends paid or recommended during the financial year.

There were no franking credits available to the shareholders of the Company.

## Note 19 Controlled Entities

		Percentage Owned (%)*	
	Country of Incorporation	2011	2010
Parent entity:			
Bow Energy Ltd	Australia		
Subsidiaries of Bow Energy Ltd:			
Bow CSG Pty Ltd	Australia	100%	100%
Ocellaris Oil Pty Ltd	Australia	100%	100%
Sequoil Pty Ltd	Australia	100%	100%
Roma CBM Pty Ltd	Australia	100%	100%
Blackwater Power Pty Ltd	Australia	100%	100%
Blackwater Power II Pty Ltd	Australia	100%	100%
Bow Blackwater CSG PL Pty Ltd	Australia	100%	100%
Bow Don Juan CSG PL Pty Ltd	Australia	100%	100%
Bow Land Holdings Pty Ltd	Australia	100%	100%
Bow Norwich Park CSG PL Pty Ltd	Australia	100%^	-
Blackwater Transmission Pty Ltd	Australia	100%^	-
Bow Fisherman’s Landing Holdings Pty Ltd	Australia	100%^	-
Bow Fisherman’s Landing LNG Project Pty Ltd	Australia	100%^	-
Bow Energy Gladstone Pipeline Pty Ltd	Australia	100%^	-
Bow Energy Norwich Park Pipeline Pty Ltd	Australia	100%^	-

<sup>\*</sup> Percentage of voting power is in proportion to ownership

<sup>^</sup> New subsidiaries established during the year

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 20 Joint Ventures

The consolidated entity has a 12.2931% interest in a joint venture arrangement for WA 261P. The other party to the joint venture is Apache Energy Ltd (87.7069%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is \$302,000 which has been appropriately recognised in Note 22 Capital and Leasing Commitments.

The consolidated entity has an 11.21% interest in a joint venture arrangement for EP 325. The other parties to the joint venture are Strike Oil Ltd (44.5%), Advent Energy (8.29%) and Senex Energy Ltd (36%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is \$5,000 which has been appropriately recognised in Note 22 Capital and Leasing Commitments.

The consolidated entity has a 76% interest in a joint venture arrangement for ATP 593P. The other party to the joint venture is Senex Energy Ltd (24%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is nil.

The consolidated entity has a 94.625% interest (Bow 4.5% and Sequil 90.125%) in a joint venture arrangement for ATP 608P (Rookwood Block). The other party to the joint venture is Selectium Trust (5.375%). The consolidated entity also has a 94.625% interest (Bow 22.5% and Sequil 72.125%) in a joint venture arrangement for ATP 608P (Remainder Block). The other party to the joint venture is Selectium Trust (5.375%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is nil.

The consolidated entity has a 20% interest in a joint venture arrangement for ATP 736P. The other party to the joint venture is Senex Energy Ltd (80%). This tenement is under application and at 30 June 2011 and at the date of this report had not been granted. Therefore there is currently no expenditure commitment for this joint venture.

The consolidated entity has a 20% interest in a joint venture arrangement for ATP 737P. The other party to the joint venture is Senex Energy Ltd (80%). This tenement is under application and at 30 June 2011 and at the date of this report had not been granted. Therefore there is currently no expenditure commitment for this joint venture.

The consolidated entity has a 20% interest in a joint venture arrangement for ATP 738P. The other party to the joint venture is Senex Energy Ltd (80%). This tenement is under application and at 30 June 2011 and at the date of this report had not been granted. Therefore there is currently no expenditure commitment for this joint venture.

The consolidated entity has a 15% interest (Bow 9% and Ocellaris 6%) in a joint venture arrangement for ATP 752P. The other parties to the joint venture are Senex Energy Ltd (15%), Avery Resources (Australia) Pty Ltd (25%) and Santos (45%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is being met through farm-out.

The consolidated entity has a 55% interest in a joint venture arrangement for ATP 771P. The other party to the joint venture is Senex Energy Ltd (45%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is nil.

The consolidated entity has a 65% interest in a joint venture arrangement for ATP 794P. The other party to the joint venture is Senex Energy Ltd (35%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is \$400,000 which has been appropriately recognised in Note 22 Capital and Leasing Commitments.

The consolidated entity has a 25% interest in a joint venture arrangement for PL 15. The other party to the joint venture is Mosaic Oil NL (75%). The consolidated entity's share of the expenditure commitment for this joint venture over the next 5 years is nil.

## Note 21 Parent Entity Information

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Bow Energy Ltd). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1(a).

Parent Entity	2011 \$'000	2010 \$'000
Current assets	103,322	79,557
Non-current assets	110,093	54,068
Total assets	213,415	133,625
Current liabilities	15,580	12,961
Non-current liabilities	1,791	1,467
Total liabilities	17,371	14,428
Net assets	196,044	119,197
Issued capital	198,352	121,037
Option reserves	4,422	3,108
Accumulated losses	(6,730)	(4,948)
Total shareholder's equity	196,044	119,197
Profit / (loss) for the year	(1,782)	(2,369)
Total comprehensive income for the year	(1,782)	(2,369)

### Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

### Contractual Commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2011 (2010 – \$nil).

### Contingent liabilities

During the period Bow Energy Ltd was adjoined to a personal injury claim made by a third party drilling contractor's employee. Based on independent legal advice and the preliminary findings of an independent investigator the Company is confident of defending the claim and as such has not booked a liability at 30 June 2011.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Entity	
	2011 \$'000	2010 \$'000
<b>Note 22 Capital and Leasing Commitments</b>		
<b>(a) Operating lease commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable – minimum lease payments		
- not later than 12 months	733	290
- between 12 months and 5 years	3,547	316
- greater than 5 years	4,315	-
	8,595	606

The consolidated entity has an operating lease commitment in relation to the lease of commercial office premises. The consolidated entity has arranged bank guarantees of \$704,000 as security bonds on the premises.

#### (b) Future exploration

The consolidated entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the consolidated entity.

The commitments to be undertaken are as follows:

Payable:		
- not later than 12 months	8,096	14,921
- between 12 months and 5 years	30,275	50,255
- greater than 5 years	-	-
	38,371	65,176

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the consolidated entity has the option to negotiate new terms or relinquish the tenements. The consolidated entity also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

The consolidated entity has arranged bank guarantees of \$555,000 as financial assurances on the tenements.

#### (c) Capital expenditure projects

During the previous financial year, the consolidated entity entered into a contract for the design and construction of a 30 megawatt power station at Blackwater in Central Queensland. The power station is expected to be completed during the first half of 2012.

Capital expenditure commitments contracted for:

Payable:		
not later than 12 months	1,659	22,011
between 12 months and 5 years	-	-
greater than 5 years	-	-
	1,659	22,011

The contract is paid in instalments based on the achievement of certain milestones by the contractor.

#### (d) Joint ventures

Commitments arising from interest in joint ventures are included in future exploration.



## Note 23 Contingent Liabilities and Contingent Assets

### Contingent liabilities

During the period Bow Energy Ltd was adjointed to a personal injury claim made by a third party drilling contractor's employee. Based on independent legal advice and the preliminary findings of an independent investigator the Company is confident of defending the claim and as such has not booked a liability at 30 June 2011.

The directors are not aware of any other significant contingent liabilities or contingent assets at the date of this report.

## Note 24 Key Management Personnel

### (a) Key management personnel compensation

	2011 \$	2010 \$
Short-term employee benefits	1,434,417	1,127,833
Post-employment benefits	85,056	72,129
Termination benefits	-	-
Share-based payments	1,043,620	540,462
	2,563,093	1,740,424

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the directors' report on pages 28 to 37 of this annual report.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 24 Key Management Personnel (continued)

##### (b) Equity instruments

###### Shareholdings

Details of ordinary shares held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance 1 July 2010	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2011
<b>Directors</b>					
Howard Stack	436,691	-	-	10,598	447,289
Ron Prefontaine	10,592,045	-	-	121,679	10,713,724
Nicholas Mather	4,713,663	-	-	-	4,713,663
Stephen Bizzell	6,581,795	-	-	42,392	6,624,187
<b>Senior Management</b>					
John de Stefani	1,660,942	-	1,000,000	-	2,660,942
Vic Palanyk	-	-	-	-	-
Peter Harbison	-	-	-	-	-
Duncan Cornish	2,180,819	-	-	-	2,180,819
<b>Total</b>	<b>26,165,955</b>	<b>-</b>	<b>1,000,000</b>	<b>174,669</b>	<b>27,340,624</b>

There were no shares held nominally at 30 June 2011.

	Balance 1 July 2009	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2010
<b>Directors</b>					
Howard Stack	-	-	-	436,691	436,691
Ron Prefontaine	10,510,045	-	-	82,000	10,592,045
Nicholas Mather	4,101,663	-	-	612,000	4,713,663
Stephen Bizzell	4,022,643	-	2,223,152	336,000	6,581,795
<b>Senior Management</b>					
John de Stefani	1,660,942	-	-	-	1,660,942
Vic Palanyk	-	-	-	-	-
Dusan Pribilovic	-	-	-	-	-
Peter Harbison	-	-	-	-	-
Duncan Cornish	2,069,019	-	350,000	(238,200)	2,180,819
<b>Total</b>	<b>22,364,312</b>	<b>-</b>	<b>2,573,152</b>	<b>1,228,491</b>	<b>26,165,955</b>

There were no shares held nominally at 30 June 2010.

## Note 24 Key Management Personnel (continued)

### (b) Equity instruments (continued)

#### Options holdings

	Balance 1 July 2010	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2011	Total Vested at 30 June 2011	Total Vested and Exercisable at 30 June 2011	Total Vested and Unexercisable at 30 June 2011
<b>Directors</b>								
Howard Stack	-	2,000,000	-	-	2,000,000	-	-	-
Ron Prefontaine	1,669,456	2,000,000	-	-	3,669,456	1,669,456	1,669,456	-
Nicholas Mather	3,333,333	2,000,000	-	-	5,333,333	3,333,333	3,333,333	-
Stephen Bizzell	-	2,000,000	-	-	2,000,000	-	-	-
<b>Senior Management</b>								
John de Stefani	5,335,565	-	(1,000,000)	-	4,335,565	1,835,565	1,835,565	-
Vic Palanyk	1,000,000	-	-	-	1,000,000	500,000	-	500,000
Peter Harbison	1,000,000	-	-	-	1,000,000	-	-	-
Duncan Cornish	376,488	-	-	-	376,488	376,488	376,488	-
<b>Total</b>	<b>12,714,842</b>	<b>8,000,000</b>	<b>(1,000,000)</b>	<b>-</b>	<b>19,714,842</b>	<b>7,714,842</b>	<b>7,214,842</b>	<b>500,000</b>

	Balance 1 July 2009	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2010	Total Vested at 30 June 2010	Total Vested and Exercisable at 30 June 2010	Total Vested and Unexercisable at 30 June 2010
<b>Directors</b>								
Howard Stack	-	-	-	-	-	-	-	-
Ron Prefontaine	1,669,456	-	-	-	1,669,456	1,669,456	1,669,456	-
Nicholas Mather	3,333,333	-	-	-	3,333,333	3,333,333	3,333,333	-
Stephen Bizzell	2,223,152	-	(2,223,152)	-	-	-	-	-
<b>Senior Management</b>								
John de Stefani	4,335,565	1,000,000	-	-	5,335,565	1,835,565	1,835,565	-
Vic Palanyk	-	1,000,000	-	-	1,000,000	-	-	-
Dusan Pribilovic	600,000	-	-	-	600,000	-	-	-
Peter Harbison	-	1,000,000	-	-	1,000,000	-	-	-
Duncan Cornish	726,488	-	(350,000)	-	376,488	376,488	376,488	-
<b>Total</b>	<b>12,887,994</b>	<b>3,000,000</b>	<b>(2,573,152)</b>	<b>-</b>	<b>13,314,842</b>	<b>7,214,842</b>	<b>7,214,842</b>	<b>-</b>

On 21 July 2010 the Company issued 2,000,000 unlisted options on the terms detailed in Note 25 to each of the Directors of the Company; Howard Stack, Ron Prefontaine, Stephen Bizzell and Nicholas Mather.

### (c) Loans to Key Management Personnel

There were no loans to Key Management Personnel during the year.

### (d) Other transactions with Key Management Personnel

Other transactions with Key Management Personnel are set out in Note 26. There were no other transactions or balances with Key Management Personnel during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 25 Share-Based Payments

The following share-based payment arrangements existed at 30 June 2011.

##### (a) Share-based payments to Directors

During the year 8,000,000 share options were granted to Directors as follows:

8,000,000 unlisted options exercisable on or before 31 January 2013 at \$2.00. The options vest on the earlier of 1 July 2012 or a Change of Control event occurring, subject to the condition that the Options will be forfeited and not vest unless the change in market price of the Shares from 27 January 2010 to 1 July 2012 outperforms the change in the S&P/ASX 200 Index for the same period.

The weighted average fair value of the options granted during the year was \$0.133. This price was calculated by using a Monte Carlo simulation model applying the following inputs:

	2011
Weighted average exercise price	\$2.00
Weighted average life of the option	2.52 years
Underlying share price	\$1.20
Expected share price volatility	57.82%
Risk free interest rate	5.54%

Historical volatility has been the basis for determining expected share price volatility.

There were no options issued to Directors in the prior year.

##### (b) Share-based payments to employees

During the year 1,000,000 share options were granted to employees as follows:

- 500,000 unlisted options exercisable on or before 31 December 2013 at \$1.80. These options will vest on 31 December 2011.
- 500,000 unlisted options exercisable on or before 31 December 2013 at \$2.20. These options will vest on 31 December 2012.

	2011		2010	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Outstanding at beginning of year	8,500,000	1.37	8,716,667	0.70
Granted	1,000,000	2.00	4,350,000	1.94
Forfeited	-	-	(2,500,000)	0.78
Exercised	(1,100,000)	0.338	(2,066,667)	0.47
Outstanding at year-end	8,400,000	1.56	8,500,000	1.37
Exercisable at year-end	2,150,000	1.31	550,000	0.40

During the year ended 30 June 2011, 1,100,000 options at \$0.338 expiring on 1 July 2011 were exercised into ordinary shares. The weighted average share price at exercise date was \$0.89.

All options exercised resulted in the issue of ordinary shares in Bow Energy Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety in cash.

The options outstanding at 30 June 2011 had a weighted average exercise price of \$1.56 (2010: \$1.37) and a weighted average remaining contractual life of 1.7 years (2010: 2.3 years). Exercise prices range from \$0.688 to \$2.20 in respect of options outstanding at 30 June 2011 (2010: \$0.50 to \$2.20).

## Note 25 Share-Based Payments (continued)

### (b) Share-based payments to employees (continued)

The weighted average fair value of the options granted during the year was \$0.08 (2010: \$0.32). This price was calculated by using a Black Scholes options pricing model applying the following inputs:

	2011	2010
Weighted average exercise price	\$2.00	\$1.94
Weighted average life of the option	2.53 years	3.3 years
Underlying share price	\$0.89	\$1.28
Expected share price volatility	45.7%	46.95%
Risk free interest rate	4.76%	4.99%

Historical volatility has been the basis for determining expected share price volatility.

### (c) Share-based payments to Directors and employees

The expected life of the options has been taken to be the full period of time from grant date to expiry date. The respective options pricing model assumes that options will be exercised on or immediately before the expiry date.

Included under employee benefits expense in Note 3(a) is \$1,314,000 (2010: \$881,000), and relates, in full, to equity-settled share-based payment transactions.

All options issued to Directors and employees have continuity of service vesting conditions.

### (d) Other share-based payments

There were no other share-based payments during the financial year.

## Note 26 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### (a) Parent entity

The parent entity and ultimate controlling entity is Bow Energy Ltd, which is incorporated in Australia.

### (b) Subsidiaries

Interests in subsidiaries are disclosed in Note 19.

### (c) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report contained in the Directors' Report and in Note 24 of the Financial Statements.

### (d) Transactions with related parties

- (i) Bow Energy Ltd has a Conventional Rights Agreement with Arrow Energy Ltd and BNG Pty Ltd, under which Arrow Energy Ltd and BNG Pty Ltd have assigned 100% of the rights to conventional rights in the "Arrow Tenements" (ATP 746P (granted 1 July 2011), ATP 747P (Application)) and the "BNG Tenements" (ATP 644P and PEL 445). Stephen Bizzell (a Director) was a director of Arrow Energy Ltd until 23 August 2010. The agreement is conditional upon the grant of ATP 747P to the extent the agreement relates to that tenement and conditional upon the Minister consenting to or approving the agreement, if required.

Whilst Arrow Energy Ltd and BNG Pty Ltd agree to maintain and keep the tenements in good standing, Arrow Energy Ltd and BNG Pty Ltd have granted Bow Energy Ltd the right to explore for conventional petroleum in accordance with the terms of the agreement. Bow Energy Ltd is solely responsible for the costs associated with the activities conducted by it.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 26 Related Party Transactions (continued)

##### (d) Transactions with related parties (continued)

In the event that Arrow Energy Ltd or BNG Pty Ltd decide to voluntarily relinquish any part of a tenement in which Bow Energy Ltd has rights pursuant to this agreement, Bow Energy Ltd has a first right of refusal to those areas. If Arrow Energy Ltd or BNG Pty Ltd are required to relinquish any part of the tenements pursuant to legislation, the parties will consult on the areas to be relinquished. If the parties cannot agree to the areas to be relinquished, each party shall nominate 50% of the area to be relinquished.

Bow Energy Ltd is responsible for costs, rehabilitation and environmental compliance for the areas on which it conducts activities. Bow will contribute toward the Approved Work Program, securities and rental payments of the tenements. In the event of a commercial petroleum discovery by Bow Energy Ltd, Bow Energy Ltd will be entitled to make an application for a petroleum lease (either solely with the consent of the holder or jointly with the holder). Bow Energy Ltd may be required to enter a deed of assumption pursuant to the royalty agreement in place in relation to ATP 644P.

The holders of the tenements will provide Bow Energy Ltd access to information relevant to Bow Energy Ltd's operations. No assignment is able to take place by any of the parties without the consent of the other holders of the relevant tenement. Bow Energy Ltd must maintain insurances and indemnify the tenement holders for any damage as a result of the activities conducted by Bow Energy Ltd or a breach of this agreement. The tenement holders also indemnify Bow Energy Ltd for any breach by the tenement holders of the agreement.

The agreement continues in force until the earlier of the termination pursuant to the terms of the agreement; by mutual agreement between the parties or 50 years from the commencement of the agreement. If any party fails to perform its obligations under the agreement, another party may issue a default notice specifying the default and the remedy required. If the default is not remedied within the time specified, the non-defaulting party may issue a termination notice. Failure to remedy the default after receipt of a termination notice will then give the non-defaulting party the right to terminate without prejudice to any other right of action or remedy. If Bow Energy Ltd is the defaulting party, all of Bow Energy Ltd's interest will immediately vest in Arrow Energy Ltd or BNG Pty Ltd, as the case may be, and Bow Energy Ltd will not be entitled to any compensation.

- (ii) During the period investor relations services were provided by Bizzell Capital Partners Pty Ltd, a company associated with Mr Stephen Bizzell (Director). Total fees paid to or accrued for the period were \$73,919 (2010:\$0), of this amount \$22,000 is outstanding at the reporting date and is included in trade and other payables.
- (iii) Details in relation to joint ventures are shown in Note 20 of the Financial Statements.

#### Note 27 Operating Segments

##### Segment information

###### *Identification of reportable segments*

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.



## Note 27 Operating Segments (continued)

### Basis of accounting for purposes of reporting by operating segments

#### *(a) Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated entity.

#### *(b) Inter-segment transactions*

Corporate charges are allocated to segments based on the segments overall proportion of revenue generation within the consolidated entity. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

#### *(c) Segment assets*

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

#### *(d) Segment liabilities*

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the consolidated entity as a whole and are not allocated. Segment liabilities include trade and other payables, provisions and certain direct borrowings.

#### *(e) Unallocated items*

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense
- income tax expense
- deferred tax assets and liabilities
- current tax liabilities
- other financial liabilities
- intangible assets

### Segment reporting

The consolidated entity is organised into the following business segments:

- gas
- power generation

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2011

### Note 27 Operating Segments (continued)

#### Segment reporting (continued)

	Gas	Power Generation	Total
30 June 2011	\$'000	\$'000	\$'000
<b>(i) Segment performance</b>			
Revenue	1,049	-	1,049
Other income	-	-	-
<i>Total segment revenue/other income</i>	1,049	-	1,049
<i>Reconciliation to group revenue/other income</i>			
Interest revenue	-	-	4,952
Other income	-	-	1,636
Total group revenue/other income	-	-	6,588
<i>Segment net profit/(loss) before tax</i>	273	-	6,861
<i>Reconciliation of segment result to group net profit / loss before tax</i>			
Amounts not included in segment result but reviewed by Board			
- corporate changes			(5,798)
- share based payments expense			(1,315)
- costs of sales			(358)
- depreciation and amortisation			(293)
Unallocated items			
- finance costs			(25)
- other			-
<i>Net profit/(loss) before tax</i>			(928)

## Note 27 Operating Segments (Continued)

### Segment reporting (continued)

	Gas	Power Generation	Total
30 June 2011	\$'000	\$'000	\$'000
<b>(ii) Segment assets</b>			
<i>Segment assets</i>	70,630	39,565	110,195
Segment asset increases for the period:			
- Capital expenditure	29,720	25,375	55,095
- Acquisitions	-	-	-
	29,720	25,375	55,095
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			-
Cash and cash equivalents			94,331
Other financial assets			4,680
Unallocated assets			9,418
<i>Total group assets</i>			218,624
<b>(iii) Segment liabilities</b>			
<i>Segment liabilities</i>	3,567	5,428	8,995
<i>Reconciliation of segment liabilities to group liabilities</i>			
Inter-segment eliminations			-
Deferred tax liabilities			1,701
Unallocated liabilities			2,730
<i>Total group liabilities</i>			13,426

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2011

### Note 27 Operating Segments (Continued)

#### Segment reporting (continued)

	Gas	Power Generation	Total
30 June 2010	\$'000	\$'000	\$'000
<b>(i) Segment performance</b>			
Revenue	108	-	108
Other income	11,587	-	11,587
<i>Total segment revenue/other income</i>	11,695	-	11,695
<i>Reconciliation to group revenue/other income</i>			
Interest revenue			2,606
Total group revenue/other income			14,301
<i>Segment net profit before tax</i>	11,227	-	11,227
<i>Reconciliation of segment result to group net profit / loss before tax</i>			
Amounts not included in segment result but reviewed by Board			
- fair value loss on financial assets			(585)
- corporate changes			(423)
- share based payments expense			(880)
- depreciation and amortisation			(55)
Unallocated items			
- finance costs			(1)
- other			-
<i>Net profit before tax</i>			9,283
<b>(ii) Segment assets</b>			
<i>Segment assets</i>	40,910	14,190	55,100
<i>Segment asset increases for the period:</i>			
Capital expenditure	23,156	14,190	37,346
Acquisitions	-	-	-
	23,156	14,190	37,346
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			-
Cash and cash equivalents			74,479
Other financial assets			3,120
Unallocated assets			3,023
Total group assets			135,722
<b>(iii) Segment liabilities</b>			
<i>Segment liabilities</i>	4,499	1,475	5,974
<i>Reconciliation of segment liabilities to group liabilities</i>			
Inter-segment eliminations			-
Deferred tax liabilities			1,004
Unallocated liabilities			644
<i>Total group liabilities</i>			7,622

## Note 28 Financial Risk Management

### (a) General objectives, policies and processes

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the consolidated entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable and shares in listed corporations.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the consolidated entity's finance function. The consolidated entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the consolidated entity where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility. Further details regarding these policies are set out below:

### (b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the consolidated entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the consolidated entity. The consolidated entity's objective is to minimise the risk of loss from credit risk exposure.

The consolidated entity's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	Consolidated Entity	
	2011 \$'000	2010 \$'000
Cash and cash equivalents	94,331	74,479
Trade and other receivables	2,434	1,511
Other financial assets	4,680	3,120
Security deposits	951	778
	102,396	79,888

Credit risk is reviewed regularly by the Board and the audit committee. It arises from exposure to customers (trade receivables) as well as through deposits with financial institutions, other receivables from subsidiaries and financial assets at fair value through profit or loss.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity. Bank deposits are held with Macquarie Bank Limited, ANZ Banking Group Limited, Westpac Banking Corporation and Bank of Western Australia Limited.

All receivables that are neither past due or impaired are with long standing counterparties who have a good credit history with the consolidated entity. No receivables balances were past due or impaired at year end.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 28 Financial Risk Management (continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the consolidated entity may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the consolidated entity will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

Liquidity risk is reviewed regularly by the Board and the audit committee.

The consolidated entity manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The consolidated entity's working capital, being current assets less current liabilities, has increased from \$73,391,000 in 2010 to \$95,531,000 in 2011.

The consolidated entity did not have any financing facilities available at balance date.

	Carrying Amount	Contractual Cash flows	<6 months	6 – 12 months	1 – 3 years	>3 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Maturity Analysis – Consolidated entity – 2011</b>						
<b>Financial Liabilities</b>						
Trade and other payables	8,275	8,275	8,275	-	-	-
<b>Maturity Analysis – Consolidated entity – 2010</b>						
<b>Financial Liabilities</b>						
Trade and other payables	6,068	6,068	6,068	-	-	-

Further information regarding commitments is included in Note 22.

##### (d) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The entity does not have any material exposure to market risk other than interest rate risk.

##### Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.



## Note 28 Financial Risk Management (continued)

### (d) Market risk (continued)

#### Interest rate risk (continued)

Interest rate risk is managed with a mixture of fixed and floating rates. For further details on interest rate risk refer to the tables below:

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000	2011 %
<b>Financial assets</b>					
Cash and cash equivalents	7,177	87,152	2	94,331	5.97%
Trade and other receivables	-	-	2,434	2,434	-
Other financial assets	-	-	4,680	4,680	-
Security deposits	-	-	951	951	-
Total financial assets	7,177	87,152	8,067	102,396	
<b>Financial liabilities</b>					
Trade and other payables	-	-	8,275	8,275	-
Total financial liabilities	-	-	8,275	8,275	

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 %
<b>Financial assets</b>					
Cash and cash equivalents	8,548	65,929	2	74,479	4.47%
Trade and other receivables	-	-	1,511	1,511	-
Other financial assets	-	-	3,120	3,120	-
Security deposits	-	-	778	778	-
Total financial assets	8,547	65,929	5,411	79,888	
<b>Financial liabilities</b>					
Trade and other payables	-	-	6,068	6,068	-
Total financial liabilities	-	-	6,068	6,068	

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2011

#### Note 28 Financial Risk Management (continued)

##### (d) Market risk (continued)

###### Interest rate risk (continued)

At 30 June 2011 the effect on profit and equity as a result of changes in the interest rate would be as follows:

		Increase in interest rate by 1%		Decrease in interest rate by 1%	
	Carrying Amount	Profit	Other comprehensive income	Profit	Other comprehensive income
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CONSOLIDATED – 2011</b>					
Cash and cash equivalents	94,331	943	-	(943)	-
<b>CONSOLIDATED – 2010</b>					
Cash and cash equivalents	74,479	745	-	(745)	-

The above analysis assumes all other variables remain constant.

##### (e) Fair Values

As of 1 July 2009, Bow Energy Limited adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value at 30 June 2011.

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>CONSOLIDATED – 2011</b>				
Financial assets at fair value through profit or loss	4,680	-	-	4,680
<b>CONSOLIDATED – 2010</b>				
Financial assets at fair value through profit or loss	3,120	-	-	3,120

The fair values of all remaining financial assets and financial liabilities approximate their carrying value.

	Consolidated Entity	
	2011	2010
<b>Note 29 Auditor's Remuneration</b>		
Remuneration for the auditor of the parent entity for:		
- auditing or reviewing the financial report of any entity in the consolidated entity	43,668	39,500
- taxation services	13,445	23,650
- Other tax and business advisory services	61,519	34,615
	118,632	97,765

### Note 30 Events After Balance Date

On 19 July 2011 it was announced that the Company had obtained further certified reserves in the Blackwater CSG Field (ATP 1025) increasing Bow's total certified reserves to 238 PJ of 2P and 2,752 PJ of 3P reserves. The increase of a further 89 PJ of 2P and 13 PJ of 3P certified reserves was based on data from pilot production wells adjacent to Bow's Blackwater CSG field (as a result of a data sharing agreement), along with data from Bow's previous core holes.

On 10 August 2011 the Company announced that it had reached agreement to farm out its petroleum tenements in the Central Eromanga Basin (ATP's 794, 809, 944 and 948A) to Real Energy Corporation Pty Ltd. The effective start date is conditional upon Real Energy raising sufficient capital by 31 December 2011. For Real Energy to earn its interest up to six oil exploration wells may be drilled, cased and suspended with a minimum commitment of at least four wells and 500km of 2D seismic in the first two years. Under the agreement the Company is fully carried on the work program and retains 32.5% to 50% equity post farmin.

On 22 August 2011 it was announced that the Company had received an indicative, non-binding and conditional proposal from Arrow Energy Holdings Pty Ltd. Under the proposal, Arrow Energy would acquire all the issued capital in Bow Energy from Bow Energy shareholders for cash consideration of \$1.48 per share. On 26 September 2011 the Company announced that Arrow Energy had increased its offer to \$1.52 cash consideration per share. The Bow Energy Board unanimously recommended the offer, in the absence of a superior proposal and subject to an Independent Expert concluding that the revised offer is in the best interests of Bow Energy Shareholders. Bow Energy and Arrow Energy have entered into a Scheme Implementation Agreement to facilitate the revised offer.

The following change to the Company's capital structure also occurred subsequent to 30 June 2011:

- 1,611,932 unlisted \$0.50 options expiring 7 November 2011 were exercised into ordinary shares.

There have been no other events since 30 June 2011 that impact upon the financial report as at 30 June 2011.

## DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date.
2. The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in pages 28 to 37 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2011, comply with section 300A of the *Corporations Act 2001*.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is signed in accordance with a resolution of the directors.

**Stephen Bizzell**

Director

**Brisbane**

29 September 2011

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF BOW ENERGY LTD



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Level 18, 300 Queen St  
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GPO Box 457, Brisbane QLD 4001  
Australia

### Report on the Financial Report

We have audited the accompanying financial report of Bow Energy Ltd, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bow Energy Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF BOW ENERGY LTD



#### Opinion

In our opinion:

- (a) the financial report of Bow Energy Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### Emphasis of Matter on Material Uncertainty Regarding Going Concern

Without qualification to the conclusion expressed above, we draw attention to the matter set out in Note 1. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Whilst the Directors believe sufficient funds are held for commitments over the next 12 months, the ability of the consolidated entity beyond that period, to maintain continuity of normal business activities, to pay its debts as and when they fall due is dependent on the ability of the consolidated entity to successfully raise additional capital, derive sufficient income from power generation assets, and/or the successful exploration and subsequent exploitation of areas of interest through sale, farm-out or development.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the consolidated entity's plans not eventuate.

#### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 37 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Opinion

In our opinion, the Remuneration Report of Bow Energy Ltd for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

#### BDO Audit (QLD) Pty Ltd

BDO

**T J Kendall**

Director

Brisbane, 29 September 2011

## SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 26 September 2010.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares		Unlisted options	
	Number of holders	Number of shares	Number of holders	Number of options
1 – 1,000	1,472	691,505	-	-
1,001 – 5,000	2,298	6,966,033	-	-
5,001 – 10,000	1,399	11,044,260	-	-
10,001 – 100,000	2,848	86,341,354	-	-
100,001 and over	341	246,640,821	16	26,642,699
<b>Total</b>	<b>8,358</b>	<b>351,683,973</b>	<b>16</b>	<b>26,642,699</b>

The number of shareholders holding less than a marketable parcel is 543 (total of 19,269 ordinary shares).

### (b) Twenty largest holders

The names of the twenty largest holders, in each class of quoted security are:

#### Ordinary shares:

J P MORGAN NOMINEES AUSTRALIA LIMITED*	47,383,175	13.47%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED*	39,288,302	11.17%
NATIONAL NOMINEES LIMITED	32,012,160	9.10%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	9,023,188	2.57%
CITICORP NOMINEES PTY LIMITED*	7,753,721	2.20%
MR RONALD PREFONTAINE & MRS ANNABEL FRANCES PREFONTAINE*	4,809,592	1.37%
PREPET PTY LTD*	4,848,782	1.38%
DART ENERGY LIMITED	3,920,291	1.11%
MR PETER LACHLAN LAMOND & MRS LESLEY NARELLE LAMOND	3,250,000	0.92%
SAMUEL HOLDINGS PTY LTD	2,839,560	0.81%
QUEENSLAND INVESTMENT CORPORATION	2,604,368	0.74%
TENSTAR INVESTMENTS PTY LTD	1,937,794	0.55%
KABILA INVESTMENTS PTY LTD	1,867,114	0.53%
CS FOURTH NOMINEES PTY LTD	1,837,038	0.52%
BROWNWARD PTY LTD	1,818,901	0.52%
AMP LIFE LIMITED	1,585,555	0.45%
ANDREW FISCHER PTY LTD	1,532,785	0.44%
MR DUNCAN PATRICK CORNISH	1,333,584	0.38%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,288,089	0.37%
MR TROY WILLIAM BENTLEY	1,110,270	0.32%
<b>Top 20</b>	<b>172,044,269</b>	<b>48.91%</b>
<b>Total</b>	<b>351,683,973</b>	<b>100.00%</b>

\* Merged



## SHAREHOLDER INFORMATION

### (c) Substantial shareholders

The names and holdings of substantial holdings as at 26 September 2011 are:

BANK OF AMERICA CORPORATION	24,023,554	6.83%
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### (d) Voting rights

All ordinary shares carry one vote per share without restriction.

### (e) Restricted securities

There are no restricted securities on issue at 26 September 2011.

### (f) Business objectives

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

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## CORPORATE DIRECTORY

### Directors

Howard Stack, Non-Executive Chairman  
 Ron Prefontaine, Executive Director  
 Nicholas Mather, Non-Executive Director  
 Stephen Bizzell, Non-Executive Director

### Executives

John De Stefani, Chief Executive Officer  
 Vic Palanyk, Chief Operating Officer  
 Peter Harbison, Chief Financial Officer  
 Duncan Cornish, Company Secretary

### 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.linkmarketservices.com.au](http://www.linkmarketservices.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:

Link Market Services Ltd  
 ANZ Building, Level 19  
 324 Queen Street, Brisbane QLD 4000  
 Phone: 1300 554 474

### Australian Stock Exchange ("ASX")

ASX Code: BOW (Ordinary shares)  
 S&P ASX 200 Index

### Issued Capital

Bow Energy Ltd has the following securities on issue:

Ordinary shares on issue at 30 June 2011: 350,517,229

Outstanding options at 30 June 2011:

- 11.4 million (unquoted) 50c options expiring 7/11/11
- 16.4 million (unquoted) employee options (various exercise prices and expiry dates)

### Internet Address

All Company announcements, reports and presentations are posted on our website [www.bowenergy.com.au](http://www.bowenergy.com.au)

If you would like to receive news releases by email, please send us an email to [info@bowenergy.com.au](mailto:info@bowenergy.com.au) or register your details on our website.

### Australian Business Number

ABN 63 111 019 857

### Registered Office and Head Office

Bow Energy Ltd  
 Level 26  
 10 Eagle Street  
 Brisbane QLD 4000

Phone: + 61 7 3238 6300  
 Fax: + 61 7 3238 6399

For personal use only



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