



## SHAREHOLDER LETTER – BOW ENERGY

### **Bow Energy shareholders should TAKE NO ACTION in relation to Arrow Energy's non-binding conditional proposal**

24 August 2011

Dear Shareholder

As announced on Monday 22 August, the Board of Bow Energy Limited (ASX:BOW, "**Bow Energy**") has received an indicative, non-binding and conditional proposal ("**Proposal**") from Arrow Energy Holdings Pty Ltd ("**Arrow**"). Under the terms of the Proposal, Arrow would acquire all the issued capital in Bow Energy for a cash consideration of \$1.48 per share.

Arrow is an Australian coal seam gas (CSG) exploration and production company which is developing a major LNG project in Gladstone jointly owned by subsidiaries of PetroChina and Royal Dutch Shell.

Your Board has appointed Merrill Lynch as lead advisor and Wilson HTM as advisor, and HopgoodGanim and Mallesons Stephen Jacques as legal advisors to assist the Board to assess the unsolicited Proposal, and other strategic initiatives.

Bow Energy has a very attractive and highly strategic portfolio of coal seam gas assets in close proximity to Gladstone, and Bow Energy's management team is focused on ensuring the assets are developed in the best way possible, in order to maximise value for our shareholders.

The Company has over \$85 million in cash to fund its reserves certification across its two core CSG assets, Blackwater and Norwich Park. Bow Energy has one of the largest uncontracted CSG 3P gas reserves in Queensland and is well placed to benefit from the expected reserves shortfall for the proposed LNG facilities in Gladstone.

The Board of Bow Energy is working with its advisors to assess Arrow's non-binding conditional Proposal in the context of the other strategic opportunities available to the Company and will keep shareholders fully informed of further developments.

In the meantime your directors urge you to **TAKE NO ACTION** in relation to this matter.

Should you have any questions, please contact Bow Energy's shareholder enquiry line **Toll Free Australia – 1800 623 855 or International +61 2 8256 3375.**

Yours sincerely,

A handwritten signature in black ink, appearing to read "H. Stack", is written over a light blue horizontal line.

Howard Stack  
Chairman