



Tax Transparency Report

for the year ended 31 December 2022



> About Arrow

Our company, Arrow Energy Holdings Pty Ltd (Arrow), is a natural gas company which develops gas fields, produces and sells coal seam gas (CSG) and generates electricity.

We have been safely and sustainably developing CSG since 2000 and supplying gas commercially from the Bowen Basin in central Queensland since 2004 and from the Surat Basin in southern Queensland since 2006. Arrow has sanctioned and commenced the first phase of the Surat Gas Project. This followed the announcement from our shareholders of their positive final investment decision for this project phase. The full Surat Gas Project is planned to bring to market most of our Surat Basin gas reserves (about five trillion cubic feet) over 27 years.

We are committed to protecting and promoting the social and environmental values of the communities in which we live and work. We contribute to our communities through providing employment, access to health services and educational support. We are committed to ensuring that any collaboration with our communities is positive and aligned with our values of respect, lead, own, solve, and integrate.

As a responsible corporate taxpayer, we have voluntarily elected to provide additional tax-related disclosures by adopting the Board of Taxation’s Voluntary Tax Transparency Code (TTC). In this respect, Arrow discloses the requirements of a ‘medium business’.

> Our contribution

We believe our contribution to the Australian community reaches beyond the tax-related information disclosed in this report. Our employees live in, and contribute to, two regional economies in southern and central Queensland and we seek to make a positive impact in the communities in which we operate. Where possible, we engage local contractors who provide Arrow with services.

Arrow has continued to provide benefits to the communities in which we operate. Through the Brighter Futures program more than \$2 million was distributed in 2022 in areas including community health, education and Indigenous support. Since the program started in 2017, Arrow has distributed hundreds of thousands of dollars in community grants and small-scale investments. We support the schools, charities, associations and clubs to give back to our host communities.

We continue to contribute to the economy and the broader community through payments of various taxes and royalties to Australian governments. Arrow also remits GST and Pay As You Go Withholding to the Australian Taxation Office.

Direct payments made to Australian governments	2022 \$'000
Payroll tax	6,114
Land tax	472
Royalties	56,294
Transfer Duty	0
Fringe benefits tax	833
Total	63,713





Harry Inlet Processing facility – newly constructed 27km SW of Dalby. Approximately 180 Arrow staff, contractors and sub-contractors worked on the project

› Tax transparency

Arrow is an independent incorporated joint venture between Shell and PetroChina. Together with its wholly owned Australian subsidiaries, Arrow is consolidated for both accounting and income tax purposes. As a consequence, these entities are treated as a single entity for income tax purposes and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Arrow has incurred significant tax losses as a result of substantial investments in exploration and development. The nature of our business is that we must repeatedly and consistently incur large capital expenditure ahead of producing income from any gas well. Tax losses are carried forward and can be used to offset future taxable income, provided the tax loss carry forward rules under the Australian taxation law are satisfied.

Arrow had an effective tax rate of nil for the year ended 31 December 2022. The company recognises a portion of its carry forward tax losses as deferred tax assets, in excess of its deferred tax liabilities.

Reconciliation of accounting profit/(loss) to income tax expense	2022 \$'000
Accounting loss per statutory accounts	(307,747)
Tax at the Australian tax rate of 30%	(92,324)
Discount unwind on shareholder loans	50,437
Prior year and other sundry adjustments	9,744
De-recognition of deferred tax assets	
Deferred tax expense arising from reversal of a previous write-down of a deferred tax asset	32,143
Income tax expense / (benefit)	(0)

Income Tax

Arrow is not required to pay income tax due to the company incurring a tax loss for the year ended 31 December 2022. A reconciliation of the accounting loss and estimated tax loss is shown in the table below.

Reconciliation of accounting profit/(loss) to income tax payable	2022 \$'000
Accounting loss per statutory accounts	(307,747)
<i>Permanent differences</i>	
Discount unwind on shareholder loans	168,122
Sundry adjustments	5,543
<i>Temporary differences</i>	
Fair value on derivatives and investments	3,401
Accounting provisions (including rehab)	15,385
Foreign exchange adjustments	(283,514)
Fixed asset adjustments	(75,365)
AASB 16 lease adjustments	(7,105)
Other adjustments	(773)
Taxable income / (loss)	(482,053)
Income tax payable	-

Arrow Energy
Level 39, 111 Eagle Street
Brisbane QLD 4000 Australia
Telephone +61 7 3012 4000
www.arrowenergy.com.au

Disclaimer

While Arrow Energy Pty Ltd has endeavoured to ensure that all information provided in this publication is accurate and up to date at the time of publication, it takes no responsibility for any error or omission relating to this information. Furthermore, the information provided shall not constitute financial product advice pursuant to the Australian Financial Services Licence held by Arrow Energy Pty Ltd.'s related body corporate. To the maximum extent permitted by law, Arrow Energy Pty Ltd will not be liable for any cost, loss or damage (whether caused by negligence or otherwise) suffered by you through your use of this publication. © Arrow Energy Pty Ltd November 2023