



Tax Transparency Report

for the year ended 31 December 2023



About Arrow

Arrow Energy is safely, responsibly and reliably producing the natural gas needed for homes, businesses and industry as part of the clean energy transition.

As the world seeks more gas to support a cleaner future, Arrow is progressing the Surat Gas Project, a 27-year initiative to deliver essential energy to the east coast gas market of Australia and beyond.

We are also dedicated to building brighter futures in the communities where we operate. We are doing this by creating jobs, investing tens of millions annually in local road upgrades, and contributing around \$2 million each year to social initiatives.

As a 50:50 joint venture between two of the world's largest oil and gas companies – Shell and PetroChina, we are committed to protecting and enhancing the social and environmental values of the communities in which we live and work.

As a responsible corporate taxpayer, we voluntarily provide additional tax-related disclosures under the Board of Taxation's Voluntary Tax Transparency Code (TTC), meeting the requirements for a 'medium business'.



Our contribution

We believe that our contribution to the Australian community extends well beyond the tax-related information disclosed in this report.

Our employees live and work in two key regional economies – southern and central Queensland – and we are committed to making a positive impact in the communities where we operate. Whenever possible, we engage local contractors to provide services to Arrow, further supporting these regional economies.

In 2023, Arrow continued to deliver tangible benefits to our host communities through our Brighter Futures program, distributing over \$3.8 million to initiatives focused on community health, education and Indigenous support. Since the program's inception, Arrow has provided hundreds of thousands of dollars in community grants and small-scale investments, supporting local schools, charities, associations and clubs.

In addition to our community programs, we continue to contribute to the economy and the broader community through the payment of various taxes and royalties to Australian governments. Arrow also remits GST and Pay As You Go Withholding to the Australian Taxation Office, further supporting the nation's economic infrastructure.

Direct payments made to Australian governments	2023 \$'000
Payroll tax	7,083
Land tax	599
Royalties	62,408
Transfer duty	0
Fringe benefits tax	838
Total	70,928

Tax transparency

Arrow is an independent, incorporated joint venture between Shell and PetroChina. Along with its wholly owned Australian subsidiaries, Arrow is consolidated for both accounting and income tax purposes. This means that these entities are treated as a single entity for income tax, allowing deferred tax assets and liabilities to be offset within the consolidated financial statements.

Due to substantial investments in exploration and development, Arrow has incurred significant tax losses. The nature of our business requires repeated, large capital expenditures before generating any income from gas wells. These tax losses are carried forward and can be used to offset future taxable income, as long as the tax loss carry-forward rules under Australian taxation law are met.

For the year ending 31 December 2023, Arrow had an effective tax rate of nil. The company recognises a portion of its carry-forward tax losses as deferred tax assets, which exceed its deferred tax liabilities.

Reconciliation of accounting profit/(loss) to income tax expense	2023 \$'000
Accounting profit per statutory accounts	29,213
Tax at the Australian tax rate of 30%	8,764
Discount unwind on shareholder loans	46,036
Prior year and other sundry adjustments	(46,432)
De-recognition of deferred tax assets	-
Deferred tax expense arising from reversal of a previous write-down of a deferred tax asset	(8,368)
Income tax expense / (benefit)	(0)



Income tax

Arrow did not pay income tax for the year ending 31 December 2023 due to incurring a tax loss. The table below provides a reconciliation between the accounting profit and the tax loss.

Reconciliation of accounting profit/(loss) to income tax payable	2023 \$'000
Accounting profit per statutory accounts	29,213
<i>Permanent differences</i>	
Discount unwind on shareholder loans	153,452
Sundry adjustments	1,156
<i>Temporary differences</i>	
Fair value on derivatives and investments	(21,291)
Accounting provisions (including rehabilitation)	(64,901)
Foreign exchange adjustments	(22,098)
Fixed asset adjustments	(140,434)
AASB 16 lease adjustments	(14,631)
Other adjustments	(1,978)
Taxable income / (loss)	(81,512)



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