



TAX TRANSPARENCY REPORT

for the year ended 31 December 2021

➤ About Arrow

Our company, Arrow Energy Holdings Pty Ltd (Arrow), is a coal seam gas (CSG) company which develops gas fields, produces and sells CSG and generates electricity. Our vision is to be the most competitive and respected developer of unconventional gas value chains in Australia.

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. In April 2020, Arrow sanctioned the start of 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 elected to provide additional tax-related disclosures by adopting the Board of Taxation's Voluntary Tax Transparency Code (TTC). In this respect, Arrow seeks to disclose 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. Where possible, we also engage local contractors who provide Arrow with services.

In addition, 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	2021 \$'000
Payroll tax	4,948
Land tax	415
Royalties	14,924
Transfer Duty	0
Fringe benefits tax	763
Total	21,051



➤ 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 months and even years ahead of producing income from any gas well. Tax losses are carried forward and can be used to offset future taxable income, provided the 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 2021. 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	2021 \$'000
Accounting loss per statutory accounts	(1,050,736)
Tax at the Australian tax rate of 30%	(315,221)
Discount unwind on shareholder loans	58,497
Prior year and other sundry adjustments	36,413
De-recognition of deferred tax assets	
Deferred tax expense arising from reversal of a previous write-down of a deferred tax asset	220,311
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 2021. 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	2021 \$'000
Accounting loss per statutory accounts	(1,050,736)
<i>Permanent differences</i>	
Discount unwind on shareholder loans	194,989
Sundry adjustments	1,201
<i>Temporary differences</i>	
Fair value on derivatives and investments	34,903
Accounting provisions (including rehab)	26,593
Foreign exchange adjustments	205,158
Fixed asset adjustments	433,328
AASB 16 lease adjustments	(21,716)
Other adjustments	(26,405)
Taxable income / (loss)	(202,687)
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 December 2021