Tax Transparency Report

for the year ended 31 December 2024

arrow energy

About Arrow

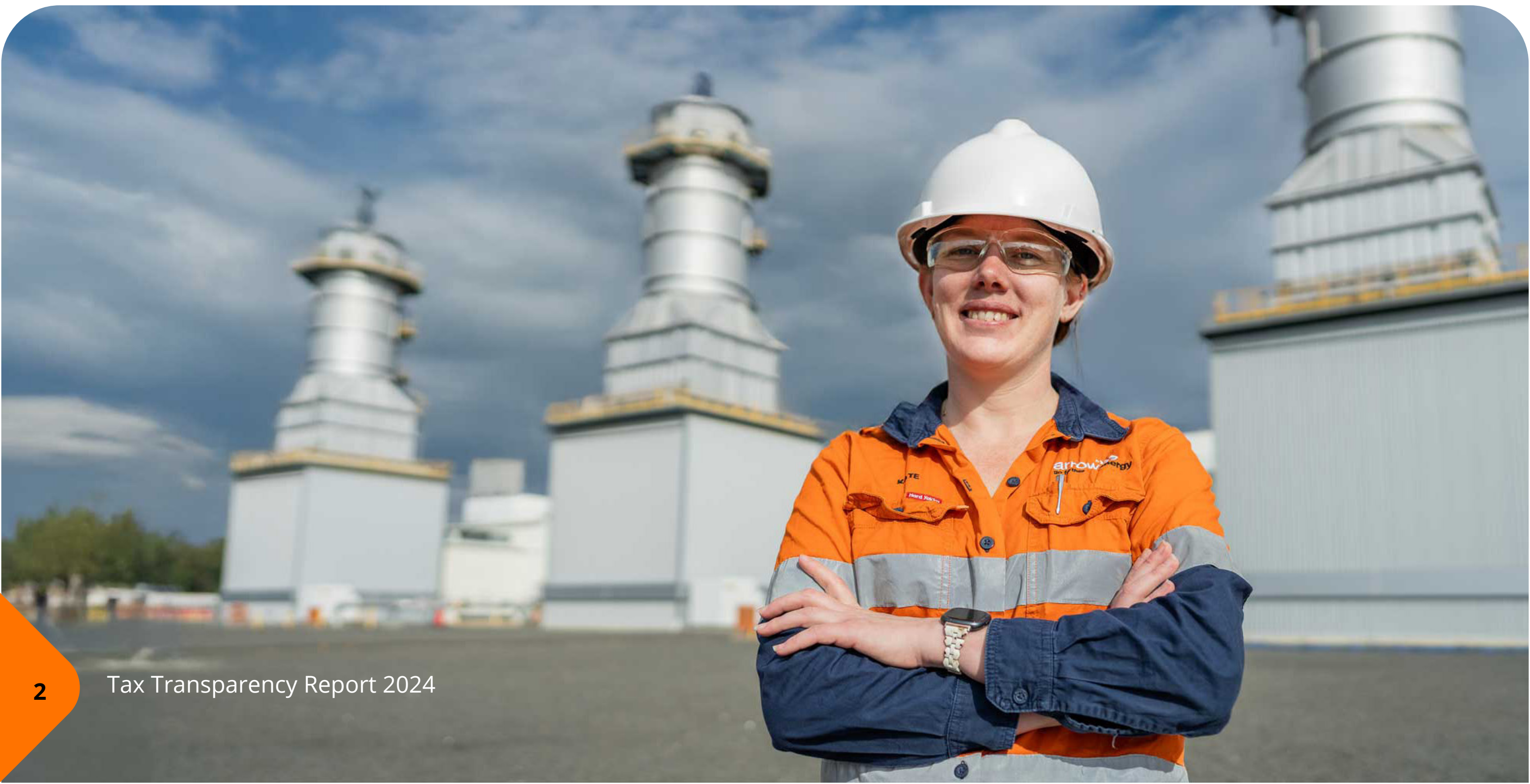
Arrow Energy is a Queensland-based natural gas producer committed to safely and reliably powering homes, businesses, and industries. We develop gas fields, produce and sell gas, and generate electricity which contributes to the National Energy Market.

To help meet growing demand for energy, we are advancing the Surat Gas Project—a 27-year development in Queensland's Surat Basin. Once fully operational, the project is expected to produce up to 700 terajoules (TJ) of gas per day, which is enough energy to power the equivalent of more than four million homes.

Arrow has been operating safely and responsibly for more than 20 years in the Surat and Bowen Basins. We work in partnership with hundreds of farming families and landholders on productive agricultural land, supporting coexistence between the farming and gas industries.

Combining global expertise with a strong local focus, Arrow is a 50:50 joint venture between Shell and PetroChina. Our mission is to deliver more gas to create shared value and drive the energy transition. Arrow's vision is to be Australia's most competitive and respected developer of unconventional gas value chains—guided by our values: Respect, Lead, Own, Solve, Integrate.

As a responsible corporate taxpayer, we uphold high standards through our Code of Conduct and voluntarily disclose additional tax-related information under the Board of Taxation's Voluntary Tax Transparency Code (TTC), meeting the requirements for a large business.



Our contribution

Arrow Energy's contribution to Australia extends beyond the scope of tax disclosures. We make a significant contribution to communities where we work through job creation, road upgrades, local content spend, and investment in social and community initiatives.

Arrow has more than 450 employees and contractors in Queensland, with one third based in Queensland's Western Downs. Since 2020, Arrow has invested around $65 million to upgrade more than 20 kilometres of local roads, delivering benefits to safety and conditions for all road users.

In 2024, Arrow spent $47 million dollars in the Western Downs and Toowoomba regional council areas, with close to 300 local businesses benefiting from our spend on local goods and services.

Arrow also invests more than $1.5 million annually into social and community initiatives to promote improved health, education, social, and Indigenous outcomes. This includes Arrow's flagship partnership with Heart of Australia, now in its second decade, which has helped save more than 850 lives in regional Queensland since 2014.

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 and public services.

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. This means these entities are treated as a single entity for income tax purposes, allowing deferred tax assets and liabilities to be offset in the consolidated financial statements.

Due to the capital-intensive nature of our operations, Arrow has incurred substantial tax losses. Our business model requires significant and ongoing investment in exploration and development activities before any revenue is generated from gas production. These tax losses are carried forward and may be used to offset future taxable income, subject to compliance with the tax loss carry-forward provisions under Australian tax law.

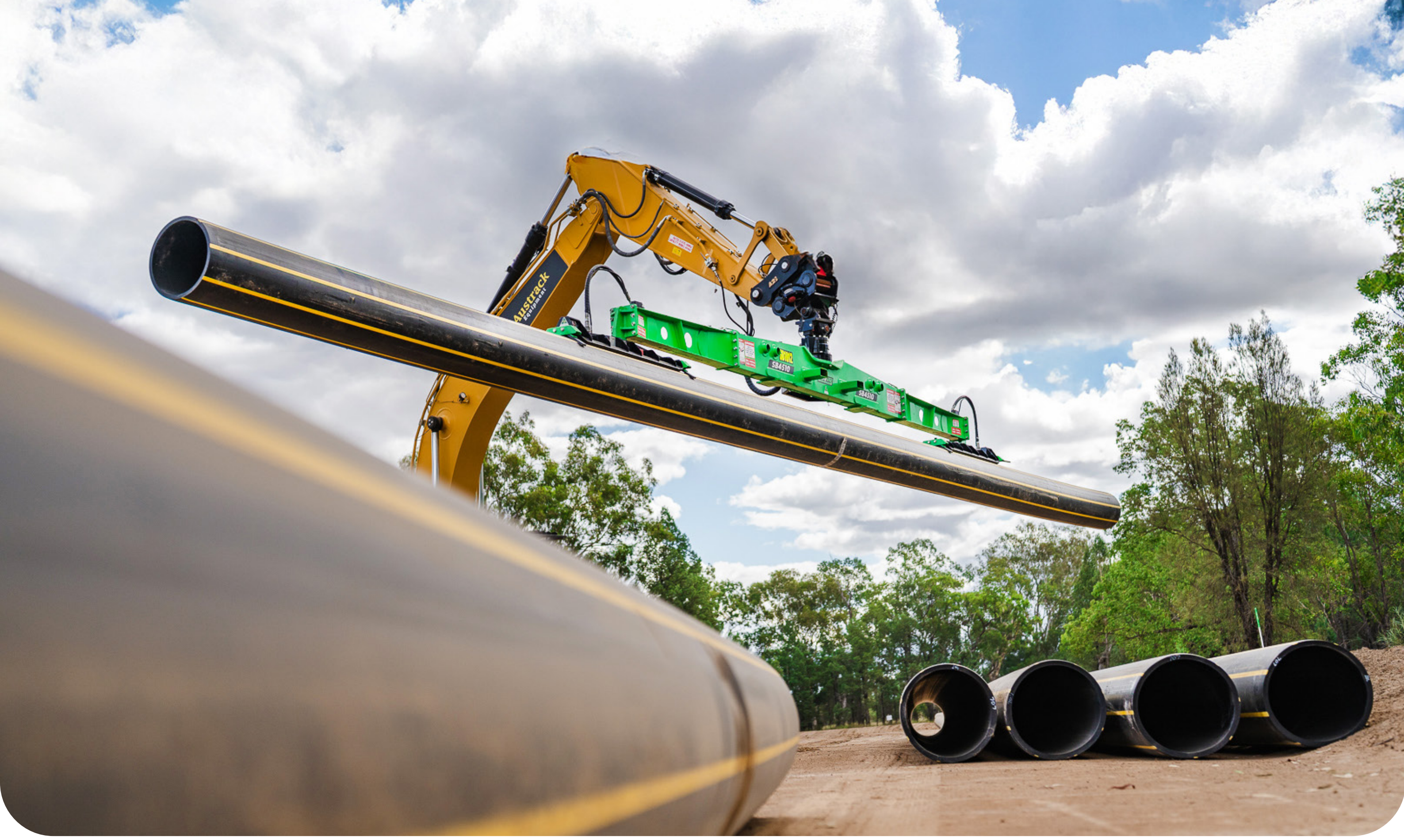
For the calendar year ending 31 December 2024, Arrow's effective tax rate was nil. The company has recognised a portion of its carry-forward losses as deferred tax assets, which exceed its deferred tax liabilities.

As part of our commitment to transparency and responsible tax practices, Arrow voluntarily publishes an annual Tax Transparency Report. This report provides insights into our approach to tax governance and risk management, and discloses the taxes paid by Arrow, in line with stakeholder expectations.

Direct Tax Payments

Direct payments made to all Australian Government agencies are outlined in the table below:

Direct payments made to all Australian Government		2024 $'000	2023 $'000
QLD Gov't	Payroll tax	5,126	7,083
	Land tax	867	599
	Royalties	68,190	62,408
	Transfer Duty	-	-
Federal Gov't	Fringe benefits tax	821	838
	Good & Services tax (GST) Payable / (refund)	36,915	(499)
	Income Tax	-	-
	Total	**111,919**	**70,429**



Income tax

As the group recorded a tax loss for the calendar year ending 31 December 2024, Arrow did not incur an income tax liability for the period. This outcome reflects the capital-intensive nature of Arrow's operations and the timing of revenue generation relative to investment.

The reconciliation between accounting profit and taxable income is presented in the table below, providing transparency into the adjustments made in accordance with Australian taxation law and accounting standards.

Reconciliation of accounting profit/(loss) to Income Tax Expense	2024 $'000	2023 $'000
Accounting profit/(loss) per statutory accounts	**(514,681)**	**29,213**
Tax expense/(benefit) at the Australian tax rate of 30%	**(154,404)**	**8,764**
Discount unwind on shareholder loans	56,530	46,036
Prior year and other sundry adjustments	97,906	(46,432)
De-recognition of deferred tax assets	-	-
Deferred tax expense arising from reversal of a previous write-down of a deferred tax asset	(518,726)	(8,368)
Income tax expense / (benefit)	**(518,694)**	**(0)**

Reconciliation of accounting profit/(loss) to Income Tax Expense	2024 $'000	2023 $'000
Accounting profit per statutory accounts	**(514,681)**	**29,213**
Permanent differences		
Discount unwind on shareholder loans	188,436	153,452
Impairment expenses	415,080	-
Sundry adjustments	415,696	1,156
Temporary differences		
Fair value on derivatives and investments	15,888	(21,291)
Accounting provisions (including rehab)	(2,320)	(64,901)
Foreign exchange adjustments	(54,599)	(22,098)
Fixed asset adjustments	(161,320)	(140,434)
AASB 16 lease adjustments	(535)	(14,631)
Other adjustments	(670,791)	(1,978)
Taxable income / (loss)	**(369,145)**	**(81,512)**
Income Tax Payable	**-**	**-**

Tax Policy, Strategy and Governance

Arrow is firmly committed to strong corporate tax governance and recognises its responsibilities as an Australian corporate taxpayer. We are dedicated to meeting the expectations of both the Australian Taxation Office (ATO) and the broader community by ensuring full compliance with applicable tax laws and maintaining a transparent approach to its tax affairs.

Arrow actively seeks to establish and uphold 'Justified Trust' with the ATO by demonstrating that its tax outcomes are supported by robust governance, accurate reporting, and sound risk management. To support this, Arrow has implemented a comprehensive Tax Corporate Governance Framework designed to ensure a low level of tax risk across its operations.

This framework includes:

- Clearly defined roles and responsibilities for tax compliance
- Regular internal reviews and controls over tax reporting
- Engagement with external advisors where appropriate
- Ongoing monitoring of legislative changes and regulatory expectations

Arrow's approach reflects its commitment to integrity, transparency, and accountability in all tax matters.

International related party dealings

Arrow did not have any material international related party dealings during the year.

Tax Transparency & Compliance Attestation Statement

Arrow Energy affirms its commitment to transparency and responsible tax governance. This report has been prepared in accordance with the Voluntary Tax Transparency Code (**TTC**) as published by the Board of Taxation. It outlines our approach to tax governance, risk management, and compliance, including a reconciliation of accounting profit to income tax expense and income tax paid.

We further attest that Arrow Energy is in full compliance with all applicable Australian tax laws and regulations. All required tax filings have been submitted accurately and in a timely manner. Robust internal controls are in place to ensure ongoing compliance, and these controls are regularly reviewed for effectiveness.

This attestation reflects our dedication to ethical tax practices and transparency in our dealings with stakeholders and tax authorities.

William Pegg

01 October 2025

William Pegg
Public Officer, Chief Financial Officer
and Chair, Business Assurance Committee (**BAC**)

Date

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

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