2024 TAX CONTRIBUTION AND TRANSPARENCY REPORT

Year ended 30 June 2024

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to present the 2024 Tax Contribution and Transparency Report for Australia Pacific LNG Pty Limited (APLNG) detailing the taxes paid in the 2024 financial year. Our disclosure in this report aligns with the recommendations of the Board of Taxation's voluntary Tax Transparency Code.

While this report covers the financial year ended 30 June 2024, preliminary information for the 2025 financial year has also been provided. The Tax Contribution and Transparency Report for the 2025 financial year will be released in due course.

In a key milestone, APLNG transitioned to a tax-paying position in the 2024 financial year, having fully utilised carry-forward tax losses. For the 2025 financial year, APLNG will be fully tax paying, further enhancing our contribution to government revenues and the broader Australian economy.

Since the first LNG shipment in 2016 through to 30 June 2025, APLNG has paid 5.2 billion AUD in income tax, royalties, stamp duties and QLeave contributions. During the 2024 and 2025 financial years, APLNG paid a total of 968 million AUD in 2024 and expects to pay 1.9 billion AUD for 2025 in taxes and royalties.

Through the development and operation of our facilities we are proud of the significant economic value created for the communities where we operate and the broader Australian community. Our operations contribute to Australia's economic growth through local employment, the procurement of local goods and services, and ongoing infrastructure investments.

Gordon McGuire
Chief Financial Officer

WHO WE ARE

APLNG is an incorporated joint venture in which ConocoPhillips Australia Pacific LNG Pty Ltd 47.5% (ConocoPhillips), Origin Energy Limited 27.5% (Origin Energy), and Sinopec Australia Pacific LNG Pty Ltd 25% (SAPLNG) hold interests.

APLNG is one of the largest producers of natural gas in eastern Australia, supplying gas to the international LNG market and to the Australian east coast gas market. APLNG supplies gas directly to industrial customers in Queensland and sells to retailers that supply the domestic east coast gas market.

APLNG's activities include:

- ongoing operations, maintenance and further development of gas fields in the Surat and Bowen Basins in southwestern and central Queensland.
- operation and maintenance of the 530 km high pressure gas pipeline from the gas fields to the LNG facility on Curtis Island; and
- operation and maintenance of the LNG facility which has two trains with a combined design nameplate processing capacity of approximately 9.0 million tonnes per annum (Mtpa).

HOW WE REPORT

At APLNG, our corporate reporting is comprised of our Annual Report for the consolidated entity and three subsidiary companies of Australia Pacific LNG Pty Limited:

- Annual Report for Australia Pacific LNG Pty Limited
- Annual Report for Australia Pacific LNG Holdings Pty Limited
- Annual Report for Australia Pacific LNG Processing Pty Limited
- Annual Report for Australia Pacific LNG (Shared Facilities) Pty Limited

Our 2024 reports are lodged with ASIC.

This year is the seventh edition of our Tax Contribution Report and eighth edition of our Tax Transparency Report. The 2022 year was the first year that these reports were combined.

DISTRIBUTION OF ECONOMIC VALUE

The operation of APLNG's business benefits local, regional and national communities through:

- Procurement of goods and services from local suppliers;
- Creation of employment opportunities;
- Investment in community initiatives and local infrastructure;
- Wages to our employees and payments to contractors; and
- Payment of income tax, royalties and rates to federal and state governments.

APLNG'S TAX POLICY AND RISK MANAGEMENT FRAMEWORK

APLNG complies with all applicable tax laws and regulations and seeks to mitigate tax risks associated with our activities consistent with the Australian Taxation Office's (ATO) Risk Management and Governance Review Guide.

The management of tax risk is an important component of APLNG's compliance approach managed via a risk management framework. The Board reviews the APLNG material risk profile, including changes to material risks and their ratings on a biannual basis.

The APLNG Board does not support activities which seek to aggressively structure the company's tax position. Tax effect accounting results, significant legislative change or court decisions affecting tax affairs and uncertain tax positions must be reported to the Board at a minimum during each half year reporting period. These matters are also included in monthly finance reports provided to APLNG Management and at each Board meeting.

APLNG's tax obligations are managed by Origin Energy in their capacity as corporate service provider to APLNG. In doing so, Origin Energy's approach focuses on the identification and assessment of tax risks, and tax related responsibilities and accountabilities across the business. Origin Energy's tax function reviews any new or non-recurring APLNG transactions above a determined threshold, any transaction that has a material non-financial impact, any transactions that impact the APLNG group's equity and any change in processes involving financial transactions.

For major transactions where tax implications will have a material financial impact on the company, we seek to obtain binding rulings from revenue authorities. If we rely on public rulings, transactions must comply with the conditions of these rulings, so that APLNG is assured of the appropriate tax treatment. Where we hold a joint venture interest, the company's representation on joint venture boards and operating committees help to align the joint venture entity with our position.

THE AUSTRALIAN TAX CONSOLIDATED GROUP

APLNG and its subsidiaries are all Australian tax residents and only have operations in Australia. APLNG lodges a single Australian tax return which consolidates the wholly owned subsidiaries.

APLNG changed its functional currency from Australian Dollars (AUD) to United States Dollars (USD) from 1 July 2016 as required under accounting standards. Also, with effect from the same date APLNG elected to change its functional currency from AUD to USD for income tax purposes.

As a result of the change in functional currency for accounting purposes, APLNG elected to present the APLNG group's financial statements in USD presentation currency from 1 July 2016. Although APLNG's presentation currency in its financial accounts is USD, the company is required to disclose amounts in Australian tax returns in AUD and has done so using the ATO's published average foreign exchange rate for the year ended 30 June 2024. This exchange rate is also used in the reconciliation of accounting profit to income tax expense (page 7) for the year ended 30 June 2024 and comparative figures for the prior income year.

APLNG'S ENGAGEMENT WITH THE AUSTRALIAN TAX OFFICE

As a company that has been classified by the ATO as a Top 100 public and multinational taxpayer, APLNG plays a prominent role in the Australian tax system. APLNG proactively engages with the ATO and state revenue authorities on a regular basis to maintain compliance.

Under the Action Differentiation Framework[1], the ATO's engagement is to partner with APLNG, meaning that the ATO has confidence in APLNG's tax compliance and ongoing commitment to maintaining an open and transparent relationship with the ATO.

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[1] The Action Differentiation Framework (ADF) is the ATO's strategic approach to engaging with public and multinational businesses. For further information on ADF, please refer to the ATO's website, https://www.ato.gov.au/Business/Large-business/Action-Differentiation-Framework/

The ATO has issued APLNG with an overall high level of assurance for income tax in respect of the 2018 to 2023 financial years under its justified trust initiative. The ATO review for the 2024 financial year is currently in progress. The justified trust initiative involves a comprehensive review of a taxpayer by the ATO with objective evidence that would lead a reasonable person to conclude the taxpayer paid the right amount of tax. This is a higher level of assurance than confirming that certain risks do not arise. [2]

Tax Transparency Reporting

The ATO's report on tax entity information for the 2024 income year will include details of tax paid as compared to revenue. This report does not disclose what is invested to earn that income nor the expenses incurred to derive the revenue.

Although the ATO report has not yet been released, it is expected to include the following information with respect to APLNG for the year ended 30 June 2024:

- Total income of AUD 10,129,628,977;
- Taxable income of AUD 1,875,367,925; and
- Income tax payable of AUD 551,569,080.

The above taxable income figure is APLNG's taxable income after the utilisation of tax losses carried forward from prior income years.

APLNG's 2024 financial year accounting profit before income tax was AUD4,990,669,030 and taxable income before the utilisation of tax losses carried forward from prior years was AUD4,586,854,608. The most significant reason for the variance between these amounts relates to timing in the depreciation of capital assets as illustrated in Table 1 below. Generally, tax depreciation is more concessional than accounting depreciation, providing higher deductions in the earlier years of an asset's life. Another reason for the variance relates to a foreign exchange (FX) loss deduction associated with project finance debt repayments.

Table 1: Income Tax Return's total income to income tax payable

	MILLION AUD
Total income	10,130
Less accounting expenses	(5,139)
Accounting profit before tax	4,991
Tax adjustments:	
Tax depreciation and other capital allowance deductions	(215)
Project Finance - FX loss deduction	(88)
Other adjustments	(100)
Taxable income (prior to the application of tax losses)	4,587
Less accumulated prior year tax losses	(2,711)
Taxable income (post the application of tax losses)	1,875
Gross tax payable at 30%	563
Less offsets	(11)
Income tax payable	552

[2] For further information on justified trust, please refer to the ATO's website, http//www.ato.gov.au/business/large-business/justified-trust/

ATO Guidance Information

The ATO has also published guidance to assist in interpreting the tax entity information that it will publish.[3] This should be referred to in detail. However, the following extracts are particularly relevant to APLNG in relation to the year ended 30 June 2024:

Reporting of entity tax information

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Factors affecting the data

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Economic factors affecting profit or loss

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Several factors can affect the economic performance of sectors of the economy at various points in the economic cycle. For example, these could be commodity prices, policy changes and impacts of financial or health crises (such as COVID-19).

Some sectors of the economy can face challenging times whilst corporations in other sectors will see increases in revenue and profit. These broader economic factors will change the tax profile of a corporation and impact on the amount of tax paid.

Corporate income tax is payable on profits, not gross income or revenue. There are genuine reasons why corporations may not pay income tax, for example, due to operating losses, deducting losses from prior years, or expensing projects in a start-up phase.

Reasons for variations

The figures in the Report of entity tax information in themselves do not indicate if an entity is paying a high or low rate of tax. The tax system provides for a range of deductions and offsets affecting final tax payable figures.

Measuring a company's effective tax rate (how much tax they pay as a percentage of profits) requires more information than what's in the report.

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Variations can come from the use of tax losses. Tax losses can generally be carried forward and offset against taxable income in future income years. Losses carried forward are subject to integrity rules that restrict the use of those losses where there is a substantial change in company ownership (the continuity of ownership test) and the type of activity undertaken by the business (the same business test or the similar business test). Losses generated by one member of a tax consolidated group can generally be used against profits earned by other members of the same group.

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Comparisons with other sources

The figures in the Report of entity tax information are not easily compared or reconciled with aggregated figures reported in our annual report, or figures from reports lodged with the Australian Securities & Investments Commission (ASIC) and the Australian Securities Exchange (ASX).

[3] Please refer to the ATO website: http://www.ato.gov.au/Business/Large-business/Corporate-Tax-Transparency/Report-of-entity-tax-information/

APLNG'S EFFECTIVE TAX RATE

The APLNG group's effective income tax rate for the 30 June 2024 tax year on the statutory accounting profit was 30 per cent. For the 30 June 2023 tax year, the effective tax rate was also 30 per cent.

TAXES PAID BY APLNG

Table 2 below provides an overview of the main taxes APLNG paid to the ATO and the Queensland Revenue Office.

Table 2: Taxes paid

	2025 MILLION AUD	2024 MILLION AUD	2023 MILLION AUD
Income tax	1,189	208	Nil
Government royalties	728	760	930
Total	1,917	968	930

The tax liability pertaining to a financial year is generally paid over two financial years, being a prepayment by way of tax instalments throughout the current financial year and beginning of the following financial year, and a balancing payment upon lodgement of the income tax return in the following financial year.

The income tax payments of 208 million AUD for 2024 are comprised of tax instalments prepaid in respect of the 2024 income tax return. The remaining balance of the tax payable for the 2024 income tax return was not required to be paid until FY25 and is included in the 2025 income tax payments.

The income tax payments for 2025 in the table above are comprised of the following:

- tax instalment of 65 million AUD in respect of the 2024 income year;
- a balancing tax payment of 279 million AUD in respect of the 2024 income year; and
- tax instalments of 845 million AUD in respect of the 2025 income year.

INTERNATIONAL - RELATED PARTY DEALINGS

All of the APLNG group's cross border related party dealings are conducted on an arm's length basis and are supported by contemporaneous documentation. These dealings can be classified into the following key categories:

THREE KEY CATEGORIES	
1	Sale of LNG to a Hong Kong subsidiary of the Chinese parent of SAPLNG pursuant to a long-term LNG sales agreement;
2	Loans from China state owned commercial banks as part of a syndicated facility agreement including other unrelated lenders; and
3	Insurance obtained by the APLNG group from a US captive insurer which is a subsidiary company of the US parent of ConocoPhillips, and from a Singapore captive insurer which is a subsidiary of Origin Energy.

RECONCILIATION OF ACCOUNTING PROFIT TO TAX EXPENSE

This section provides details of the APLNG group accounting profit before tax to income tax expense.

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

	2024 MILLION AUD	2023[4] MILLION AUD
Reconciliation between tax expense and pre-tax net (Loss)/Profit		
(Loss)/Profit from continuing operations before income tax	4,991	6,312
	4,991	**6,312**
Income tax using the domestic corporation tax rate of 30 per cent	**1,497**	**1,894**
Increase/(decrease) in income tax expense due to:		
Research and Development concession		3
Total non-temporary income tax expense adjustments		**3**
Total Income Tax Expense/(Benefit)	**1,497**	**1,897**
Accounting effective company tax rate (statutory profit)	30%	30%

[4] The figures disclosed for the year ended 30 June 2023 have been restated using the foreign exchange rate for the year ended 30 June 2024.

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