

ASX Announcement

Friday, 25 November 2011

ANNUAL INVESTOR UPDATE

In recent years Woodside has provided investors with an update each November on its key activities. This report provides targets for production and investment expenditure and includes an update on Woodside's projects and activities.

Production and investment expenditure outlook

(All amounts are in US dollars unless otherwise stated)

- **2011 full year production target narrowed** to 63 to 64 MMboe and raised towards the higher end of the previously advised range of 62 to 64 MMboe.
- **2012 full year production target of 73 to 81 MMboe.** This is comprised of a range of 56 to 60 MMboe for the underlying business (excluding Pluto) and 17 to 21 MMboe for Pluto Train 1.
- **2011 investment expenditure** of approximately \$4.2 billion, unchanged from the previous guidance in the 2011 Half-Year Results Briefing.
- **2012 investment expenditure** is expected to be approximately \$2.3 billion, 45% lower than 2011 largely due to the completion of the Pluto LNG Foundation Project in 2012.
- **Robust balance sheet** to fund growth with \$2.0 billion in cash and undrawn debt facilities as at 31 October 2011.

Project and activities update

- **Pluto LNG Foundation Project** – commissioning milestones are being achieved. First LNG cargo targeted for March 2012.
- **Pluto Expansion** – drilling in our exploration permits is on going. Discussions with other resource owners continue.
- **Browse** – draft Environmental Impact Statement and further invitations to tender were issued. The 2011 3D seismic survey over Torosa was completed and data analysis is underway.
- **Sunrise** – re-engaging with government stakeholders.
- **North West Shelf Oil Redevelopment Project** – successfully replaced critical subsea infrastructure and commenced production to the Okha floating production storage and offloading facility in September.
- **North Rankin Redevelopment Project** – achieving key milestones.
- **Australia Oil** – positive results were achieved with an oil discovery at Opel-1 and successful appraisals at Opel-2 and Laverda East-1. Additional work is required to support a potential Laverda oil development.

New Opportunities:

- Seven new permits in offshore Western Australia were awarded to Woodside in November (three in the Rowley sub-basin, two in the Lambert Shelf, two in the Exmouth sub-basin). Permit commitments include the acquisition of seismic in 2012 to 2013 as well as eight exploration wells over the period 2013 to 2014.

Corporate Activities:

- A centralised Corporate Planning and Strategy group is now in place.
- A review of organisational effectiveness and capability is underway.

Production Outlook

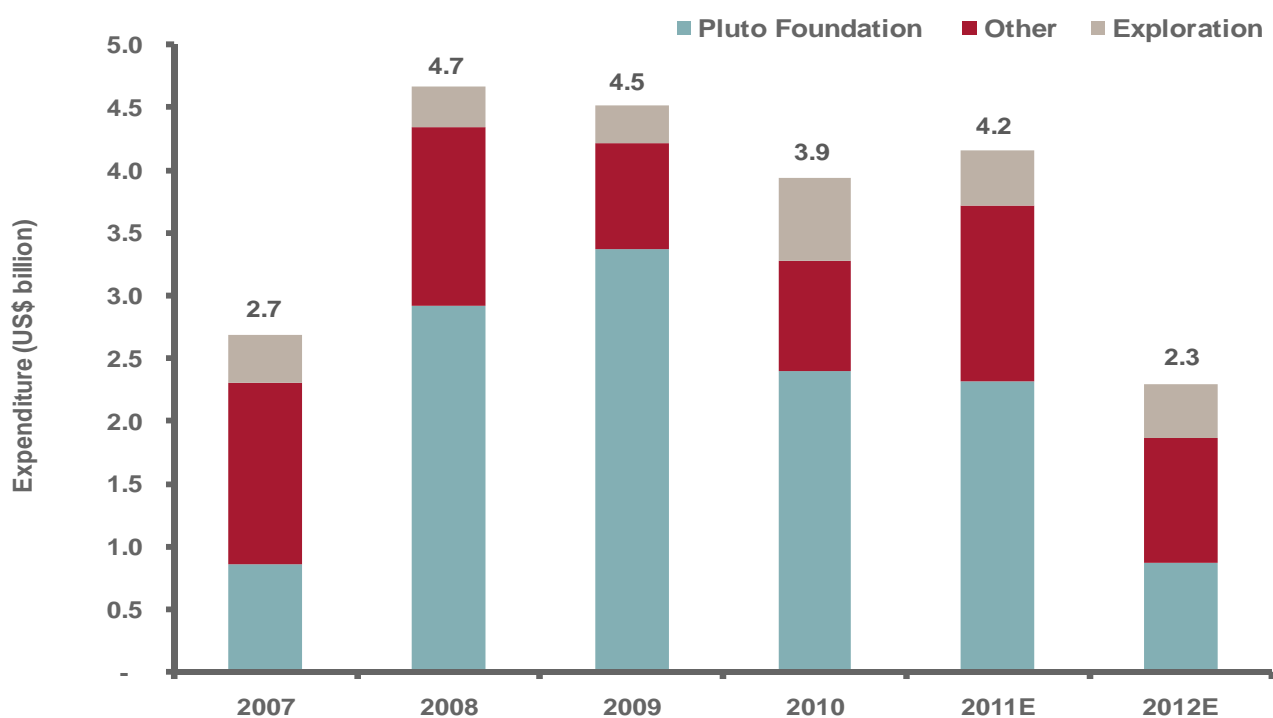
Woodside's underlying production target for 2012 (excluding Pluto) is anticipated to range from 56 to 60 MMboe. Additional production from Pluto in 2012 is expected to be in the range of 17 to 21 MMboe (Woodside share). The range allows for variations in ramp-up performance with the first LNG cargo from Pluto targeted for March 2012.

The combined production range is 73 to 81 MMboe (Woodside share).

Investment Expenditure Outlook

Woodside's total estimated investment expenditure (exploration and capital) for 2011 remains unchanged from previous guidance at \$4.2 billion.

Woodside's total investment expenditure in 2012 is expected to be approximately \$2.3 billion. This is 45% lower than the current 2011 budget of \$4.2 billion.



Notes:

- 1) 2007-2009 data has been converted from AUD to USD at the average annual AUD/USD exchange rate.
- 2) Chart includes capital and all exploration expenditure less capitalised interest.
- 3) 2011 and 2012 figures include the estimated cost of arrangements with customers for Pluto cargo mitigation. These amounts will be recognised in the income statement for 2011 and 2012.

The chart reflects a reduced expenditure at Pluto in 2012 as the commissioning process draws to a close and LNG production commences.

Exploration expenditure for 2012 is anticipated to be at similar levels to that of 2011. Approximately 54% is planned to be spent on exploration drilling, around 23% on seismic acquisition and processing with the remaining amount allocated to general permit activity.

As at end October 2011, Woodside held \$2.0 billion in cash and undrawn debt facilities and is well positioned to fund our growth plans.

Development Activities

Pluto LNG

Pluto LNG Foundation Project

OFFSHORE COMMISSIONING	TARGET DATE	STATUS
Pluto A offshore platform - ready for start-up achieved and subsea gas wells opened	November 2011	✓
ONSHORE COMMISSIONING	TARGET DATE	STATUS
Site utilities ready for start-up	Q3 2011	✓
Main flare operational	October 2011	✓
Propane refrigerant turbine solo run	November 2011	✓
Arrival of commissioning cargo	December 2011	Loaded and en route
Mixed refrigerant turbine solo run	December 2011	
Liquefaction train start-up	Q1 2012	
First LNG cargo	March 2012	

Offshore

At the Pluto A platform, ready for start-up of subsea gas wells was achieved in November. Gas from the Pluto reservoir is now flowing through the platform into the trunkline where it will be held until the onshore plant is ready to receive it.

Onshore

During Q3 various utility systems including gas turbine power generators, Monoethylene Glycol (an antifreeze agent) system and the effluent treatment unit all reached RFSU status following completion of their commissioning.

The main flare tower was commissioned in October. Pluto is currently drawing gas from the Dampier-Bunbury pipeline to power up the gas turbine generators and any overflow or waste gas is being flared. The flare is needed to support commissioning of the large gas processing units.

The Propane refrigerant turbine, a key component of the LNG cooling system, successfully completed its solo run in November.

The commissioning LNG cargo has been loaded and is on schedule to arrive in December. The cargo will be used to cool down the LNG tanks and LNG transfer lines in preparation for the commencement of LNG processing.

Staged demobilisation of the workforce continues as various construction and commissioning teams successfully complete their tasks.

Pluto Expansion

A deep water exploration well in the Exmouth Plateau area, Cadwallon-1 (WA-434-P), was spudded in October and reached a total depth of approximately 4,460m*. The well intersected a gross hydrocarbon column of 27m, which initial evaluation indicates is sub-commercial.

A further five exploration wells are planned to be spudded over the period during Q4 2011 to mid-2012 as Woodside seeks additional equity gas to support a Pluto LNG expansion.

Discussions continue with other resource owners regarding development of additional trains at Pluto.

* Measured well depth relative to rotary table

Browse LNG

Invitations to tender for the construction of the onshore LNG and condensate production plant, port and export facilities and associated infrastructure have been issued to the two competing front-end engineering and design contractors. This follows the invitations to tender issued in September for the construction and installation of the Browse Central Processing Facility (topsides and jackets), dry tree units and subsea pipelines.

Front-end engineering and design studies are nearing completion; and the geotechnical and environmental studies at the WA Government's Browse LNG Precinct are providing valuable data to support the design of the onshore LNG facilities and associated infrastructure.

The 2011 3D seismic survey over the Torosa field was completed in early November. Data is now being analysed and will assist in providing further definition of Torosa volumes.

This month the Development reached a key milestone with the release for public review of the Draft Environmental Impact Statement for the upstream component of the development.

The Strategic Assessment Report for the WA Government's Browse LNG Precinct, which will host our onshore production facilities, has been referred to the WA Office of the Environmental Protection Authority for assessment. Woodside is now preparing its derived approval documentation for submission to the Authority.

Woodside is in active discussions with a number of tier one LNG buyers, and, as appropriate will update the market on sales progress through 2012.

Sunrise LNG

All parties involved with Greater Sunrise, including both governments and the Sunrise Joint Venture, are aligned in their desire to see this resource developed.

Woodside is committed to finding a mutually acceptable solution to the current impasse. Woodside looks forward to continuing productive dialogue with the Timor-Leste and Australian governments.

North West Shelf

Strong production performance continues.

North Rankin Redevelopment Project

Overall progress on the A\$5 billion (100% project) North Rankin Redevelopment Project, which will recover low pressure gas from the North Rankin and Perseus gas fields, remains on schedule and budget for completion in 2013.

In September the North Rankin B (NRB) jacket was launched and positioned 100 metres from the existing North Rankin A (NRA) platform. Piling activity to secure the jacket to the seabed is ongoing. In Indonesia, load-out of the NRA-NRB bridges is complete. In Korea, commissioning continues and the NRB topsides have been raised in preparation for load-out.

North West Shelf Oil Redevelopment Project

The A\$1.8 billion (100% project) North West Shelf Oil Redevelopment Project includes replacement of critical subsea infrastructure and the conversion of the Okha facility into a floating production storage and offloading (FPSO) facility, which replaced the Cossack Pioneer FPSO.

Production into the Okha FPSO facility commenced on 24 September 2011. In field commissioning of systems will continue with the objective of achieving steady state production by year end.

Greater Western Flank

The first phase of the Greater Western Flank gas development is on track with a final investment decision targeted for early 2012.

The Greater Western Flank is the next major development for the North West Shelf and will continue to maximise the value of Australia's largest resource project.

Exploration

The Seraph-1 well successfully acquired data through the Angel gas field whilst drilling towards a total depth of 4,892m*. Seraph-1 encountered two additional thin gas columns within secondary objectives and a 26m gross gas column within the primary objective North Rankin Beds Formation. Reservoir quality was poorer than predicted and as a result commerciality for the discovery is yet to be determined.

Tidepole East-1 commenced drilling in the middle of November and targets gas approximately 13 kilometres south-southwest of the Goodwyn A platform.

Australia Business Oil

Current production from the oil assets is in line with production plans and forecasts.

Results of recent exploration and appraisal activities in the Greater Laverda area provide support for a potential Laverda growth option. Opel-1 discovered oil in a separate fault block on the western flank of Laverda while Opel-2 sidetracked into the Laverda field, successfully appraising the oil accumulation. In addition, the Laverda East-1 appraisal well successfully intersected oil in one of its two target zones.

Additional work is required to support a potential Laverda oil development. The Norton-1 well is planned for 2012 to further appraise the Greater Laverda area.

International

Gulf of Mexico

Preparations are underway for further development at Neptune. The Joint Venture continues to prepare for the drilling of an additional development well and the recompletion of a producing well. Woodside expects drilling operations to resume at Innsbruck in 2012.

Brazil

Woodside continues to evaluate the Panoramix oil field. The Joint Venture intends to commence drilling the Panoramix-3 appraisal well in late 2012.

South Korea

Woodside Energy (Korea) Pte Ltd and the Korea National Oil Corporation had planned to drill the Jujak-1 exploration well in late 2011. The drilling of the Jujak-1 exploration well in Korea has been postponed due to the delay in the availability of a suitable drilling rig.

Algeria

Woodside's Risk Sharing Contract for Ohanet production ceased in October 2011.

Corporate Activities

In November a review of organisational effectiveness commenced with a focus on improving the company's business performance. The Woodside review team is being assisted by a global management consulting firm. The review is expected to continue into Q1 2012 and the outcomes will be fed into Woodside's annual planning process.

Contacts:

MEDIA

Laura Hammer

W: +61 8 9348 6874

M: +61 418 917 609

E: laura.hammer@woodside.com.au

INVESTORS

Mike Lynn

W: +61 8 9348 4283

M: +61 439 691 592

E: investor@woodside.com.au

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