

ASX Announcement

Wednesday, 17 August 2011

WOODSIDE REPORTS 2011 FIRST- HALF PROFIT OF US\$828 MILLION*

Woodside today reported a first-half profit after tax of US\$828 million, underpinned by continued strong performance of the North West Shelf and higher revenues. The underlying net profit after tax of US\$842 million was up 3.6%.

Woodside Chief Executive Officer Peter Coleman said “Our focus on operational excellence continues to deliver outstanding results and today’s financial result highlights the ongoing strength of the company’s base business.

“Woodside’s extensive production facilities are performing well and delivering strong revenues. With around US\$2.9 billion in cash and undrawn facilities, together with continued strong cash flows from the underlying business, we enter the second half of 2011 well positioned to fund our growth plans.

“We will continue a disciplined approach to investment to maximise, deliver and capture value from our existing business, our LNG growth options and select opportunities.”

Key Points

*All amounts are in US dollars unless otherwise stated

- **Reported net profit** after tax was \$828 million (\$901 million 1H 2010), down 8.1%, largely due to last year’s first-half being positively impacted by a gain on the sale of Woodside’s Otway assets and a lower income tax expense (refer Table 1, page 2).
- **Underlying net profit** after tax was \$842 million, up 3.6% (\$813 million 1H 2010) and represents our second highest first-half profit.
- **Strong revenue** of \$2,253 million up 7.2% (\$2,102 million 1H 2010). The recent period of higher commodity prices continues to positively impact profit performance.
- **First-half production** of 31.9 MMboe (36.7 MMboe 1H 2010), down 13.1% compared to 1H 2010 primarily due to planned maintenance and project outages (-4.3%), cyclone interruptions (-3.6%), average field decline (-3.4%) and divestments (Otway, GOM shelf; -3.4%), partially offset by increased reliability (+1.6%). This was a solid result and keeps us on track for the FY 2011 target of 62 to 64 MMboe.
- **Operating cash flow** of \$1,391 million, up 38.1% (\$1,007 million 1H 2010).
- **Robust balance sheet** to fund growth with \$2.9 billion in cash and undrawn debt facilities.
- **Capital expenditure**[#] of \$1.5 billion, down 6%, as Pluto nears completion.
- **Interim dividend** of US55 cents per share (cps) fully franked (US50 cps 1H 2010).
- **LNG Growth Projects:**
 - Pluto LNG Foundation Project – production and cash flow commencing in 2012.
 - Pluto Expansion – Carnarvon Basin drilling and discussions with other resource gas owners continue.
 - Browse – front-end engineering and design (FEED) underway and land access secured.
 - Sunrise – actively re-engaging with government stakeholders.

[#]Excluding capitalised exploration

Table 1 – Result comparison: 1H 2011 to 1H 2010	1H 2011	1H 2010	Variance %
	MMboe	MMboe	
Production volume (MMboe)	31.9	36.7	(13.1%)
Sales volume (MMboe)	31.7	36.0	(11.9%)
Continuing operations	\$M⁽¹⁾	\$M⁽¹⁾	Variance %
Oil and gas revenues	2,253	2,102	7.2%
EBITDAX⁽²⁾	1,725	1,742	(1.0%)
Exploration and evaluation expensed	(213)	(145)	-
Depreciation and amortisation	(279)	(379)	-
EBIT⁽³⁾	1,233	1,218	1.2%
Net finance income/(costs)	(15)	22	-
Income tax expense	(374)	(224)	-
Petroleum resource rent tax expense	(16)	(115)	-
Total taxes	(390)	(339)	-
Reported profit	828	901	(8.1%)
Significant items:			
Coniston impairment	(14)	-	
Gain on sale of Otway assets	-	149	
Gain on adoption of US Functional Currency	-	71	
Neptune impairment	-	(92)	
USA deferred tax asset write down	-	(40)	
Deduct sub-total of significant items after tax	(14)	88	-
Underlying profit NPAT (before significant items)	842	813	3.6%
Underlying earnings per share (US cps)	107	105	1.9%
Interim dividend (US cps)	55	50	-
Net operating cash flow	1,391	1,007	38.1%
Gearing (%) ⁽⁴⁾	27	23	-
Total Debt ⁽⁵⁾	4,961	4,909	-
Cash and cash equivalents	607	1,768	-

(1) All amounts are in US\$M and exclude non-controlling interests, unless otherwise stated.

(2) EBITDAX = earnings before interest, tax, depreciation, amortisation and exploration (includes significant items).

(3) EBIT = earnings before interest and tax (includes significant items).

(4) Gearing = (net debt) divided by (net debt + equity).

(5) Total Debt = total interest bearing liabilities.

DIVIDEND PAYMENT

A fully-franked interim dividend of US55 cps (2010: US50 cps) was declared. The record date for determining entitlements to the interim dividend is 26 August 2011 with the ex-dividend date being 22 August 2011. The interim dividend will be paid on 30 September 2011. The dividend reinvestment plan (DRP) will remain activated and will be fully underwritten.

OPERATIONAL OVERVIEW

Health and Safety

During 1H 2011, the frequency of injuries as measured by the Total Recordable Case Frequency per million hours worked remained flat at 4.82 cases, compared to 4.89 cases in 1H 2010. High Potential Incident Frequency fell to 0.77 incidents per million hours worked for 1H 2011, down from 1.59 in 1H 2010. Further details are provided in the 2011 Half-Year Report.

North West Shelf

The first half of 2011 has seen continued strong performance from the North West Shelf (NWS) facilities. Woodside delivered 132 cargoes of LNG on behalf of the NWS Venture, compared to 127 in the first half of 2010. The increase is primarily attributed to increased production from LNG Train 5 following the completion of remedial work on the main heat exchangers during planned maintenance in May 2010.

Australia Oil

Enfield: Production of 2.1 MMbbls (3.3 MMbbls 1H 2010) benefited from additional volumes from the Horst and Main West infill wells, which were completed during 2H 2010. However production was disrupted at the start of the year as a result of high levels of cyclone activity.

Vincent: Production of 1.5 MMbbls (2.3 MMbbls 1H 2010) was reduced at the start of the year due to cyclone interruption and a scheduled maintenance shutdown of the floating production storage and offloading vessel (FPSO) to reinstate gas compression. The rate of production has increased since gas compression was restored. Two Phase III production wells were spudded during 1H 2011 and are expected to contribute to production in 2H 2011.

Stybarrow: Cyclone activity also impacted production but this was more than offset by high production rates from the Stybarrow North production well, which came online at the end of 2010. Production for the half was 1.9 MMbbls (1.2 MMbbls 1H 2010).

DEVELOPMENT ACTIVITIES

Pluto LNG Project

During 1H 2011 the project achieved significant commissioning milestones including the introduction of commissioning gas to the onshore plant. This milestone facilitated start up of the gas turbine generators, which provide electrical power to test all equipment in preparation for a safe start up. Offshore, the Pluto A platform was readied for use with the successful completion of the pressurisation of the trunkline, pipelines and flowlines using commissioning gas. During 2H 2011 onshore and offshore commissioning work will continue.

On 17 June 2011, Woodside revised the expected cost and schedule of the Pluto LNG Project following its regular review of the progress of the project. The first LNG cargo is now estimated for March 2012 and the revised estimate now expected to result in a A\$900 million cost increase to a total of A\$14.9 billion (100% project). This estimate includes arrangements with customers affected by the delay.

Pluto Expansion

Woodside continues to target expansion at the Pluto LNG Park.

It is planned to conduct further exploration and appraisal drilling to prove up additional gas volumes in the Carnarvon Basin. Discussions continue with other resource owners regarding development of additional trains at Pluto.

Browse LNG

During the period, Woodside successfully executed an agreement with the Goolarabooloo Jabirr Jabirr Native Title claimant group and the Western Australian Government, which will enable the establishment of the Browse LNG Precinct.

Environmental studies and approvals progress in line with expectations. Work planned for 2H 2011 includes continuing FEED studies and environmental approvals.

Sunrise LNG

Woodside is actively re-engaging with the Australian and Timor-Leste governments to obtain in-principle approval of the development concept for Greater Sunrise gas.

North Rankin Redevelopment Project

The A\$5 billion project (approximately A\$840 million Woodside share) will recover remaining low pressure reserves from the North Rankin and Perseus fields and is scheduled for completion in 2013. Commissioning continues on the North Rankin B (NRB) jacket in Indonesia and topsides in Korea. The transport barge, for the NRB jacket delivery to the North West Shelf, has arrived in Indonesia with load out scheduled for Q3

2011. Modifications to the North Rankin A (NRA) platform continue on schedule, including preparations to install the bridges linking NRA and NRB.

Greater Western Flank Development (GWF)

The GWF area is located to the south-west of the Goodwyn A platform and contains 14 fields estimated to hold approximately 3 Tcf of recoverable gas and 100 MMbbls of condensate (100% project). The first phase of the GWF Development has progressed to FEED studies as a subsea tieback to the Goodwyn A platform.

North West Shelf Oil Redevelopment Project

The A\$1.8 billion project (100%) will extend production from the Cossack, Wanaea, Lambert and Hermes fields beyond 2020. First oil from the Okha FPSO is forecast for early Q4 2011.

CORPORATE ACTIVITIES

Appointment of Chief Executive Officer and Managing Director

Woodside announced on 12 May 2011 that Mr Peter Coleman has been appointed to the position of Chief Executive Officer and Managing Director, effective 30 May 2011. Mr Don Voelte retired as Chief Executive Officer and Managing Director on 29 May 2011.

GOM Shelf successful divestment

During 1H 2011, Woodside executed a purchase and sale agreement effective 1 May 2011 and subsequently divested its Gulf of Mexico shelf properties for a cash consideration of \$27.5 million.

Funding: commitments fully covered

Woodside held \$2.9 billion of cash and undrawn facilities as at 30 June 2011. With gearing at 27% Woodside is well positioned to meet its commitments.

Capital expenditure

During the first half of the year, capital expenditure was \$1.5 billion (excluding capitalised exploration), down 6% primarily as a result of the Pluto foundation project nearing completion.

Carbon tax

On 10 July 2011 the Federal Government announced the details of its carbon pricing package. The announcement included proposals regarding the cost and duration of the fixed-price period, assistance rates to industry and design parameters of the flexible-pricing period (refer to page 6 of the 2011 Half-Year Report for further details).

Production outlook

Woodside's 2011 production target is 62-64 MMboe. The company expects continued strong operational performance from the NWS facilities. To ensure ongoing reliability, a significant NWS maintenance shutdown is planned for Q3 2011. In addition, contribution from two infill wells at Vincent and recommencement of oil production from the NWS Oil Redevelopment Project should provide additional volumes to the base business.

Production volumes are expected to increase strongly following first Pluto LNG cargoes, which are now estimated to commence in March 2012.

This Announcement, the Half-Year Report (incorporating the Appendix 4D) and the Investor Briefing presentation are available on Woodside's website at www.woodside.com.au. A webcast briefing including investor/analyst questions will be available on Woodside's website from 10.00am WST on 17 August 2011.

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