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ASX Announcement

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WOODSIDE REPORTS 2011 FULL-YEAR PROFIT OF $1.51 BILLION(*)

Woodside today reported a full-year profit after tax of $1,507 million, underpinned by continued strong performance from the North West Shelf (NWS) Project and higher revenues. An underlying net profit after tax(1) of $1,655 million was achieved (up 16.7% compared to previous year) after consideration of non-recurring items (refer to Table 1, page 2 for a reconciliation between the reported and underlying profit).

Woodside CEO Peter Coleman said the financial result highlighted the ongoing strength of the company's base business and its focus on operational excellence was continuing to deliver outstanding results.

"The strong increase in underlying profit demonstrates our ability to continue to maximise value from our premium asset base. In addition, the successful execution of our funding plan for the Pluto LNG Project amidst the global financial downturn, illustrates our effective capital management and sound financial discipline.

"With more than $2 billion in cash and undrawn facilities and strong cash flows, which will be further boosted when Pluto comes online, we are well placed to fund our LNG growth plans and consider other opportunities which will bring value to shareholders."

Key Points

(*)All dollar amounts are in US dollars unless otherwise stated

- **Revenue** of $4,802 million up 14.5% (2010: $4,193 million) underpinned by strong performance from the NWS Project and higher commodity prices.
- **Reported net profit** after tax of $1,507 million (2010: $1,575 million), down 4.3%, largely due to non-recurring costs (refer Table 1, page 2).
- **Underlying net profit** after tax $1,655 million(1), up 16.7% (2010: $1,418 million) due to strong revenues.
- **Operating cash flow** of $2,242 million, up 6.6% (2010: $2,104 million).
- **A fully franked final dividend** of US 55 cents per share (cps) was declared (2010: US 55 cps). The 2011 dividend total of US 110 cps fully franked (2010: US 105 cps) represents a record US cps annual dividend.
- **2011 full-year production** of 64.6 million barrels of oil equivalent (MMboe) was above mid-year guidance due to lower than expected Q4 cyclone activity and better than forecast facility reliability. Although 11.1% lower than last year's production, less than one-third of this change was due to natural field decline from Woodside operated fields with the remainder due to higher than normal cyclone activity in Q1 2011 as well as divestments, contract expiry, project redevelopment shut-ins and higher maintenance throughout 2011.
- **2012 production outlook** of 73 to 81 MMboe includes 56 to 60 MMboe from the foundation business (ex-Pluto) and an additional 17 to 21 MMboe from the Pluto LNG Project.
- **Contingent resources** up 17.8% to 2,136.5 MMboe (2010: 1,813.8 MMboe) primarily due to positive revisions in the Browse fields. Three year organic reserves replacement ratio remains above 100%(2).
- **Robust balance sheet** to fund growth with $2.2 billion in cash and undrawn debt facilities. Debt and gearing remain at conservative levels near the completion of a major development campaign.
- **Pluto LNG Project** nearing completion with no material change anticipated to previously advised first cargo target date.
- **Browse LNG** milestones met, amendments to retention lease requirements submitted to Joint Authority.

(1) The underlying (non-IFRS) profit is unaudited but is derived from audited accounts by removing the impact of non-recurring items from the reported (IFRS) audited profit. Woodside believes the non-IFRS profit reflects a more meaningful measure of the company's underlying performance. Woodside's financial reporting complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(2) This represents the organic three-year rolling average (excluding acquisitions and divestments) for Proved reserves. Contingent Resource and Reserve details are included in the 2011 Annual Report, released to the ASX on 22 February 2012.

Table 1 – Result comparison: 2011 to 2010	**2011**	**2010**	**Variance %**
	MMboe	**MMboe**	
Production volume (MMboe)	64.6	72.7	(11.1)
Sales volume (MMboe)	63.9	72.2	(11.5)
Continuing operations	**$M[1]**	**$M[1]**	**Variance %**
Oil and gas revenues	4,802	4,193	14.5
EBITDAX[2]	**3,424**	**3,332**	2.8
Exploration and evaluation expensed[3]	(587)	(329)	(78.4)
Depreciation and amortisation	(627)	(749)	16.3
EBIT[4]	**2,210**	**2,254**	(2.0)
Net finance income/(costs)	(26)	18	-
Total taxes			
Income tax expense	(660)	(532)	-
Petroleum resource rent tax expense	(17)	(165)	-
Reported NPAT	**1,507**	**1,575**	**(4.3)**
Non-recurring items:			
Pluto delay mitigation cost[5]	*(165)*	-	
Gain on sale of Otway assets	-	*149*	
Gain on sale of Liberia / Sierra Leone assets	-	*89*	
Gain on adoption of US Functional Currency	-	*71*	
Neptune impairment	*17*	*(92)*	
USA deferred tax asset write down	-	*(60)*	
Deduct sub-total of non-recurring items after tax	*(148)*	*157*	-
Underlying NPAT (excluding non-recurring items)[6]	**1,655**	**1,418**	**16.7**
Reported earnings per share (US cps)	190	204	(6.9)
Underlying earnings per share (US cps)[6]	209	183	14.2
Annual dividend (US cps)	110	105	4.8
Net operating cash flow	2,242	2,104	6.6
Gearing (%)[7]	28.6%	26.3%	-
Total Debt[8]	5,102	4,915	-
Cash and cash equivalents	41	963	-

(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 non-recurring items).
(3) The 2011 amount was $258 million higher than last year due the write-off of prior year capitalised exploration and evaluation ($168 million) and higher current year exploration expense ($90 million).
(4) EBIT = earnings before interest and tax (includes non-recurring items).
(5) Woodside previously disclosed in the June 2011 Pluto update that the revised Pluto project cost included an estimate for arrangements with customers affected by delay in Pluto LNG cargo delivery. The amount of $165 million (after tax) includes actual costs incurred as well as a provision for committed future costs that the company expects to incur.
(6) The underlying (non-IFRS) profit is unaudited but is derived from audited accounts by removing the impact of non-recurring items from the reported (IFRS) audited profit. Woodside believes the non-IFRS profit reflects a more meaningful measure of the company's underlying performance.
(7) Gearing = (net debt) divided by (net debt + equity). This non-IFRS number has been derived from audited accounts of IFRS supported debt and equity figures. Gearing can provide a meaningful measure of financial leverage by demonstrating the degree to which a firm's activities are internally funded versus externally funded.
(8) Total Debt = total interest bearing liabilities.

DIVIDEND PAYMENT

A fully-franked final dividend of US 55 cps (2010: US 55 cps) was declared. The record date for determining entitlements to the final dividend is 2 March 2012 with the ex-dividend date being 27 February 2012. The final dividend will be paid on 4 April 2012. The dividend reinvestment plan (DRP) will remain activated and will be fully underwritten.

OPERATIONAL OVERVIEW

Health and Safety

During 2011, the frequency of injuries as measured by the Total Recordable Case Frequency per million hours worked decreased to 4.78, compared to 5.98 in 2010. High Potential Incident Frequency fell to 1.20 from 1.82 in 2010. Further details are provided in the 2011 Annual Report.

Reserves

Contingent resources increased 322.7 MMboe, from 1,813.8 MMboe in 2010 to 2,136.5 MMboe (Woodside share). The increase was driven by positive revisions in the Browse fields (refer to page 4) and exploration and appraisal success in the Greater Laverda and the Greater Pluto Inner hub.

Proved reserves of 1,292.4 MMboe (2010: 1,308.5 MMboe) and Proved plus Probable reserves of 1,610.2 MMboe (2010: 1,680.1 MMboe), represent 20 and 25 years of annual production respectively. Further details are provided in the 2011 Annual Report.

North West Shelf[#]

Woodside's share of the total NWS Project production in 2011 was 46.7 MMboe (2010: 51.8 MMboe). In 2011, Woodside, as operator of the NWS Project, loaded 255 cargoes (2010: 261) of LNG on behalf of the NWS Project participants. The decrease is primarily attributed to annual shutdown work programs at the Karratha Gas Plant. A significant refurbishment program commenced in 2011 and is designed to ensure safe and reliable production for years to come.

Despite natural field decline, condensate continues to contribute strongly to production volumes with 8.0 MMbbl produced in 2011 (2010: 9.1 MMbbl). Pipeline gas production continued to meet customer demand in 2011 with 100% reliable delivery of 85,338 TJ or 14 MMboe (2010: 85,648 TJ or 14 MMboe).

Woodside's share of the NWS oil production during 2011 was 0.9 MMboe (2010: 4.2 MMboe). In early 2011 production was impacted by cyclone activity and then shut-in on 7 March 2011 as the Cossack Pioneer floating production storage and offloading (FPSO) vessel moved off station. The replacement of the Cossack Pioneer FPSO and associated redevelopment activity is described on page 4. Production recommenced on 24 September 2011 after the arrival and hook-up of the replacement Okha FPSO.

Australia Oil[#]

Enfield: Production of 4.1 MMbbls (2010: 5.7 MMbbls) was negatively impacted by cyclone interruptions in Q1 2011. Nonetheless over the balance of 2011, production exceeded expectations with excellent facility uptime, well optimisation and reservoir performance.

Vincent: Production of 5.1 MMbbls (2010: 5.1 MMbbls) was reduced at the start of the year due to cyclone interruption and a scheduled maintenance shutdown of the FPSO to reinstate gas compression. This decrease was offset by two Phase III production wells, which were brought online in September 2011.

In December 2011, the joint venture participants purchased the Ngujima-Yin FPSO from Maersk FPSOs Australia. The acquisition will facilitate plans to extend the field life at Vincent and allow continuing reliability and availability improvements.

Stybarrow: Production in 2011 was 3.9 MMbbls (2010: 2.1 MMbbls). Cyclone activity also impacted production in early 2011 but this was more than offset by high production rates from the Stybarrow North production well. The well came online at the end of 2010 and continued to perform above expectation throughout 2011. The well is now producing water with the oil and future production rates will reflect natural field decline.

International[#]

USA: Gas and oil production of 1.1 MMboe in 2011 was lower than the prior year due to the divestment of Woodside's Gulf of Mexico shelf properties on 1 May 2011. Woodside retains an ongoing presence in deepwater exploration and production (Neptune and Power Play).

Ohanet: In 2011 the Ohanet Joint Venture received its full revenue entitlement of $43.6 million, which equals 1.1 MMboe of condensate and 88,521 tonnes of LPG. The Ohanet contract expired on 27 October 2011.

[#]Unless otherwise stated production and sales volumes for NWS, Australia Oil and International are quoted as Woodside share.

DEVELOPMENT ACTIVITIES

Pluto LNG Foundation Project

Construction is in its final phase with commissioning and production start up of sections of the offshore and onshore production systems progressing to plan. Offshore the Pluto A platform was declared ready for start-up in November and the subsea well commissioning campaign was completed in December 2011. Onshore the jetty, storage and loading facilities are operational while testing and independent running of major process equipment prior to the LNG train start up is progressing to plan. Offshore gas was introduced into the processing plant on 18 February, enabling final preparations for LNG production to begin.

No material change is anticipated to the previously advised first cargo target date. Furthermore, there is no change to the previously advised 2012 Pluto production guidance of 17 to 21 MMboe (Woodside share).

Pluto Expansion

Since the release of the Q4 2011 ASX report, Ragnar-1 (WA-430-P) has reached target depth, successfully intersecting gas over a gross interval of 190 metres. After Ragnar, it is planned to drill an oil appraisal well in the Greater Laverda area before returning to the Ragnar Hub to drill Vucko-1 in WA-433-P. Additional exploration wells in WA-389-P and WA-269-P will follow at a later date.

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

Browse

Highlights in 2011 include the substantial completion of front-end engineering and design, issuing invitations to tender for major infrastructure, reaching Native Title agreement with the Goolarabooloo and Jabirr Jabirr Peoples, completing of the draft upstream environmental impact statement and submitting the field development plan.

An additional highlight has been a positive revision to the Browse contingent resource, which has increased from 1,187.7 MMboe to 1,439.2 MMboe (Woodside share). The increase relates to the Torosa and Calliance fields due to enhanced reservoir analysis, seismic coverage from the Maxima survey and reprocessing of existing data. Interpretation of the ocean-bottom cable, Tridacna 3D seismic survey, which was successfully completed in 2011 over the Torosa field, is expected to occur in the latter part of 2012.

The Browse Joint Venture wrote to the Commonwealth Minister for Resources and Energy and the WA Minister for Mines and Petroleum seeking amendments to its Browse Basin retention leases. The request includes amending the condition relating to final investment decision readiness from mid 2012 to first half 2013.

Sunrise

In the second half of 2011 Woodside's CEO visited Dili on two occasions and held productive meetings with senior Timor-Leste Government representatives and other key stakeholders. Woodside and the Sunrise Joint Venture also continued to engage with Australian and Joint Petroleum Development Area regulators on the way forward for Greater Sunrise.

NWS North Rankin Redevelopment Project

In Indonesia, the bridges that will connect the North Rankin A and North Rankin B platforms were completed. In the Republic of Korea, fabrication of the NRB 23,000 tonne topsides was completed ready for sail-down to the North West Shelf in early 2012. The topsides installation is due to occur in first-half 2012.

NWS Oil Redevelopment Project

The A$1.8 billion (A$600 million Woodside share) NWS Oil Redevelopment Project included the replacement of critical subsea infrastructure and the conversion of the Okha vessel to an FPSO. During 2011 the Okha FPSO replaced the Cossack Pioneer FPSO and production commenced in September 2011 into the new FPSO facility.

NWS Greater Western Flank Development (GWF) Phase 1 Project

In December 2011 the NWS Project participants approved the development of the first phase of the GWF Project. The total investment for the GWF Phase 1 Project is about A$2.5 billion (A$425 million Woodside share) with project start-up expected early 2016.

CORPORATE ACTIVITIES AND OUTLOOK

Divestments, contract expiry and acquisitions

GOM Shelf successful divestment. Woodside divested its Gulf of Mexico shelf properties for a cash consideration of US$27.5 million, effective 1 May 2011. The purchaser will assume the future restoration liabilities associated with these properties.

Ohanet Risk Sharing contract. On 27 October 2011 the contract expired having supplied a steady revenue stream over the past eight years, in accordance with the contract terms.

Ngujima-Yin FPSO purchase. In December 2011, Woodside and its joint venture participant, Mitsui, purchased the Ngujima-Yin FPSO from Maersk FPSOs Australia.

Funding: commitments fully covered

Woodside held $2.2 billion of cash and undrawn facilities as at 31 December 2011. With gearing at 29% Woodside is well positioned to meet its commitments. The balance sheet is well placed for the next phase of growth, particularly with the step up in cash flow from Pluto in 2012.

Production outlook

Woodside's combined production target for 2012 is 73 to 81 MMboe. This comprises 56 to 60 MMboe from the base business (ex-Pluto) and an additional 17 to 21 MMboe from the Pluto LNG Foundation Project

Investment expenditure

During 2011, investment expenditure of $3.8 billion (comprising $3.3 billion capital plus $0.5 billion exploration expenditure) was at a similar level to 2010. With the completion of the Pluto Foundation LNG Project in 2012, investment expenditure for this year is expected to decrease to $2.2 billion (comprising $1.8 billion capital plus $0.4 billion exploration expenditure).

PRRT legislation

The legislation extending the Petroleum Resource Rent Tax (PRRT) to the North West Shelf Project has been introduced into Federal Parliament but has not yet passed into law. Our expectation is that, following the passing of legislation, the North West Shelf Project will transition to the PRRT regime on terms that will result in a tax position that is no more onerous than the present.

Carbon tax

The passage of the Clean Energy legislation during November 2011 will apply a price to carbon emissions in Australia from 1 July 2012. Woodside expects to have obligations under this legislation related to its involvement in projects with carbon emissions. Government regulations are expected to be published during March 2012. Analysis of the new regulations will help quantify our obligations and the corresponding financial impact to the Company.

Sustainable Development Report

Woodside's 2011 Sustainable Development Report will be released to the ASX and available on the Woodside website on 23 February 2012 *(www.woodside.com.au).*

AGM

Woodside Petroleum Ltd advises that its 2012 Annual General Meeting will be held in Perth, Western Australia on Wednesday, 2 May 2012.

A copy of the 2011 results presentation and Woodside's 2011 Annual Report, which includes the full 2011 operations and financial reports, may be accessed on Woodside's website (www.woodside.com.au).

A webcast briefing, including a question and answer session, will be available on our website from 10.00am WST on 22 February 2012.

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