

ASX Announcement

Thursday, 20 October 2016

ASX: WPL
OTC: WOPEY

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THIRD QUARTER REPORT FOR PERIOD ENDED 30 SEPTEMBER 2016

Operational excellence

- Record quarterly LNG production at Karratha Gas Plant (KGP), 4% higher than the previous record (Q3 2014).
- Record quarterly LNG production at Pluto LNG, 1% higher than the previous record (Q3 2015).
- Reliability exceeded 99% at Pluto and KGP LNG facilities, offshore gas facilities and Nganhurra FPSO (Enfield).
- No production interruption of Pluto LNG since 26 January 2016.
- Narrowed 2016 production guidance to 92–95 MMboe.

Managing risk and volatility

- Secured approximately US\$1.2 billion in funding at competitive rates, further extending our average term to maturity.

Building near-term value growth

- Completed Julimar Project construction and commissioning work on schedule and under budget.
- Agreed to acquire all of ConocoPhillips' interests in Senegal, including a 35% interest in the 560 MMbbl SNE deep water oil discovery.¹
- Agreed to acquire half of BHP Billiton's interests in the Scarborough, Thebe and Jupiter gas fields, which upon completion is expected to increase Woodside's Contingent Resources (2C) by 462 MMboe.²

Woodside CEO Peter Coleman said the company maintained exceptional operational performance during the quarter.

"We set a number of production records this quarter driven by excellent LNG capacity and reliability, which contributed to a twenty per cent quarter-on-quarter revenue increase.

"As part of managing our debt obligations, we secured US\$1.2 billion in funding at competitive rates. We have strong support from debt capital markets and gearing remains well within our target range of 10–30%.

"The agreements to acquire ConocoPhillips' interests in Senegal and half of BHP Billiton's interests in the Scarborough area assets demonstrate Woodside's focus on growth and leverage our deep water capabilities.

"The Julimar Project completed all construction and commissioning work on schedule and under budget in preparation for Wheatstone start-up in mid-2017. Wheatstone is a key component of our near-term growth strategy and will contribute over 13 MMboe of annual production once both trains are fully operational," he said.

Comparative performance at a glance

Previous quarter		Q3 2016	Q2 2016	Change %
Production	MMboe	25.2	22.2	13.5
Sales	MMboe	25.4	21.1	20.4
Sales Revenue	\$ million	988	825	19.8
Corresponding quarter, prior year		Q3 2016	Q3 2015	Change %
Production	MMboe	25.2	25.3	-0.4
Sales	MMboe	25.4	24.1	5.4
Sales Revenue	\$ million	988	1,086	-9.0

All dollar amounts are in US dollars unless otherwise stated.

Production was 13.5% higher than the previous quarter primarily due to:

- Excellent production performance across operating assets.
- Recommencement of full production at the NWS facilities following the planned turnaround in Q2 2016 and resulting increase in capacity.
- Recommencement of production at the Okha FPSO (NWS oil) following facility turnaround.

¹ Refer to ASX announcement dated 14 July 2016, 'Woodside agrees to acquire ConocoPhillips' interests in Senegal'. Woodside net economic interest estimated to be approximately 150 MMbbl. Completion is subject to satisfaction of conditions precedent.

² Refer to ASX announcement dated 5 September 2016, 'Woodside agrees to acquire half of BHP Billiton's Scarborough area assets'.

Production Summary

Woodside's share of production and sales for the quarter ended 30 September 2016 with appropriate comparatives:

		Q3 2016	Q2 2016	Q3 2015	Year to date 2016	Year to date 2015
NWS	Production (TJ)	20,292	19,912	20,392	60,333	59,795
PIPELINE NATURAL GAS ¹	Sales (TJ)	20,292	19,912	20,392	60,333	59,795
NWS	Production (t)	752,125	526,488	654,489	1,925,492	1,874,527
LIQUEFIED NATURAL GAS (LNG)	Sales (t)	738,965	523,457	619,215	1,882,135	1,882,767
	Cargoes Delivered ²	74	52	63	186	185
NWS	Production (bbl)	1,703,540	1,396,775	1,460,950	4,554,564	4,179,057
CONDENSATE	Sales (bbl)	1,730,481	1,227,364	1,325,315	4,450,379	4,198,301
NWS	Production (bbl)	364,398	-	632,947	536,014	1,866,310
OIL	Sales (bbl)	206,644	-	745,316	464,515	1,950,861
NWS	Production (t)	25,068	21,264	19,540	68,776	59,251
LIQUEFIED PETROLEUM GAS (LPG)	Sales (t)	27,338	21,017	18,299	70,028	61,758
PLUTO	Production (t)	1,162,124	1,130,650	1,146,415	3,385,516	2,796,292
LIQUEFIED NATURAL GAS (LNG)	Sales Delivered (t)	1,158,643	1,093,867	1,022,233	3,374,961	2,803,645
	Cargoes Delivered ²	18	17	19	53	47
PLUTO	Production (bbl)	792,003	782,052	806,362	2,329,924	1,981,290
CONDENSATE	Sales (bbl)	1,170,813	271,544	827,046	2,407,678	1,764,750
LAMINARIA-CORALLINA ³	Production (bbl)	-	46,219	186,389	216,686	634,734
OIL	Sales (bbl)	-	-	-	365,593	603,152
ENFIELD	Production (bbl)	273,428	262,256	356,038	835,096	846,180
OIL	Sales (bbl)	320,996	327,157	378,978	748,852	912,004
STYBARROW ⁴	Production (bbl)	-	-	-	-	280,841
OIL	Sales (bbl)	-	-	214,657	-	489,993
VINCENT	Production (bbl)	1,124,815	1,050,922	1,630,757	3,235,241	4,053,437
OIL	Sales (bbl)	1,176,107	1,018,953	1,934,041	3,205,388	4,292,006
BALNAVES ⁵	Production (bbl)	-	-	704,889	291,131	1,532,137
OIL	Sales (bbl)	-	8,798	584,728	557,349	1,253,059
CANADA PIPELINE	Production (TJ)	2,270	2,783	173	8,149	352
NATURAL GAS	Sales (TJ)	2,269	2,783	173	8,148	352
Total	Production (boe)⁶	25,201,918	22,182,870	25,342,156	71,062,596	67,298,094
	Sales (boe)⁶	25,419,001	21,141,876	24,143,708	70,793,675	67,547,624

1 Woodside's equity share of NWS jointly marketed contracts is 50% of the first 414 TJ per day (contract flexibilities allow Woodside to receive 50% up to 517.5 TJ per day) and 16.67% for all gas produced above this amount. Commencing July 2016, Woodside has also entered into independent pipeline gas sales.

2 Cargoes delivered are total venture cargoes, not Woodside share.

3 Woodside completed the sale of its interests in the Laminaria-Corallina asset on 29 April 2016. Woodside has recognised its share of production (bbl) and sales (bbl) up to, and including, 29 April 2016.

4 Production ceased June 2015. The final cargo was shipped in August 2015.

5 Production ceased 20 March 2016.

6 Conversion factors are identified on page 8.

Sales Revenue and Expenditure

Woodside's share of sales revenue and exploration, evaluation and capital expenditure for the quarter ended 30 September 2016 with appropriate comparatives:

<i>Amounts in US\$ million</i>		Q3 2016	Q2 2016	Q3 2015	Year to date 2016	Year to date 2015
Sales Revenue						
NWS	Pipeline Natural Gas	78.6	73.4	71.1	224.3	216.7
	LNG	203.8	152.8	230.5	568.0	773.6
	Condensate	77.3	62.7	68.4	194.4	223.6
	Oil ¹	10.0	(1.1)	41.2	18.2	112.3
	LPG	8.9	8.6	5.8	24.8	25.8
Pluto	LNG	482.8	449.0	482.5	1,447.9	1,540.5
	Condensate	52.6	13.5	43.4	102.9	91.8
Laminaria-Corallina²	Oil	-	-	(1.0)	13.6	30.6
Enfield	Oil	15.2	16.0	17.9	35.3	51.7
Stybarrow	Oil	-	-	9.4	-	27.2
Vincent	Oil	55.2	46.3	88.2	136.3	227.6
Balnaves	Oil	-	0.5	28.1	20.3	68.9
Canada	Pipeline Natural Gas	3.1	2.9	0.1	8.5	0.5
Total Sales Revenue		987.5	824.6	1,085.6	2,794.5	3,390.8
LNG Processing Revenue		51.8	50.5	50.9	151.2	130.1
Gross Trading Revenue		18.4	29.9	85.0	49.9	257.0
Total Operating Revenue		1,057.7	905.0	1,221.5	2,995.6	3,777.9
Exploration and Evaluation Expense						
Exploration Expensed		17.8	49.5	84.4	188.8	259.9
Permit Amortisation		4.0	12.7	5.6	22.5	16.1
Evaluation Expensed		1.9	0.6	2.7	3.8	1.5
Total		23.7	62.8	92.7	215.1	277.5
Capital Expenditure						
Exploration Capitalised ^{3,4}		(2.0)	1.2	(2.7)	35.5	95.9
Evaluation Capitalised ⁴		31.4	39.2	109.4	151.7	1,102.9
Oil and Gas Properties ⁴		326.6	300.3	465.8	953.5	3,830.4
Other Property, Plant and Equipment		4.0	3.3	7.7	8.9	16.4
Total		360.0	344.0	580.2	1,149.6	5,045.6

1 NWS oil is sold on an entitlement basis. The negative revenue in Q2 2016 reflects the revaluation of oil entitlements during the period.

2 Woodside completed the sale of its interests in the Laminaria-Corallina asset on 29 April 2016. Woodside has recognised its share of sales (bbl) and revenue (US\$ million) up to, and including, 29 April 2016.

3 Exploration capitalised represents expenditure on successful and pending wells, plus permit acquisition costs during the period and is net of well costs reclassified to expense on finalisation of well results.

4 Project final investment decisions result in amounts of previously capitalised exploration and evaluation expense (from current and prior years) being transferred to oil and gas properties. The table above does not reflect the impact of such transfers.

Production Activities

	Woodside share		100% project		Remarks
	Q3 2016	Q2 2016	Q3 2016	Q2 2016	
Australia NWS - Average daily production					
Pipeline gas (TJ)	221	219	495	485	Production was per customer demand.
LNG (t)	8,175	5,786	51,958	37,285	Production was the highest achieved on a quarterly basis. Production was higher primarily due to recommencement of full production following the major turnaround in the previous quarter, system enhancements made during the turnaround and higher reliability. The annualised loadable LNG production rate was 19.0 mtpa (100% project).
Condensate (bbl)	18,517	15,349	92,684	72,415	Production was higher in line with LNG production.
Oil (bbl)	3,961	-	11,883	-	Production recommenced mid-July following planned facility turnaround. At the end of the quarter, production was approximately 18,500 bbl/d (100% project).
LPG (t)	272	234	1,717	1,486	Production was higher in line with LNG production.
Australia Pluto - Average daily production					
LNG (t)	12,632	12,425	14,035	13,805	Production was the highest achieved on a quarterly basis. Production was higher due to high reliability and capacity during the cooler winter months. The annualised loadable LNG production rate was 5.1 mtpa (100% project).
Condensate (bbl)	8,609	8,594	9,565	9,549	Production was higher in line with LNG production.
Other Australia - Average daily production					
Laminaria-Corallina Oil (bbl) ¹	-	508	-	786	Completed the operational handover of the facility to the new operator on 12 September 2016.
Enfield Oil (bbl)	2,972	2,882	4,953	4,803	Production was higher primarily due to the facility achieving 100% reliability for the quarter.
Vincent Oil (bbl)	12,226	11,549	20,377	19,248	Production was higher due to increased facility utilisation offsetting natural reservoir decline. A planned 10-day turnaround is scheduled to commence in October 2016.
Balnaves Oil (bbl)	-	-	-	-	Production ceased on 20 March 2016.
Canada - Average daily production					
Pipeline gas (TJ)	25	31	49	61	Production was lower primarily due to natural reservoir decline and lower facility utilisation.

¹ Woodside completed the sale of its interests in the Laminaria-Corallina asset on 29 April 2016. Woodside has recognised its share of production (bbl) up to, and including, 29 April 2016.

Development Activities

Wheatstone LNG

The Julimar Project completed all construction and commissioning work on schedule and under budget.

Wheatstone LNG storage tank one is ready for cooldown and all Train 2 modules are on-site.

The Wheatstone Project operator is expecting first LNG from Train 1 in mid-2017 with first LNG from Train 2 expected six to eight months later.

Persephone Project

The project commenced reservoir drilling and completion activities ahead of the subsea installation campaign commencing in Q4 2016. The project remains on budget and schedule for start-up in 2H 2017.

Greater Enfield Project

The project transitioned into the execute phase following a final investment decision in June. Major contracts were awarded for subsea engineering, procurement, construction and installation, FPSO facility modifications, drill rig and subsea hardware.

A local content briefing was held in September as part of the project's Australian Industry Participation Plan.

Greater Western Flank Phase 2 Project

The manufacture and fabrication of key infrastructure, including pipeline and subsea hardware, continued with the reservoir drilling program scheduled to commence in Q4 2016. The project remains on budget and schedule.

Browse Development

A schedule of activities to enhance the viability of the commercial development of the Browse resources is progressing.

Woodside is targeting completion of concept select in 2H 2017.

Kitimat LNG

The Joint Venture is reviewing Woodside's NextGen Technology as a potential development concept. This technology has the potential to minimise the environmental footprint associated with the project and optimise project costs.

Exploration and Appraisal Activities

Australia

Seismic reprocessing was completed in the Greater Enfield area. The reprocessing enables assessment of potential deeper oil and gas plays.

Myanmar

Following the Thalin-1A and Shwe Yee Htun-1 discoveries, planning continues for a minimum of four wells in 2017 across Blocks AD-7 and A-6.

Gabon

Processing of new multi-client 3D seismic data in the Luna Muetse Block is expected to be completed in Q4 2016. Planning continues for drilling of an exploration well in the block in 2017/18.¹

Processing of multi-azimuth, multi-client 3D seismic data in the Doukou Dak Block is continuing. Initial interpretation suggests a sub-salt closure.

Morocco

The Joint Venture has submitted an application to the regulator to enter the First Extension Period of the Rabat Deep Offshore Exploration Permits I-VI. The application makes a commitment to drilling an exploration well.

Ireland

The Bréanann 3D seismic survey in FELs 3/14 and 5/14 was completed. Processing of data from both the Bréanann and Granuaile (LO 16/14) surveys is in progress.

The FEL 5/13 joint venture has applied to enter the second phase of exploration and commit to drill one exploration well. The Ventry prospect is being matured as a potential 2018 drill candidate in the licence. The current data sets across Woodside's five licences in the Porcupine Basin indicate multiple follow-up opportunities.

1. Woodside farm-in to Luna Muetse Block remains subject to satisfaction of conditions precedent.
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Permits and Licences

Key changes to permit and licence holdings during the quarter are noted below.

Region	Permit or Licence Area	Change in Interest (%) Increase or (Decrease)	Woodside's Current Interest %	Remarks
AUSTRALIA				
Northern Carnarvon Basin	WA-478-P	(70.0)	0.0	Surrendered
Northern Carnarvon Basin	WA-465-P/WA-467-P	(100.0)	0.0	Surrendered

Exploration or appraisal wells drilled during Q3 2016

Well Name	Basin/Area	Target	Woodside Interest (%)	Spud Date	Water Depth (metres)	Total Depth ¹ (metres)	Remarks
CANADA²							
CHEVRON WOODSIDE HZ LA JOLIE B-003-K/94-O-12	Liard Basin	Gas	50.0	15/01/15	N/A	3,850 (Target 7,265)	Drilled to second intermediate section depth

Notes:

- 1 Well depths referenced to the rig rotary table.
- 2 Liard Basin wells are dual appraisal and production wells.

Geophysical surveys conducted during Q3 2016

Location	Survey Name	Progress
IRELAND		
Irish Continental Shelf – FELs 3/14 & 5/14	Bréanann 3D MSS	2,392 km ² acquired. Survey complete

Exploration or appraisal wells planned to commence in Q4 2016

Well Name	Basin/Area	Target	Woodside Interest (%)	Water Depth (metres)	Proposed Total Depth ¹ (metres)	Remarks
CANADA²						
CHEVRON WOODSIDE HZ LA JOLIE B-A03-K/94-O-12	Liard Basin	Gas	50.0	N/A	7,040	
CHEVRON WOODSIDE HZ LA JOLIE B-E03-K/94-O-12	Liard Basin	Gas	50.0	N/A	6,975	

Notes:

- 1 Well depths referenced to the rig rotary table.
- 2 Liard Basin wells are dual appraisal and production wells.

Corporate Activities

Business Development

Agreement to acquire ConocoPhillips' interests in Senegal

On 14 July 2016, Woodside announced it had entered into a binding Purchase and Sale Agreement (PSA) with ConocoPhillips to acquire all of ConocoPhillips' interests in Senegal.

The acquisition includes a 35% working interest in a Production Sharing Contract with the Government of Senegal covering three offshore exploration blocks and includes the option for Woodside to operate the future development of any resource.

The Production Sharing Contract includes the SNE and FAN deep water oil discoveries. Woodside estimates that the SNE discovery contains 560 MMbbl of recoverable oil. Upon completion of the transaction, Woodside's Best Estimate of Contingent Resources (2C) is expected to increase by 150 MMbbl.¹ This will increase Woodside's oil 2C by approximately 230%.

Completion is subject to satisfaction of conditions precedent and is targeted by year-end 2016.

Agreement to acquire half of BHP Billiton's Scarborough Area Assets

On 5 September 2016, Woodside announced it had entered into binding Sale and Purchase Agreements to acquire half of BHP Billiton's Scarborough area assets in the Carnarvon Basin, located offshore Western Australia.

The acquisition includes a 25% interest in WA-1-R and a 50% interest in WA-61-R, WA-62-R and WA-63-R. Woodside will operate WA-61-R, WA-62-R and WA-63-R. ExxonMobil is the operator of WA-1-R.

Woodside will pay BHP Billiton US\$250 million on completion of the transaction and a contingent payment of US\$150 million upon a positive final investment decision to develop the Scarborough field. The effective date of the transaction is 1 July 2016.

The Scarborough area assets include the Scarborough, Thebe and Jupiter gas fields, which are estimated to contain gross 8.7 Tcf of dry gas resources at the 2C confidence level. Upon completion of the transaction, Woodside's Best Estimate of Contingent Resources (2C) is expected to increase by 462 MMboe.² This will increase Woodside's total 2C by approximately 10%.

Completion is targeted by year-end 2016.

Marketing and Shipping

Woodside agreed a new short-term pipeline gas supply deal with Synergy. This agreement is the first pipeline gas sale Woodside has executed under the new NWS equity lifting arrangements.

Woodside continued to progress mid-term sales of 12–20 cargoes for the period 2017–2019.

Discussions to convert the Pertamina Heads of Agreement to a Sale and Purchase Agreement are ongoing.

Finance facilities

Woodside secured approximately US\$1.2 billion in funding at competitive rates comprising:

- USD800 million US 144A ten-year corporate bond with a coupon of 3.70%.
- USD200 million six-year private placement under our Global Medium Term Notes (GMTN) programme.
- CHF175 million (USD179 million) in senior unsecured notes under our GMTN programme.

The funds will be used for general corporate purposes and further extend our average term to maturity.

Production guidance

Production guidance for 2016 has been narrowed to 92–95 MMboe. This is driven by operational performance and follows the increase in production guidance from 86–93 MMboe to 90–95 MMboe in August 2016.³

Production guidance for 2017 will be provided in the fourth quarter 2016 report.

Sustainability

Woodside achieved an overall score of 80/100 points in the 2016 Dow Jones Sustainability Index (DJSI) which places us in the top five per cent in the oil and gas upstream and integrated sector. The score means that Woodside retains its position as a Sustainability Leader and a member of the DJSI World, Asia Pacific and Australia indexes.

¹ Refer to ASX announcement dated 14 July 2016, 'Woodside agrees to acquire ConocoPhillips' interests in Senegal'.

² Refer to ASX announcement dated 5 September 2016, 'Woodside agrees to acquire half of BHP Billiton's Scarborough area assets'.

³ Refer to ASX announcement dated 19 August 2016, 'Woodside records first half profit of US\$340m'.

Notes on petroleum resource estimates

1. Unless otherwise stated, all petroleum resource estimates are quoted as at the balance date (i.e. 31 December) of the Reserves Statement in Woodside's most recent Annual Report released to ASX and available at <http://www.woodside.com.au/Investors-Media/Announcements>, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius). Woodside is not aware of any new information or data that materially affects the information included in the Reserves Statement. All the material assumptions and technical parameters underpinning the estimates in the Reserves Statement continue to apply and have not materially changed.
2. Subsequent to the Reserves Statement dated 31 December 2015, reserves and resources have been updated by ASX announcements dated 20 May 2016 and 27 June 2016.
3. Woodside reports reserves net of the fuel and flare required for production, processing and transportation up to a reference point. For offshore oil projects and floating LNG (FLNG) projects, the reference point is defined as the outlet of the floating production storage and offloading (FPSO) facility or FLNG facility respectively, while for the onshore gas projects the reference point is defined as the inlet to the downstream (onshore) processing facility.
4. Woodside uses both deterministic and probabilistic methods for estimation of petroleum resources at the field and project levels. Unless otherwise stated, all petroleum estimates reported at the company or region level are aggregated by arithmetic summation by category. Note that the aggregated Proved level may be a very conservative estimate due to the portfolio effects of arithmetic summation.
5. 'MMboe' means millions (10⁶) of barrels of oil equivalent. Dry gas volumes, defined as 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales product, are converted to oil equivalent volumes via a constant conversion factor, which for Woodside is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate, defined as 'C5 plus' petroleum components, are converted from MMbbl to MMboe on a 1:1 ratio.
6. The estimates of petroleum resources are based on and fairly represent information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. The estimates have been approved by Mr Ian F. Sylvester, Woodside's Vice President Reservoir Management, who is a full-time employee of the company and a member of the Society of Petroleum Engineers. Mr Sylvester's qualifications include a Master of Engineering (Petroleum Engineering) from Imperial College, University of London, England, and more than 20 years of relevant experience.

CONVERSION FACTORS

(boe) = barrel of oil equivalent

(TJ) = terajoules

(bbl) = barrel

(MMBtu) = million British thermal units

(MMcfcg) = million cubic feet of gas

(t) = tonne

(Bcf) = billion cubic feet of gas

(kt) = thousand tonnes

Product	Factor	Conversion Factors ¹
Pipeline Natural Gas ²	1TJ =	163.6 boe
Liquefied Natural Gas (LNG)	1 tonne =	8.9055 boe
Condensate	1 bbl =	1.000 boe
Oil	1 bbl =	1.000 boe
Liquefied Petroleum Gas (LPG)	1 tonne =	8.1876 boe

1. Minor changes to some conversion factors can occur over time due to gradual changes in the process stream
2. Includes both Canadian and Australian product

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