ASX Announcement

Wednesday, 22 February 2017

ASX: WPL
OTC: WOPEY

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Perth WA 6000
Australia
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WOODSIDE RECORDS FULL-YEAR PROFIT OF $868 MILLION, PRODUCTION UP 3% AND UNIT PRODUCTION COSTS DOWN 28%

Woodside has recorded a full-year reported net profit after tax (NPAT) of $868 million.

The directors have declared a final dividend of US 49 cents per share (cps), bringing the full-year dividend to US 83 cps.

Woodside CEO Peter Coleman said the company has performed exceptionally well in the past 12 months by exceeding production targets, reducing operating costs, sanctioning Greater Enfield and acquiring two quality growth assets.

“Our production results demonstrate we are a world-class operator. We achieved our second highest annual production, record LNG production and reduced gas unit production costs to $0.61/mmbtu (or $3.5/boe). All while improving safety and environmental performance.

“We look forward to the first LNG cargo from Wheatstone in mid-2017, followed by the start-up of Train 2, six to eight months later. Wheatstone LNG is expected to provide more than 13 MMboe (Woodside share) of annual production once fully operational.

“We made two acquisitions in Senegal and Western Australia at an average cost of approximately $1.10/boe. At the SNE oil field in Senegal, we have commenced a two well appraisal campaign to improve our understanding of the reservoir and inform development planning. The addition of the Scarborough area assets offshore Western Australia increases our resource base close to existing Woodside-operated infrastructure.

“In Myanmar, where we announced back-to-back gas discoveries in 2016, we are preparing to commence a significant drilling program that includes a minimum of two appraisal and two exploration wells, with scope for an additional three wells. This program will improve our understanding of the resource base and assist in identifying a path to commerciality.

“We are evaluating opportunities to maximise our investment in Pluto LNG by undertaking further capacity enhancements and mid-scale or large-scale expansion. In addition, we are planning for the construction of infrastructure that will enable us to supply LNG from Pluto to fuel the local mining and marine sectors. This is part of our broader objective of growing the LNG market.

“Overall, our production performance, reduction in operating costs, improved margins and the progress of our key projects delivered value for shareholders in 2016 despite the challenging external environment,” he said.

Financial headlines for full-year 2016

- Increased full-year reported NPAT to $868 million.
- Reduced unit production costs to $5.0/boe, 28% lower than 2015.
- Increased portfolio gross margins to 45%, 16% higher than 2015.
- Delivered strong cash flow from operations of $2,587 million.
- Generated positive free cash flow of $114 million, whilst completing two significant acquisitions.
- Declared a final dividend of US 49 cps, bringing the full-year dividend to US 83 cps.

Key business activities

Operational excellence

- Achieved annual production of 94.9 MMboe, 3% higher than 2015 and the second highest ever.
- Delivered record annual LNG production of 63.7 MMboe, driven by world-class LNG reliability of 98.7%.
- Executed major North West Shelf (NWS) Project planned onshore and offshore turnaround ahead of schedule and on budget. The turnaround increased plant capacity to 16.9 Mtpa. This follows the increase from 16.3 Mtpa to 16.7 Mtpa made during 2015.
- Continued focus on health, safety and environment performance, with ongoing improvement in total recordable injury rate and a 33% reduction in flaring intensity.

Managing risk and volatility

- 88% of expected 2017 LNG production is sold under mid-term or long-term oil-linked contracts.
- Completed the majority of NWS price reviews, achieving pricing at traditional levels.
- Signed a heads of agreement for the long-term supply of LNG to Pertamina.
- Executed arrangements allowing Woodside to equity lift its share of uncommitted NWS and Pluto LNG and domestic gas volumes.
- Expanded our LNG shipping fleet with two additional vessels to provide additional capacity and flexibility to manage a diversifying and growing customer base.
- Maintained gearing well within our target range of 10% to 30%, whilst completing two significant acquisitions.
- Secured over $1.4 billion of debt funding from diversified sources including the US 144A market, our Medium Term Notes program and a syndicated bank facility, increasing our liquidity to $2.7 billion.
- Maintained a competitive portfolio cost of debt of around 3.2% with an average term to maturity of approximately 4.6 years, with negligible debt facilities maturing before 2018.
- Maintained our investment grade credit ratings of Baa1 and BBB+, which were reaffirmed by Moody's and Standard & Poor's respectively in H1 2016.

Capturing and building near-term value growth

- Forecasting production from 2017 to 2020 to grow by approximately 15% through existing operations and sanctioned projects.
- Expecting first LNG from Wheatstone Train 1 in mid-2017, with Train 2 first LNG expected six to eight months later. Wheatstone LNG is expected to provide more than 13 MMboe of annual production once fully operational.
- Approved the Greater Enfield Project's development of oil reserves (2P) of 41 MMbbl Woodside share (69 MMbbl, 100%) as a tie-back to the Ngujima-Yin FPSO. Targeting first oil in mid-2019.
- Completed low cost acquisitions in Senegal and of Scarborough area assets.
- Announced two discoveries offshore Myanmar containing 2.4 Tcf of recoverable gas (2C, 100%).
- Drilling two appraisal wells in Senegal in 2017 to provide greater understanding of reservoir connectivity and of the likely development concept.
- Drilling at least two appraisal and two exploration wells in Myanmar in 2017 with potential for up to three additional exploration wells. This drilling program will assist in further defining the appropriate avenues for commercialisation.
- Evaluating further capacity enhancement and mid-scale or large-scale expansion of Pluto LNG, as well as preparing to facilitate use of LNG as a transport fuel.

2017 full-year results teleconference

A media conference call will take place at 6.30am (AWST) on 22 February 2017 and a separate investor/analyst conference call will take place at 7.30am (AWST) on 22 February 2017. The conference calls will be streamed live to Woodside's website. Dial in numbers are listed below. Please quote passcode ID: **5209 6051**.

For locations within **Australia** dial toll-free **1800 123 296,** or toll 02 8038 5221.

If you are calling from another country, please use one of the following toll-free dial-in numbers:

Canada	1855 5616 766	China	4001 203 085 / 8008 702 411
Hong Kong	800 908 865	India	1800 3010 6141
Japan	0120 477 087	New Zealand	0800 452 782
Singapore	800 616 2288	United Kingdom	0808 234 0757
United States	1855 293 1544		

For all other countries or operator assistance, please dial + 61 2 8038 5221.

The full-year results briefing pack follows this announcement and will be referred to during the conference call.

Annual Report 2016

Woodside's Annual Report 2016 will be released to the Australian Securities Exchange on 1 March 2017 and available on Woodside's website (www.woodside.com.au) thereafter.

Sustainable Development Report 2016

Woodside's Sustainable Development Report 2016 will be released to the Australian Securities Exchange on 16 March 2017 and available on Woodside's website (www.woodside.com.au) thereafter.

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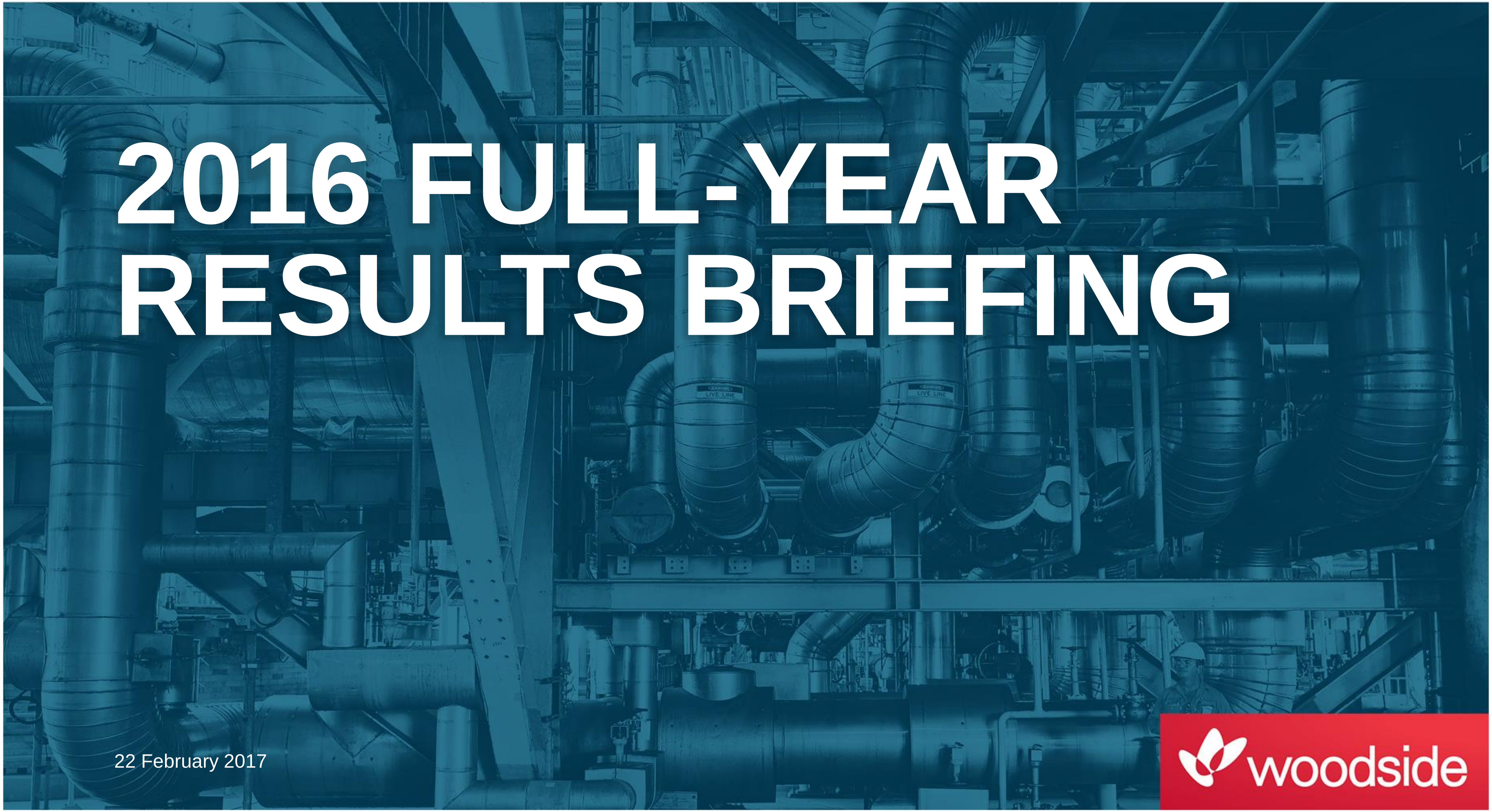


2016 FULL-YEAR RESULTS BRIEFING

22 February 2017

woodside

Disclaimer and important notice

This presentation contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable as at the date of this presentation but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. Readers are cautioned not to place undue reliance on these forward looking statements. No representation is made or will be made that any forward looking statements will be achieved or will prove to be correct. We do not undertake to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

All references to dollars, cents or $ in this presentation are to US currency, unless otherwise stated.

References to “Woodside” may be references to Woodside Petroleum Ltd or its applicable subsidiaries.

Peer group refers to Anadarko, Apache, ConocoPhillips, ENI, Hess, Inpex, Marathon Oil, Murphy Oil, Oil Search, Origin Energy, Pioneer, Repsol, Santos, Statoil and Tullow Oil.

Financial headlines

Profit:	
Net profit after tax (NPAT)	$868 million
Full-year dividend	83 US cps
Cashflow:	
Operating cash flow	$2,587 million
Free cash flow	$114 million
Cash cost of sales	$8.5/boe
Portfolio unit production costs	$5.0/boe
Balance Sheet:	
Available funds (cash and undrawn facilities)	$2,679 million
Net debt	$4,688 million
Gearing[1]	24.0%

1. Net debt divided by net debt and equity attributable to the equity holders of the parent.

Achievements

Operational excellence

- Second highest production result of 94.9 MMboe
- Record annual LNG production
- Portfolio unit production costs reduced by 28%
- Portfolio gross margins increased to 45%[1]
- Ongoing improvement in health, safety and environmental performance

Managing risk and volatility

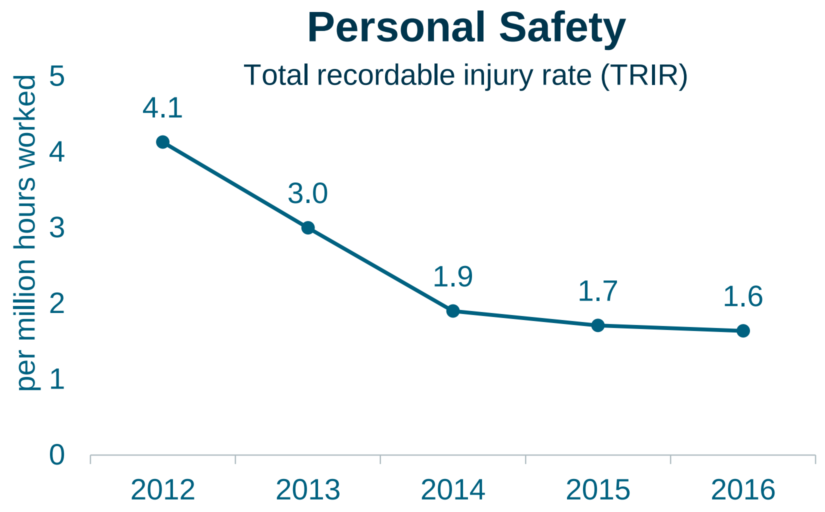
- Generated positive free cash flow while completing two significant acquisitions
- Maintained investment grade credit rating and gearing within target range
- Completed majority of NWS price reviews, achieving pricing at traditional levels
- Signed heads of agreement for the long term supply of LNG to Pertamina

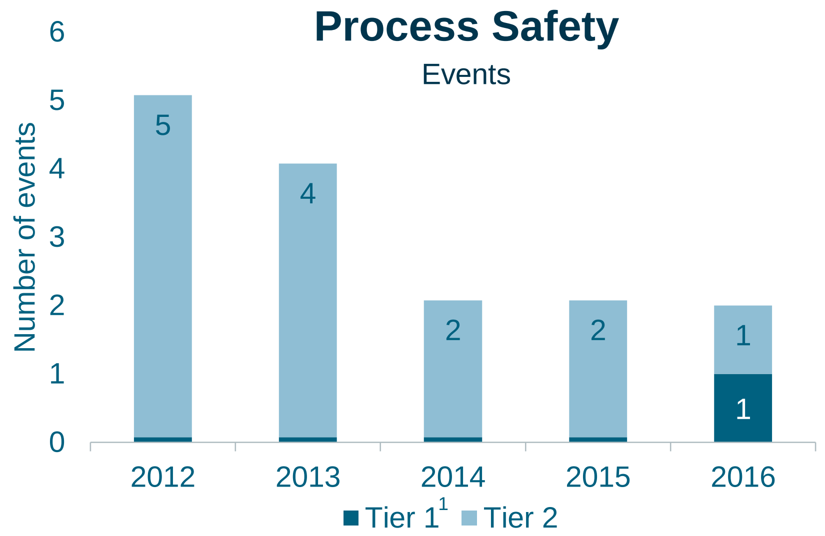
Creating and building near-term value growth

- Wheatstone LNG construction nearly completed and commissioning well advanced. First LNG from Train 1 expected in mid-2017
- Sanctioned the Greater Enfield project (oil)
- Announced two discoveries offshore Myanmar
- Significant acquisitions in Senegal and Carnarvon Basin adding over 600 MMboe of 2C resources; acquired at approximately $1.10/boe[2]

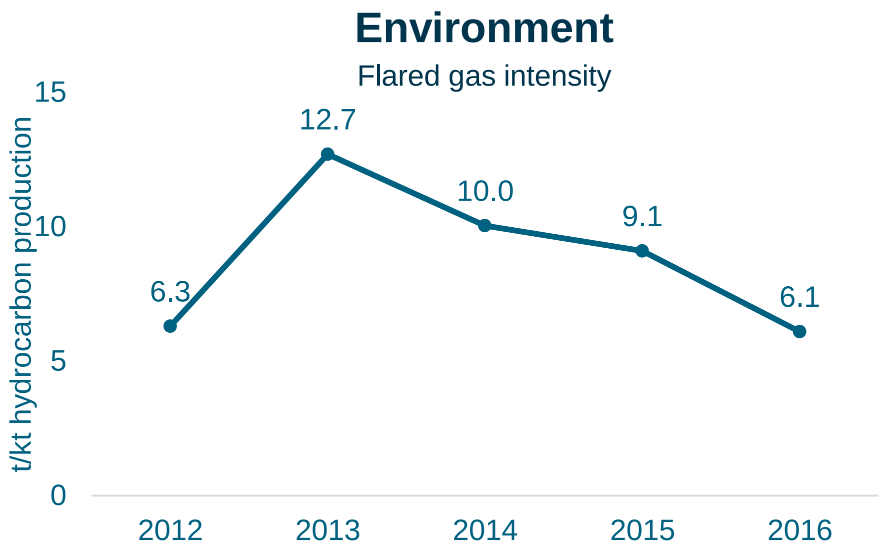
1. Gross margin is gross profit divided by operating revenue.
2. 2016 acquisition expenditure divided by contingent resources (2C) associated with 2016 acquisitions.

Safety and environment





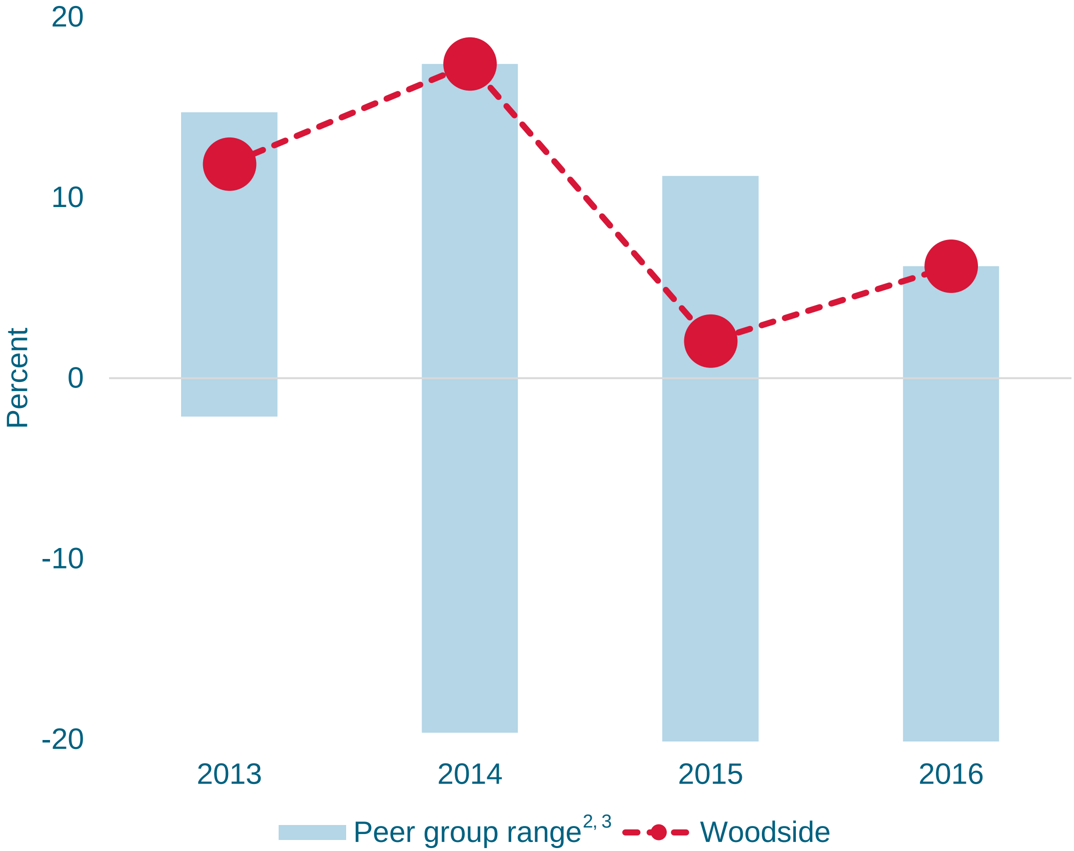
- Continued improvement in personal safety performance; over 60% improvement in TRIR since 2012
- 60% reduction in process safety events since 2012
- Continued improvement in environmental performance; over 30% reduction in flared gas intensity since 2015



1. The Tier 1 PSE involved the release of stabilised condensate, was contained within the storage tank bund and classified low risk.

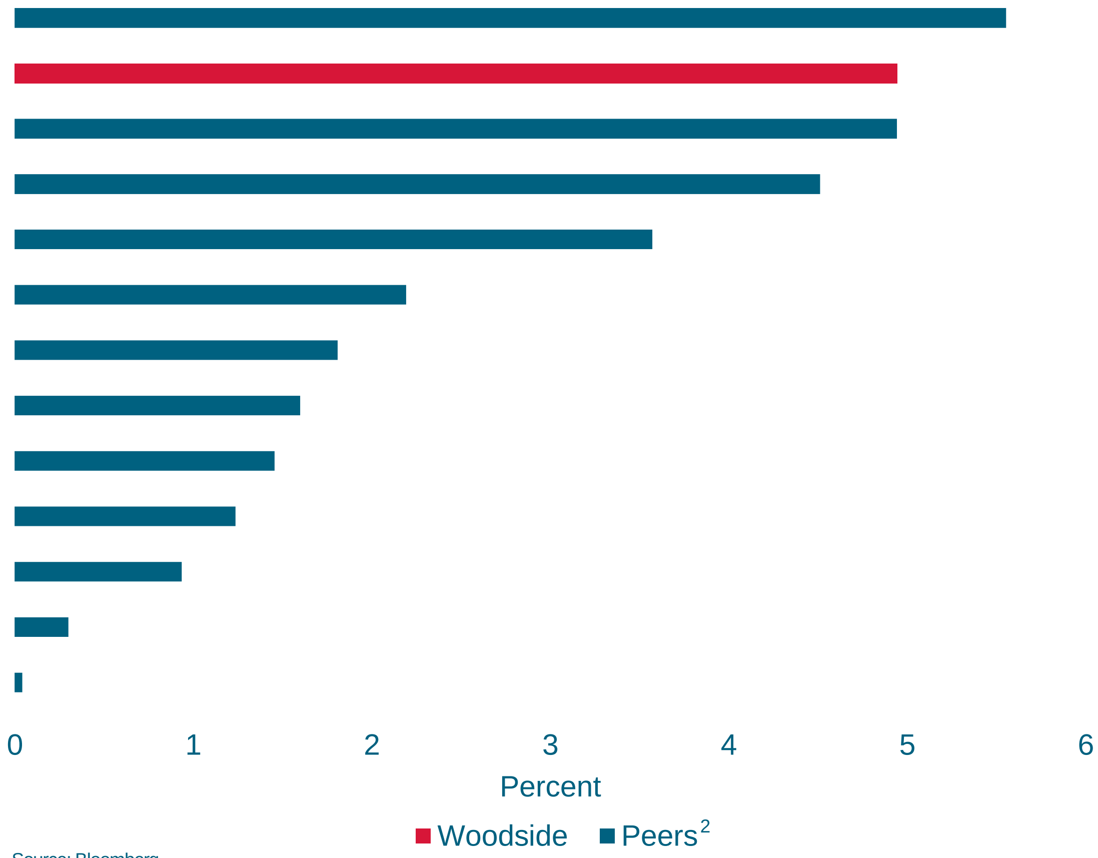
Peer comparison

Return on capital employed[1]



Source: Bloomberg

Dividend yield

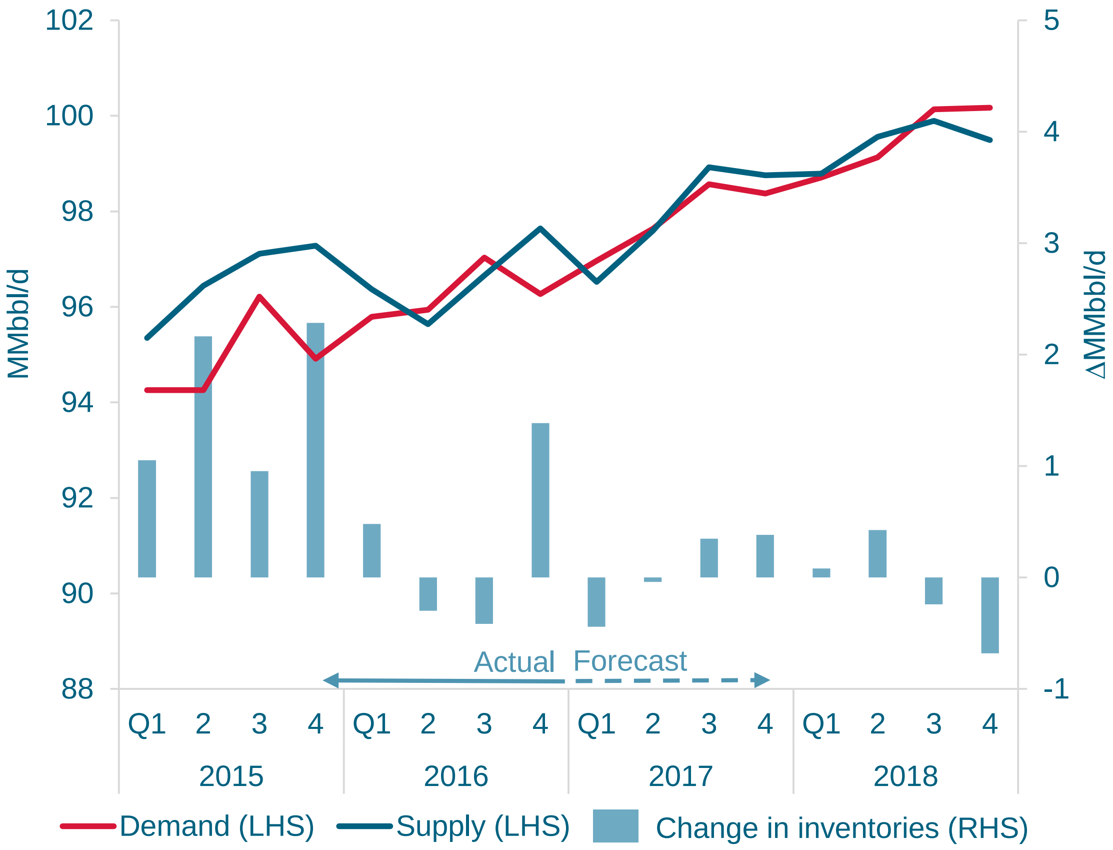


Source: Bloomberg

1. Woodside return on capital employed calculated on a consistent basis with peers.
2. Refer to disclaimer and important notice for peer group.
3. 2016 includes peers that have reported full-year results as of 21 February 2017.

Oil market dynamics

Oil supply and demand

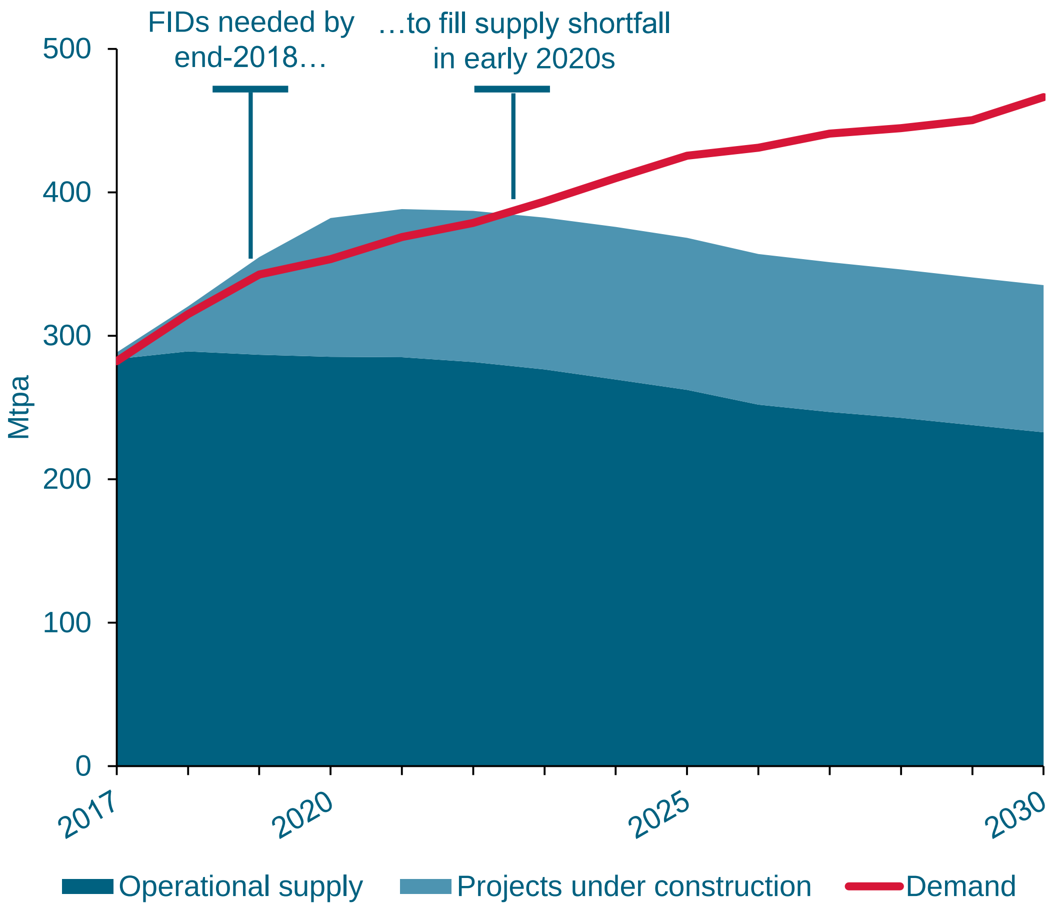


Source: IHS

- Market returning to balance, assisted by the recent OPEC agreement
- Annual demand growth remains strong (>1MMbbl/d)
- Price recovery will stimulate North American production but potential for cost inflation
- Market remains vulnerable to outages

LNG market dynamics

Supply and demand



Source: Wood Mackenzie LTD, Q4 2016

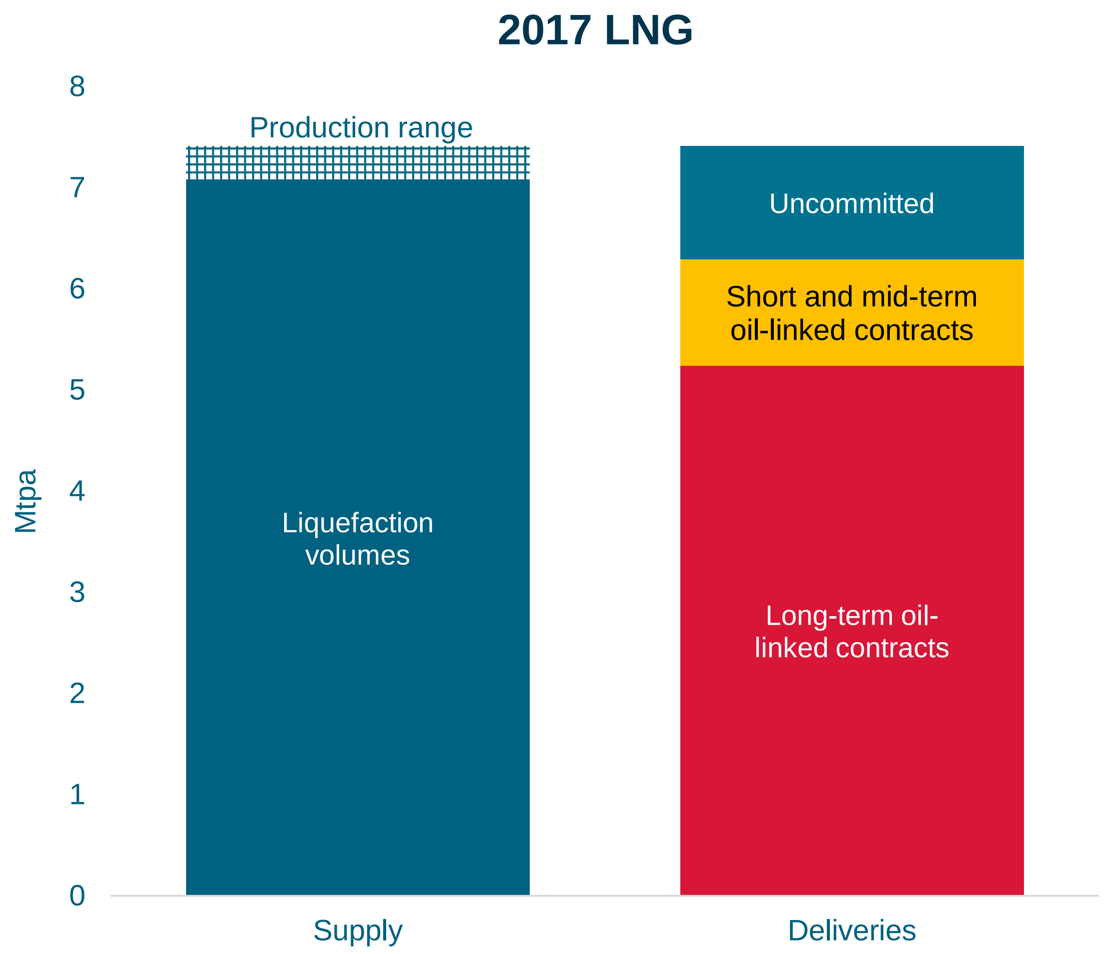
Supply

- Additional 16 Mtpa capacity required annually to meet demand
- 6 Mtpa of capacity sanctioned in 2016 and 6 Mtpa forecast in 2017

Demand

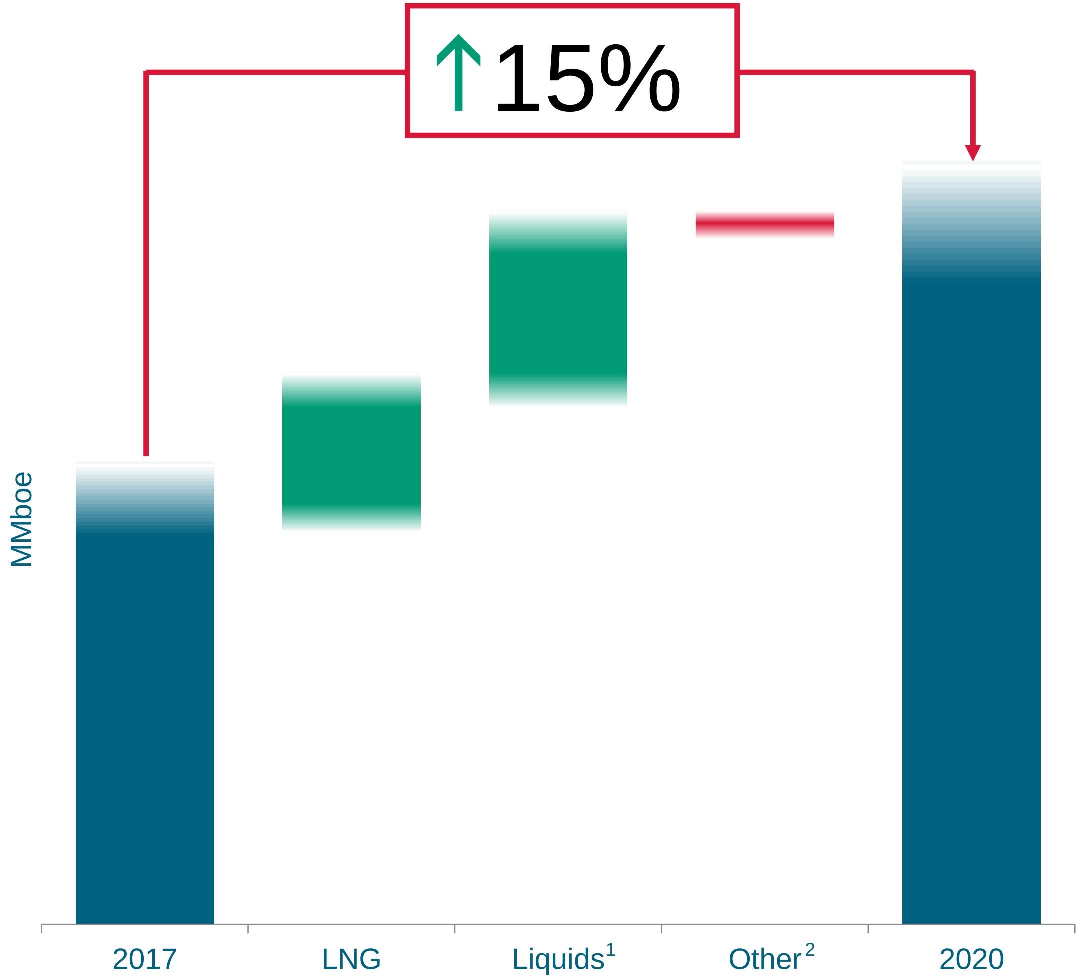
- Emerging buyers fuelling growth enabled by lower prices and new technologies/business models
- Shipping regulations support additional demand:
  - International Maritime Organization imposing a global cap on sulphur emission (from 3.5% to 0.5%) from 2020
  - Stricter conditions being applied by governments through Emission Control Areas
- China's 13th five-year plan reduced outlook for domestic gas supply and increased forecast for gas imports

LNG contracts



- 88% of expected 2017 LNG production sold under oil-linked term contracts
- Recently finalised mid-term oil-linked sales of 18 cargoes for delivery in 2017-18
- Continued demand for oil-linked LNG pricing

Production growth



1. Liquids includes oil and condensate.
2. Other includes NWS pipeline gas, LPG and Canada pipeline gas.
3. Based on project schedules of currently sanctioned projects including NWS subsea tiebacks, Wheatstone Project and Greater Enfield Project.

- Production growing approximately 15% from 2017 to 2020 from operating and sanctioned projects[3]
- Adding high cash margin production from Wheatstone and Greater Enfield
- Upside potential from low-cost developments in growth pipeline
- Added the equivalent of over 30 years of 2016 production in contingent resources (2C) and reserves (2P) in past two years

Our 2017 priorities

Wheatstone

- Expected first LNG mid-2017
- More than 13 MMboe of annual production (Woodside share) once fully operational

Senegal

- Two appraisal wells to inform development concept
- Targeting first oil 2021 – 2023

Myanmar

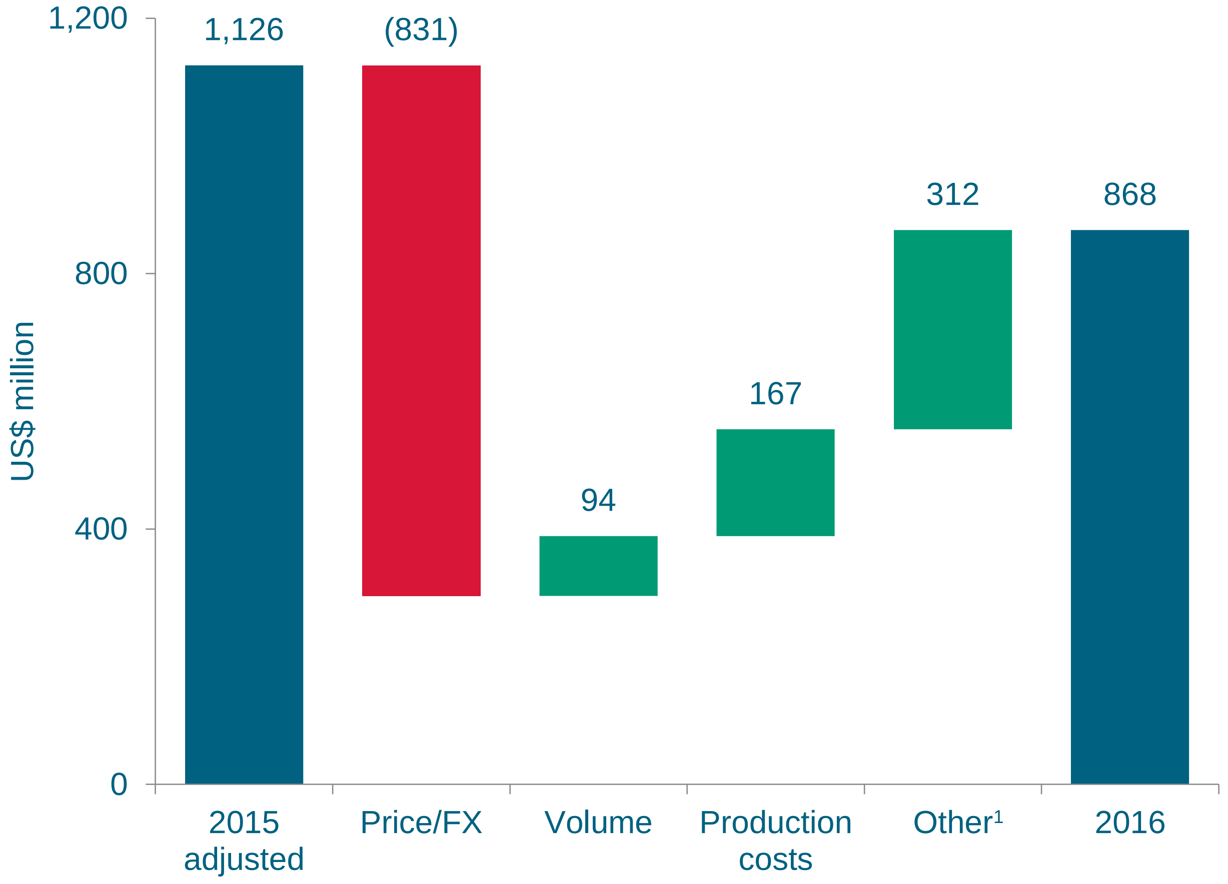
- Two appraisal and two exploration wells in 2017
- Scope for up to three additional wells in 2017

Pluto LNG: creating a Burrup hub

- Mid or large scale expansion potential
- LNG transport and marine fuel

FINANCIAL MANAGEMENT

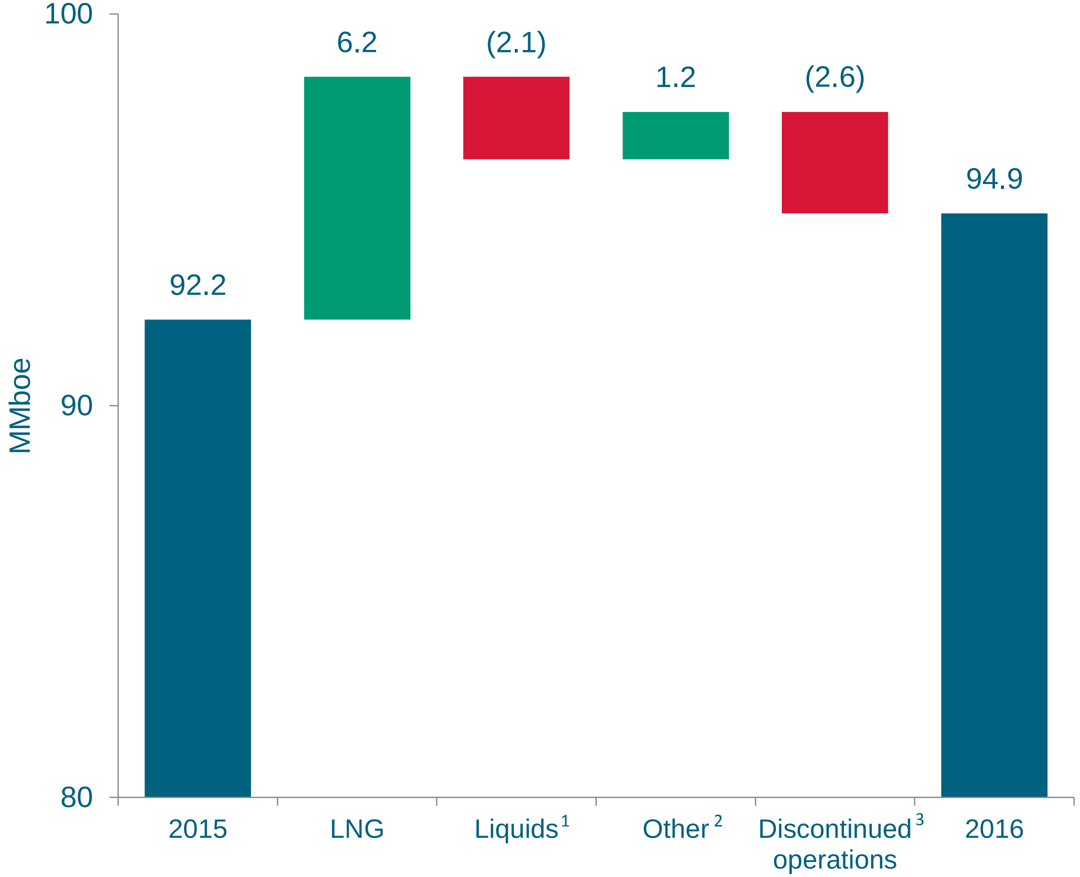
NPAT drivers



- Sales revenue impacted by lower oil prices:
  - Average realised price 18% lower
  - Lagged JCC[2] price 36% lower
- Oil price impact partially offset by:
  - Record sales volume
  - Lower unit production costs

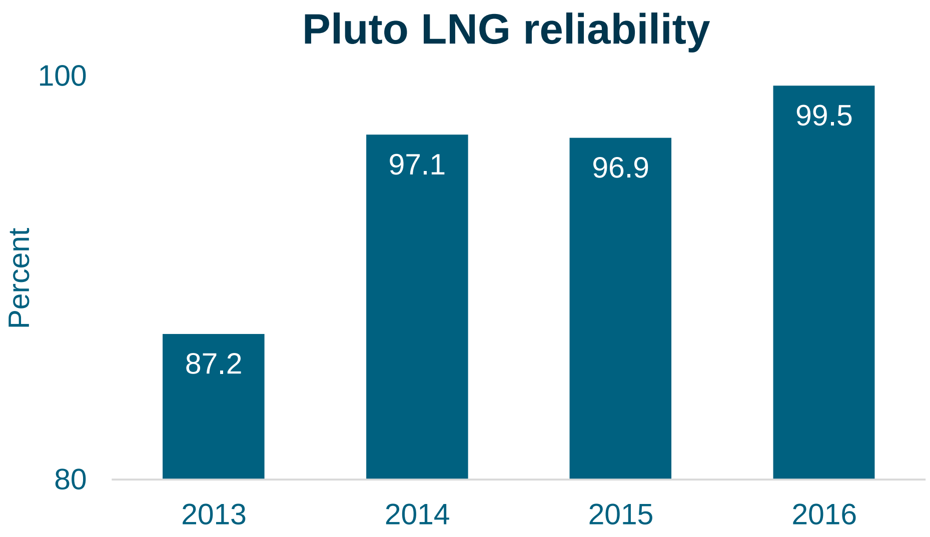
1. Includes exploration and evaluation expense, depreciation and amortisation, PRRT, income tax, non-controlling interest, NWS LNG price review outcomes and other costs.
2. Japanese Crude Cocktail (JCC) is the average price of customs-cleared oil imports into Japan, JCC lagged by 3 months.

Production volume

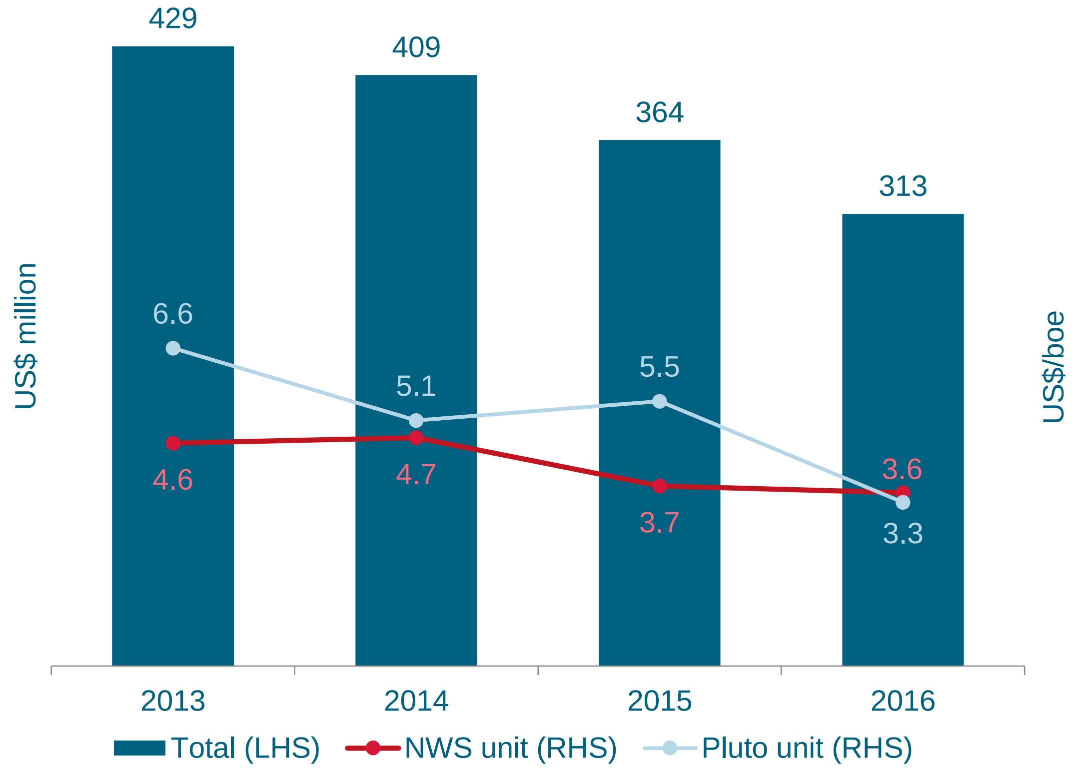


1. Liquids includes oil and condensate.
2. Other includes NWS pipeline gas, LPG and Canada pipeline gas.
3. Discontinued operations include Stybarrow, Balnaves and Laminaria-Corallina.
4. 100% Project. Original design capacity 4.3 Mtpa. LNG capacity defined as loadable LNG capacity over average train turnaround cycle (6-8 years).

- Exceeded original production guidance range
- Pluto LNG production of 5.0 Mt, 16% above original design capacity[4]
- Increased capacity of NWS LNG from 16.7 – 16.9 Mtpa
- 2017 production guidance 84 – 90 MMboe

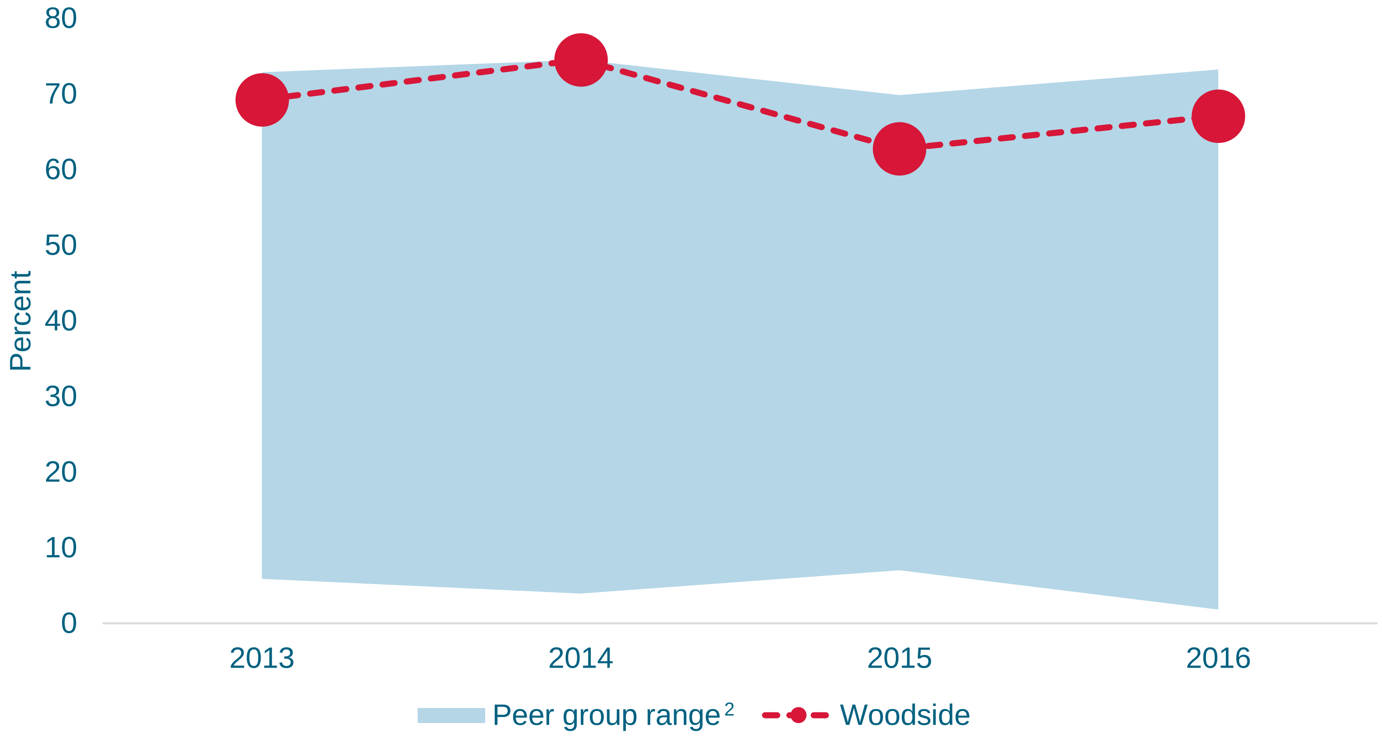


Gas production costs



- Sustained cost reduction trend
- Pluto unit production costs down 50% since 2013
- NWS gas unit production costs down despite major turnaround in H1 2016

EBITDA margins[1]

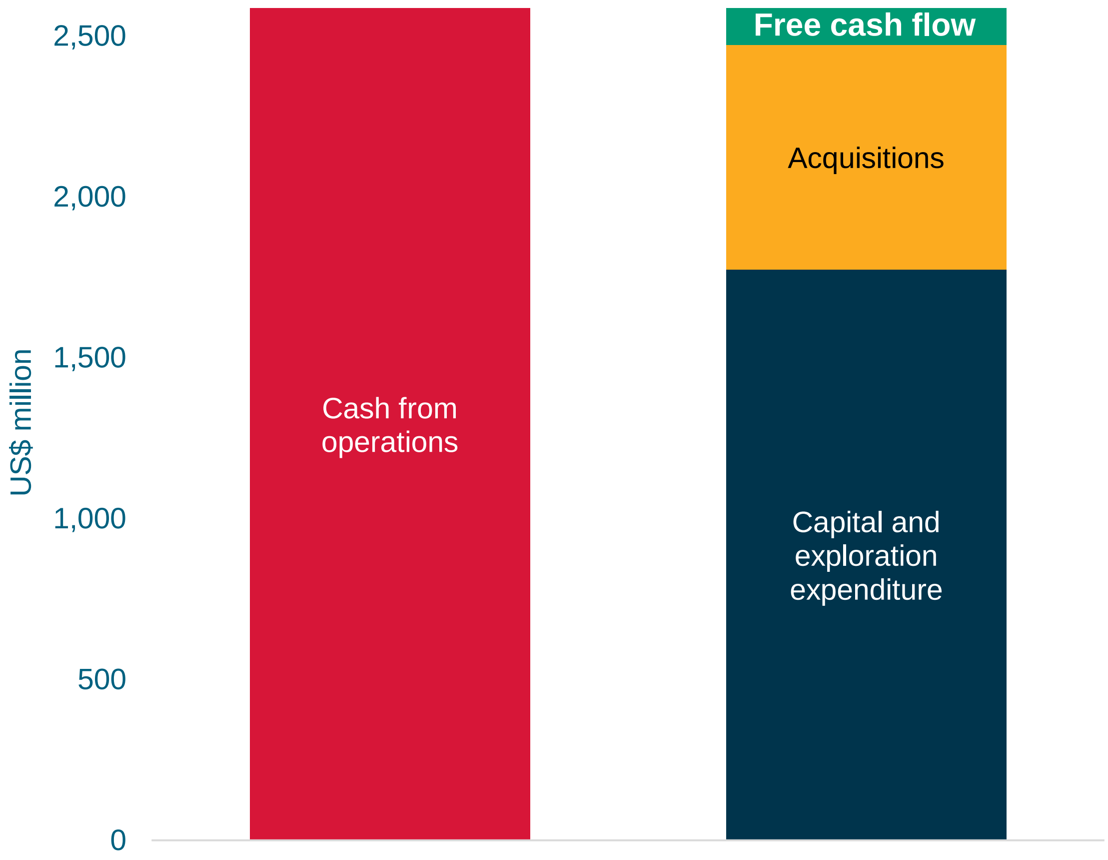


Source: IRESS

- Strong cash generation driven by:
  - Realised LNG price
  - Low production costs
- 67% EBITDA margin

1. EBITDA margin is earnings before interest, tax, depreciation and amortisation as a percentage of operating revenue.
2. Refer to disclaimer and important notice for peer group. 2016 includes peers that have reported full-year results as of 21 February 2017.

Free cash flow

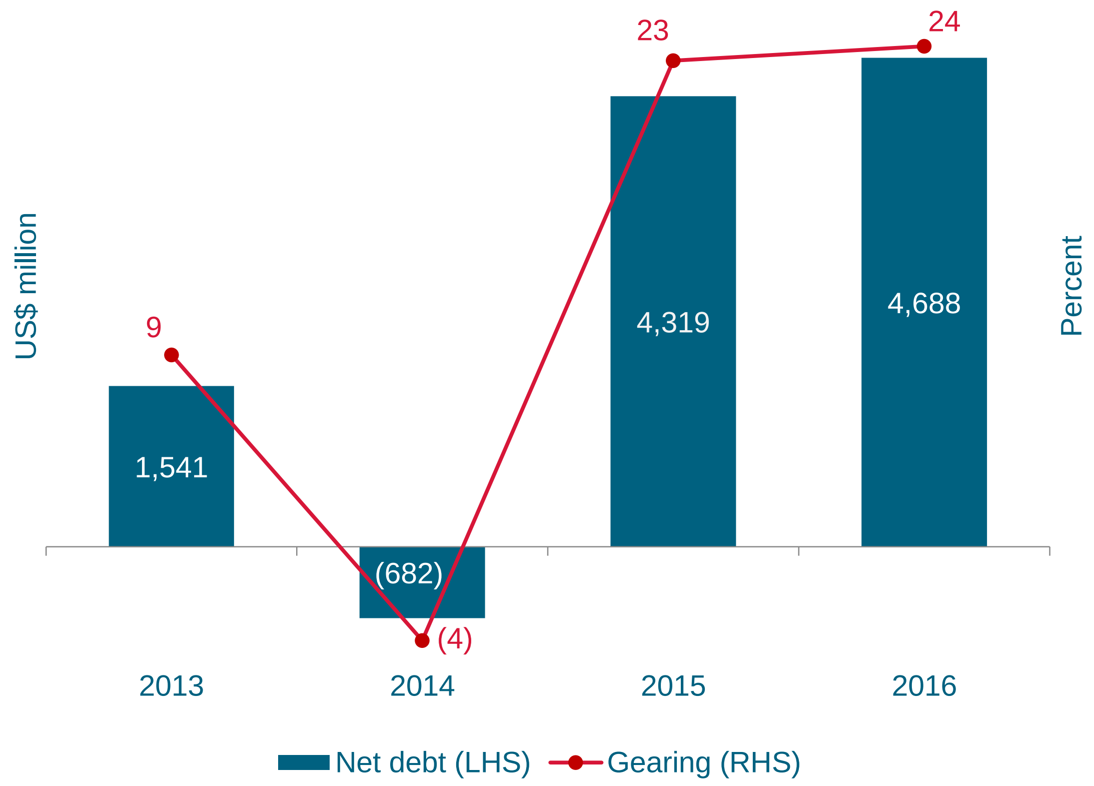


- Investing to deliver growth:
  - 70% of 2016 capital expenditure[1] expected to deliver new production within three years
  - Completed two significant acquisitions
- Generated positive free cash flow of $114 million
- 2016 free cash flow breakeven at $43/bbl
- Forecast 2017 free cash flow breakeven at $35/bbl while investing $1.6 billion

1. Excluding 2016 acquisitions.

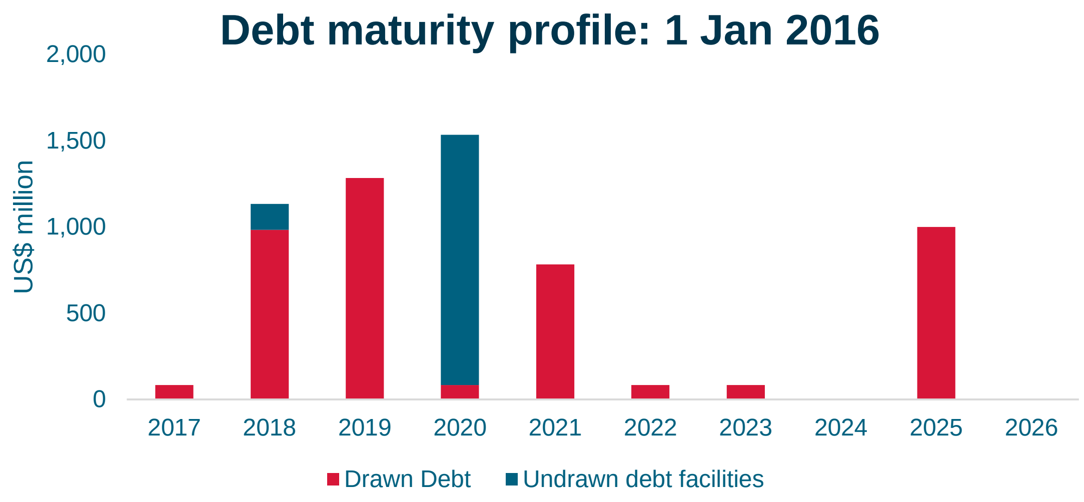
Net debt and gearing

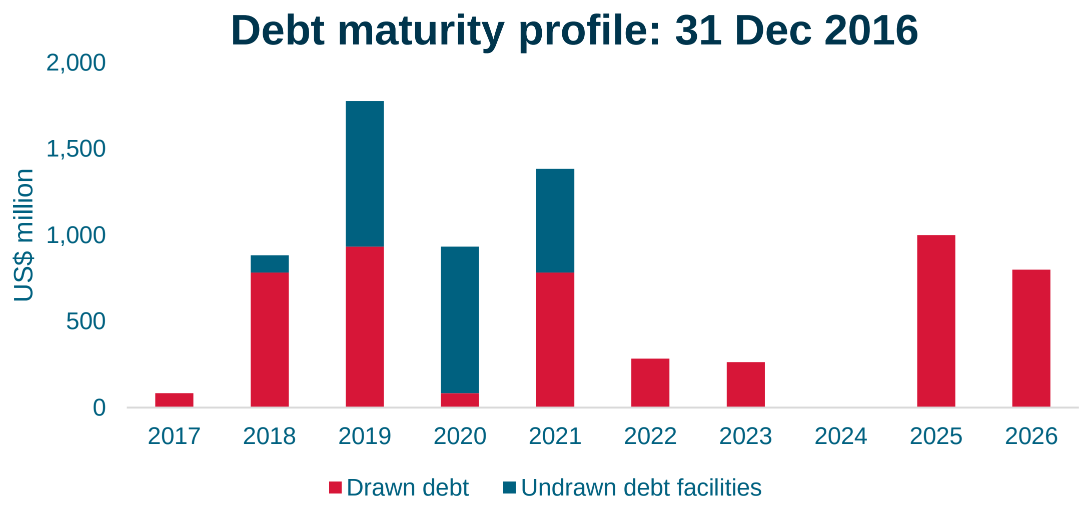
woodside



- Gearing within target range of 10 – 30%
- Maintaining flexibility to capture growth opportunities

Liquidity





- Secured over $1.4 billion of debt funding from diversified sources at competitive rates
- Average term to maturity of ~5 years
- Portfolio cost of debt of ~3%
- Liquidity of $2.7 billion at year end
- Negligible 2017 debt maturities
- Credit ratings reaffirmed at BBB+ and Baa1[1]

1. S&P and Moody's respectively, negative outlook.

2017 PRIORITIES

Wheatstone

>13 MMboe

of expected annual production once fully operational

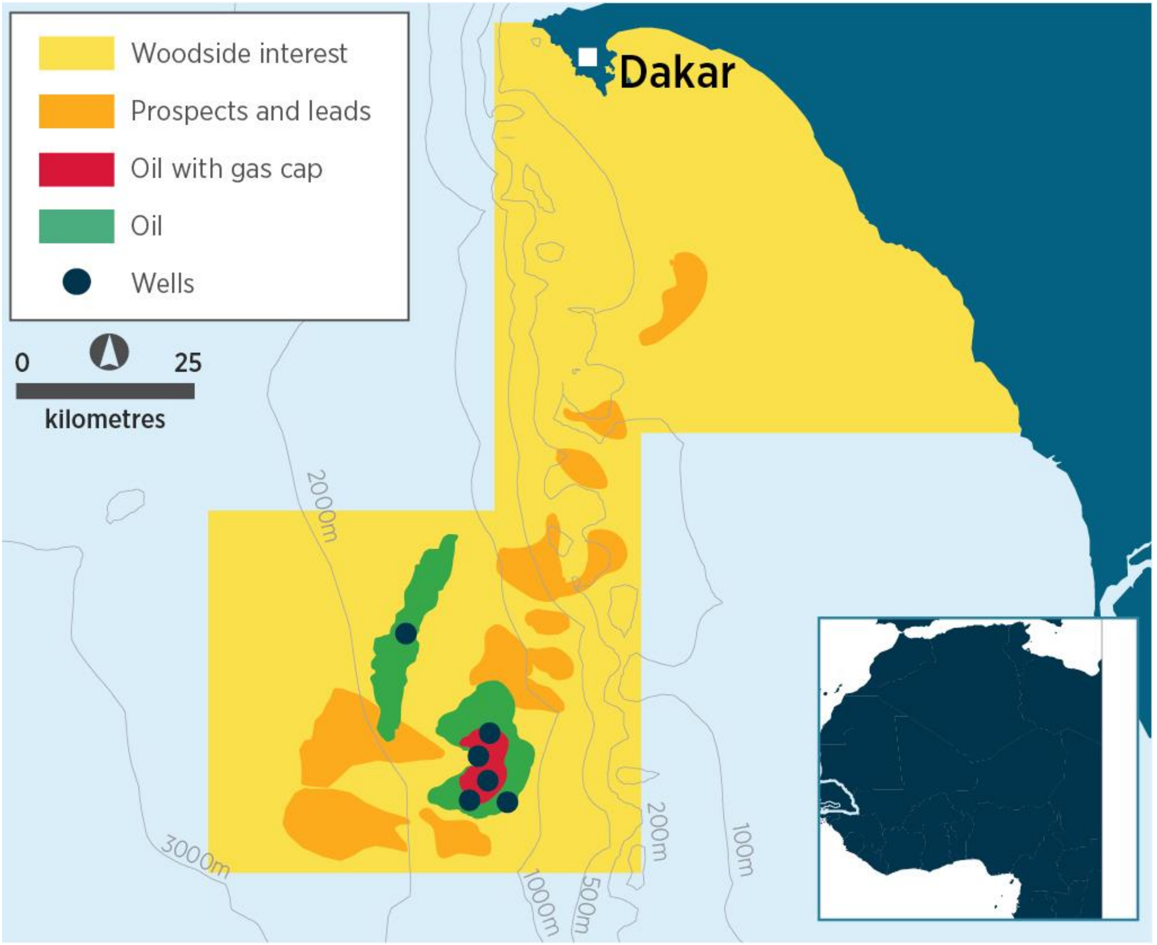
Mid-2017	H1 2018	2019
Wheatstone LNG Train 1	Wheatstone LNG Train 2 and domestic gas	First full-year of production

Source: Chevron Australia

- Expected production of 2-3 MMboe in 2017
- Train 1 construction is nearing completion and commissioning is well underway
- All Train 1 and Train 2 modules are set on their foundations
- Permanent power to the LNG plant has been established
- Ongoing hook up and commissioning of the offshore platform is the critical path activity
- Production of more than 13 MMboe and $55-65 million opex per year once fully operational (~$4.6/boe)[1]
- Approximately 80% of LNG volumes sold under long-term oil-linked contracts

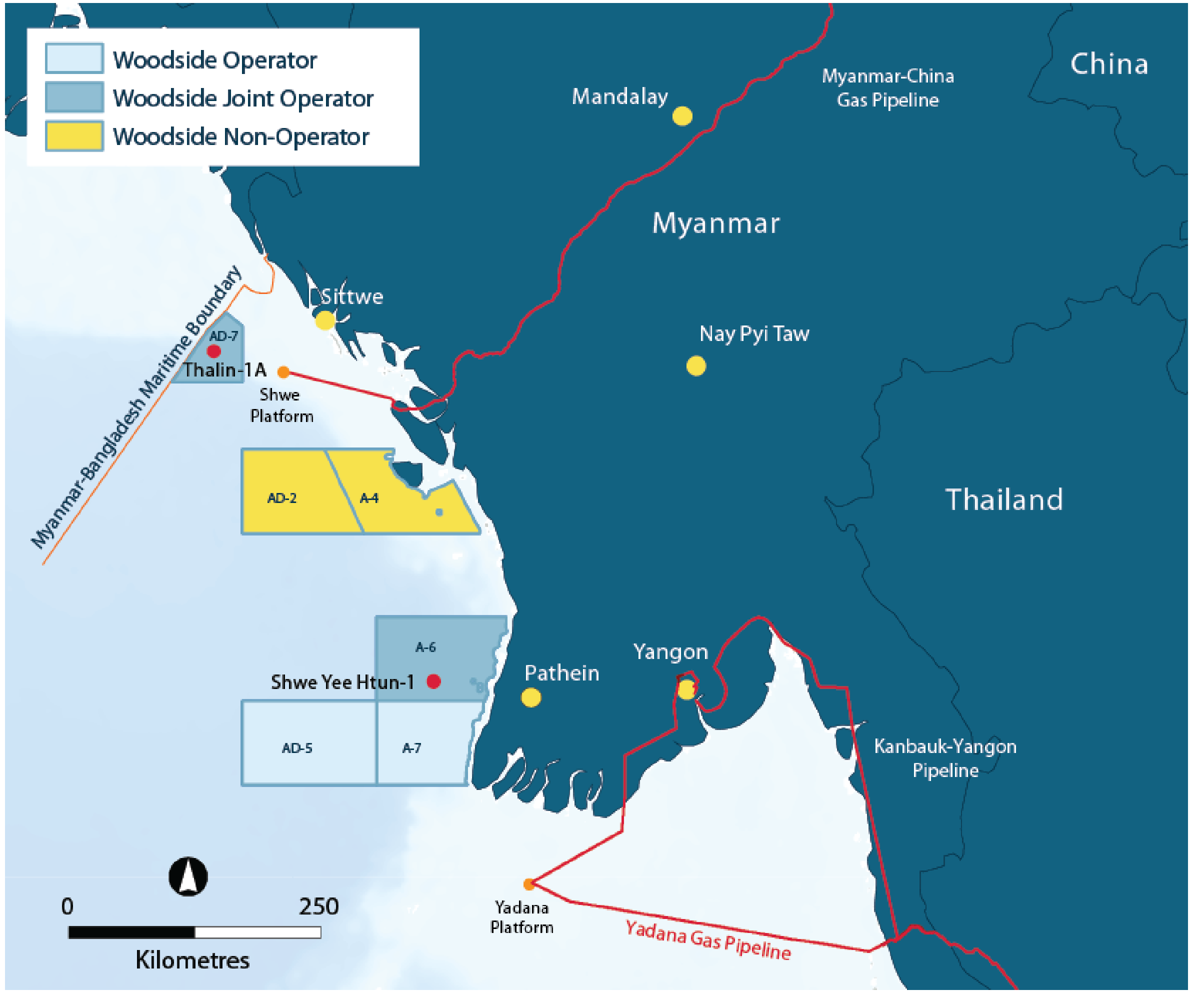
1. Woodside estimate for steady-state operations, Woodside share, Wheatstone and Julimar combined.

Senegal



- ~560 MMbbl (2C, 100%) SNE oil field discovered in 2014
- Seismic completed; 6 wells drilled (5 in SNE)
- Two appraisal wells in 2017 to inform the development concept
- Targeting first oil from 2021 – 2023
- Estimating plateau production rate of 100,000 – 120,000 bbl/d (100%)
- Planning to transition to operatorship prior to SNE final investment decision
- Further exploration upside and opportunity to develop a regional hub

Myanmar



- Dhirubhai Deepwater KG2 drillship contracted for 2017 drilling
- First well expected to spud late February
- Two Thalin appraisal wells (AD-7) with data acquisition in support of development concept selection
- Appraisal includes coring and well testing to quantify static and dynamic reservoir performance
- Exploration well in each of A-6 and AD-7
- Scope for additional three wells in 2017

Pluto: creating a Burrup hub

Mid or large scale expansion potential:

- Production acceleration (high rate tests planned)
- Unallocated gas in Carnarvon/Browse Basins
- Woodside equity interest in four key assets
- Two exploration wells to be drilled in 2017/18, multi-Tcf potential

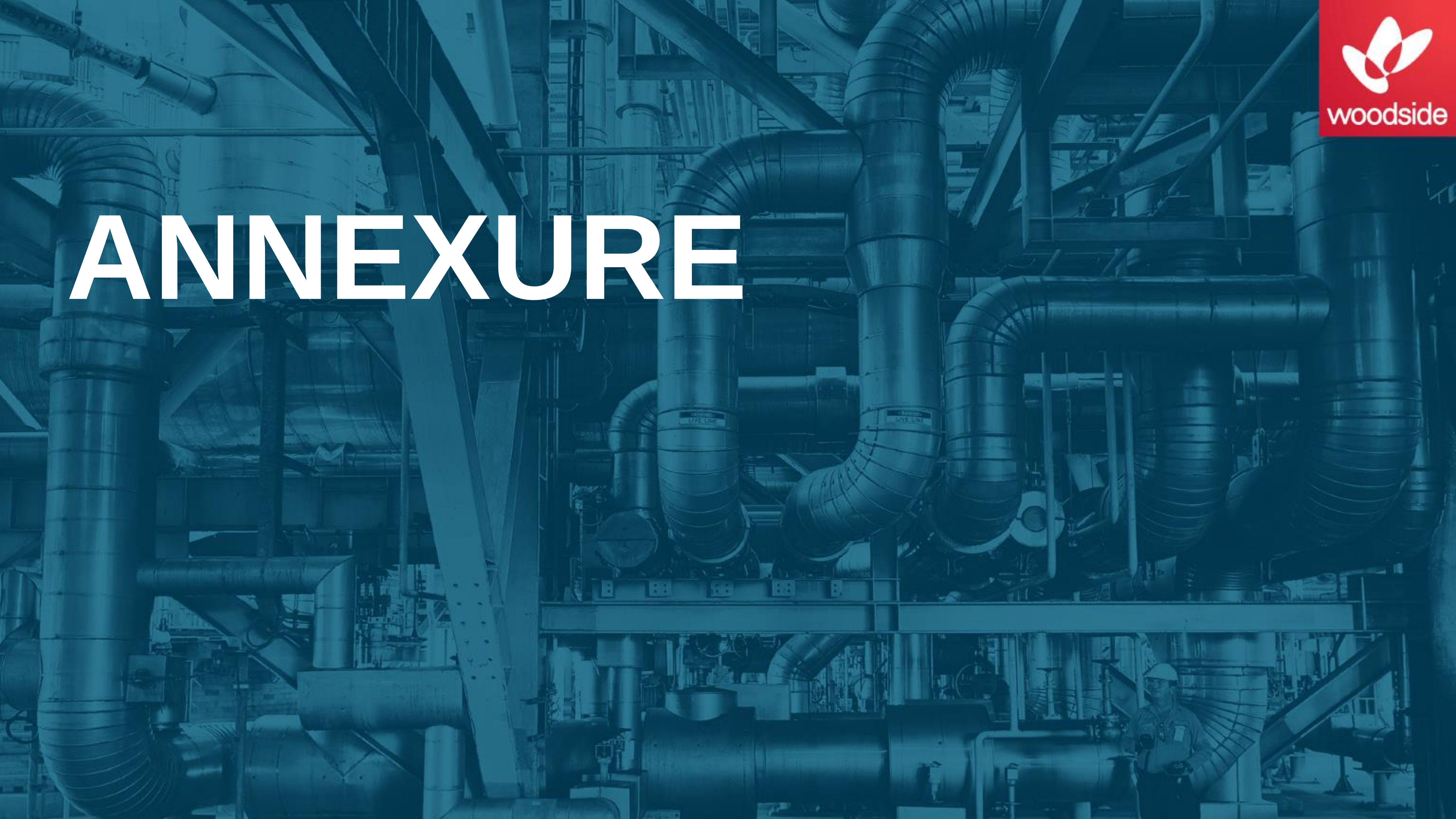
LNG transport and marine fuel:

- Planning for facilities to distribute LNG in the Pilbara region for use as a fuel

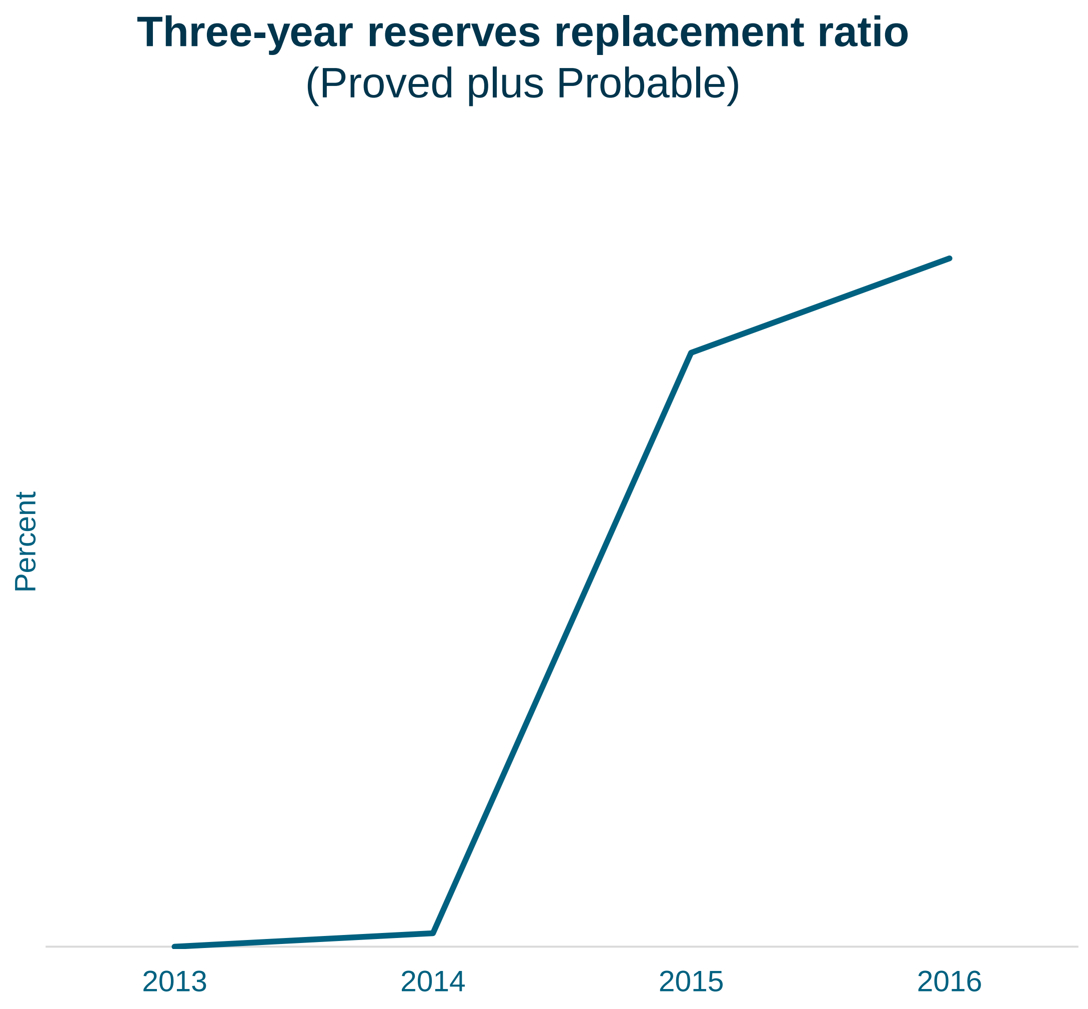
Summary

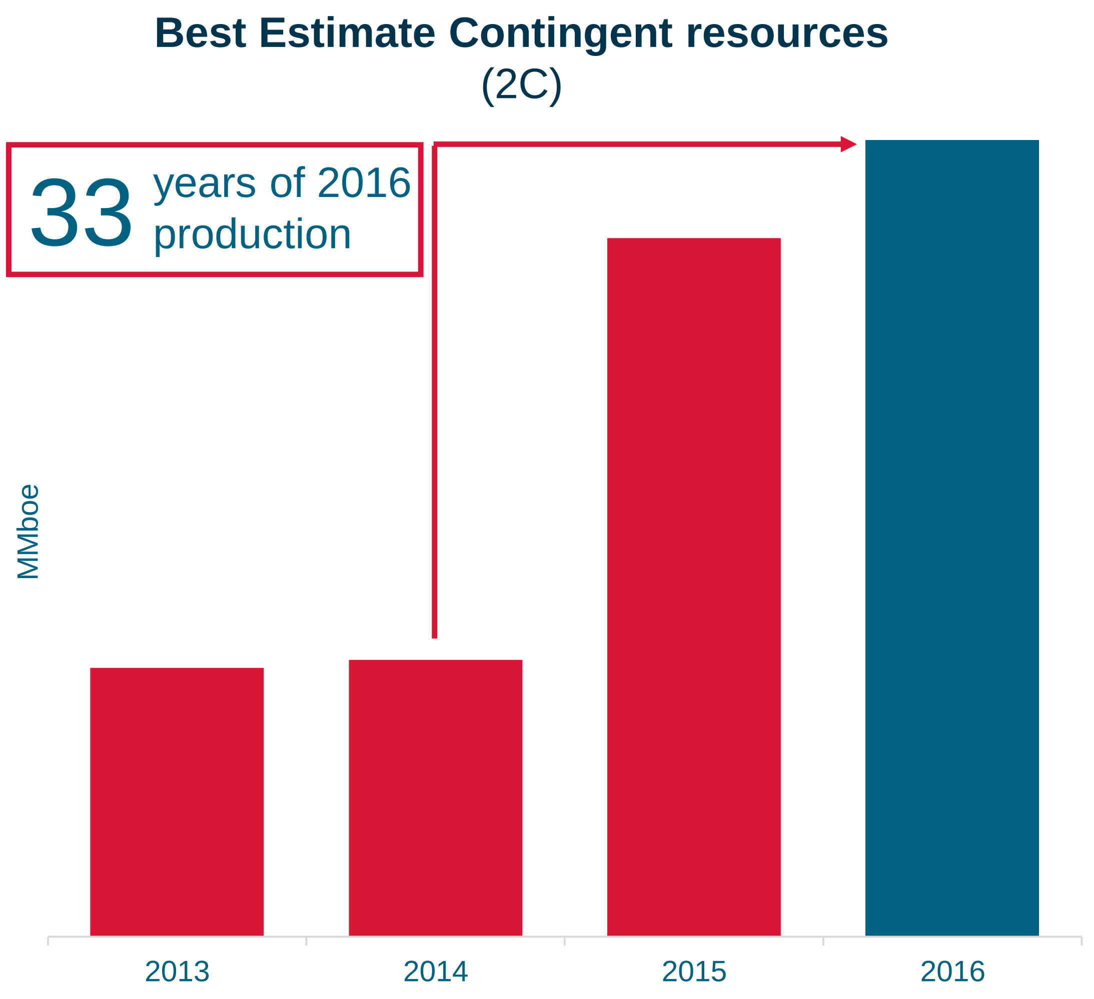
- Strong operational performance creating value for shareholders
- Delivering structural cost reductions
- Acted decisively in a low cost environment to prepare for future production growth
- Pursuing identified opportunities to deliver sustained growth in shareholder wealth

ANNEXURE



Reserves and resources

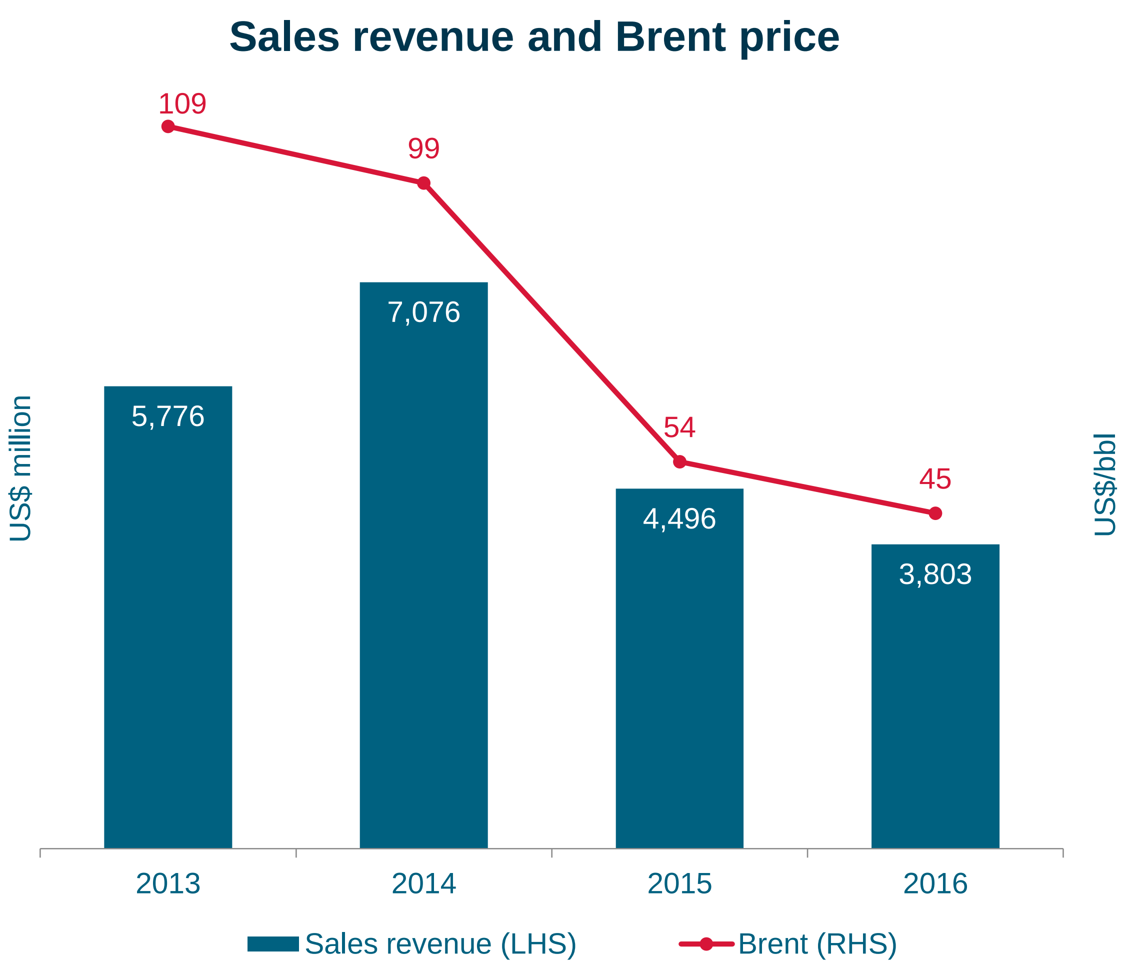




Product pricing

Products	US$/boe 2016	US$/boe 2015	% Variance	US$m Revenue impact
NWS LNG	33	45	(27)	(291)
Pluto LNG	48	59	(19)	(436)
NWS pipeline natural gas	23	22	5	2
Condensate	45	50	(10)	(48)
LPG	45	50	(10)	(4)
Oil	44	52	(15)	(54)
Volume weighted average realised prices	**40**	**49**	(18)	(831)
Brent average price	45	54	(17)	
Average 3 month lagged JCC	42	66	(36)	

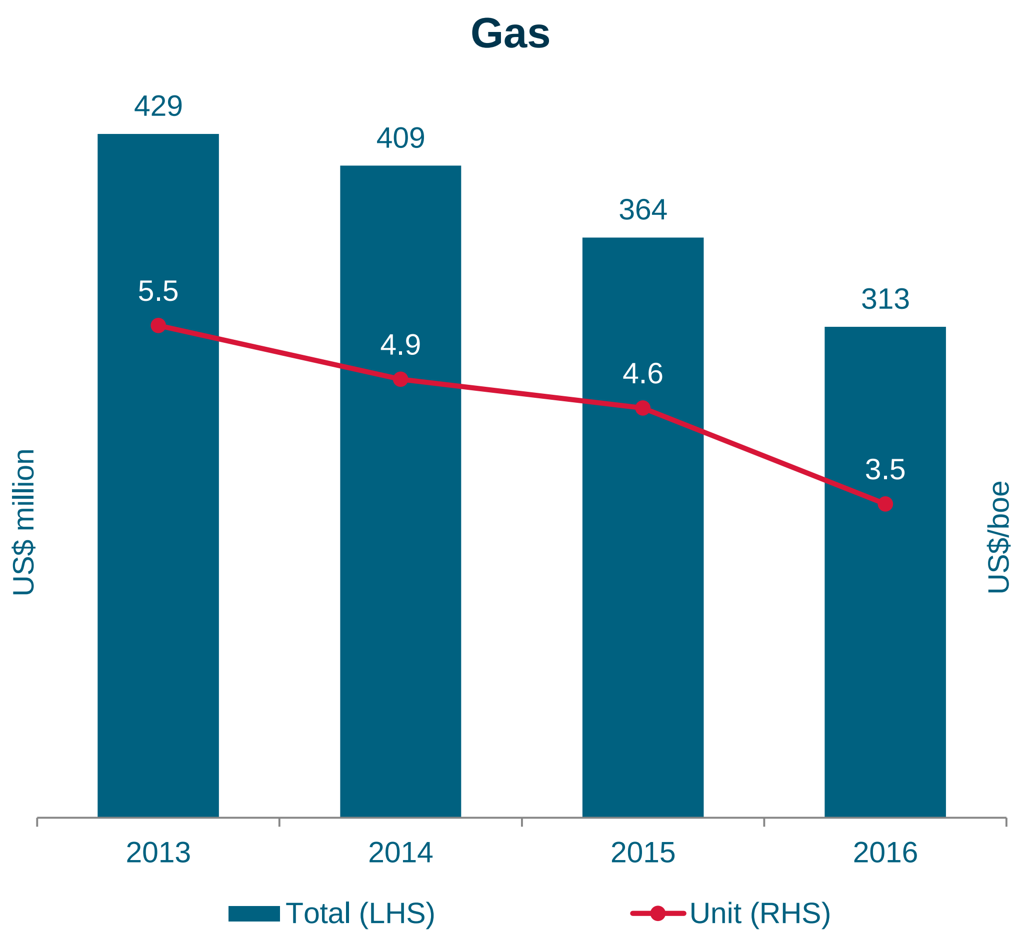
Sales revenue

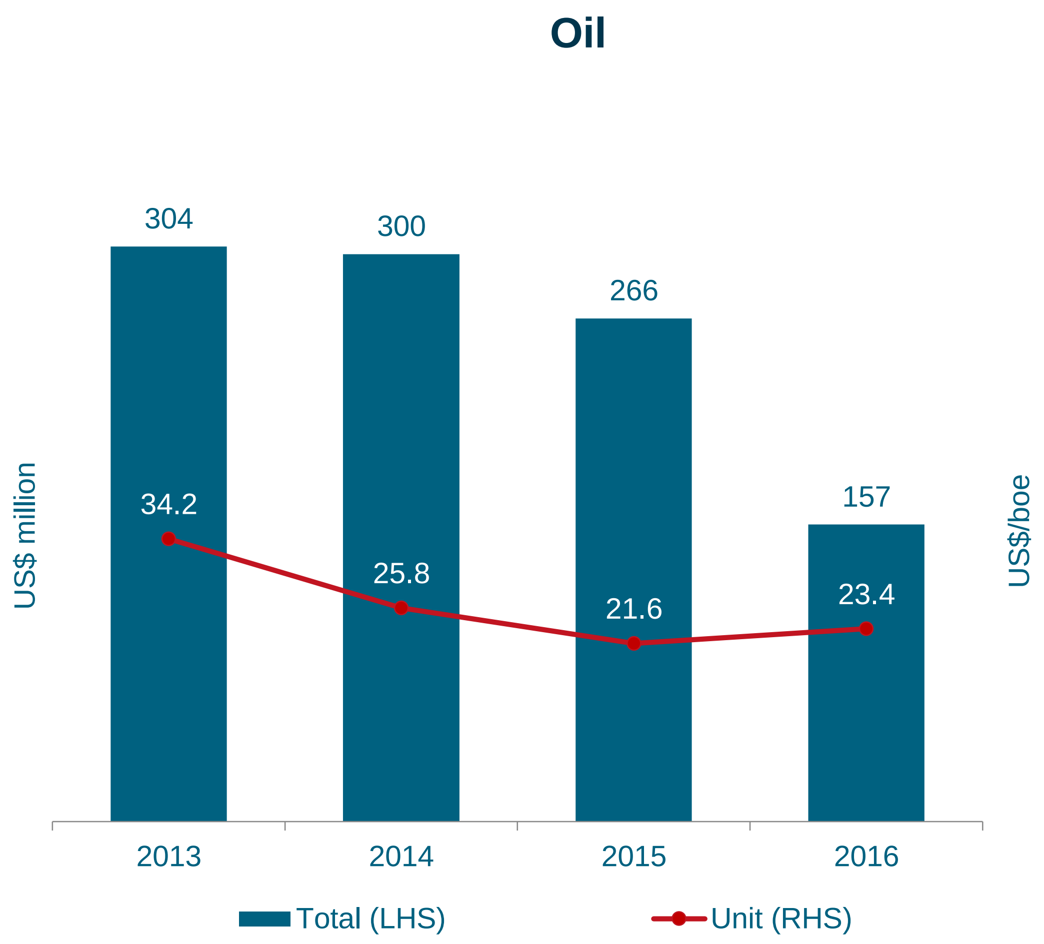


1. Japanese Crude Cocktail (JCC) is the average price of customs-cleared oil imports into Japan, JCC lagged by 3 months.

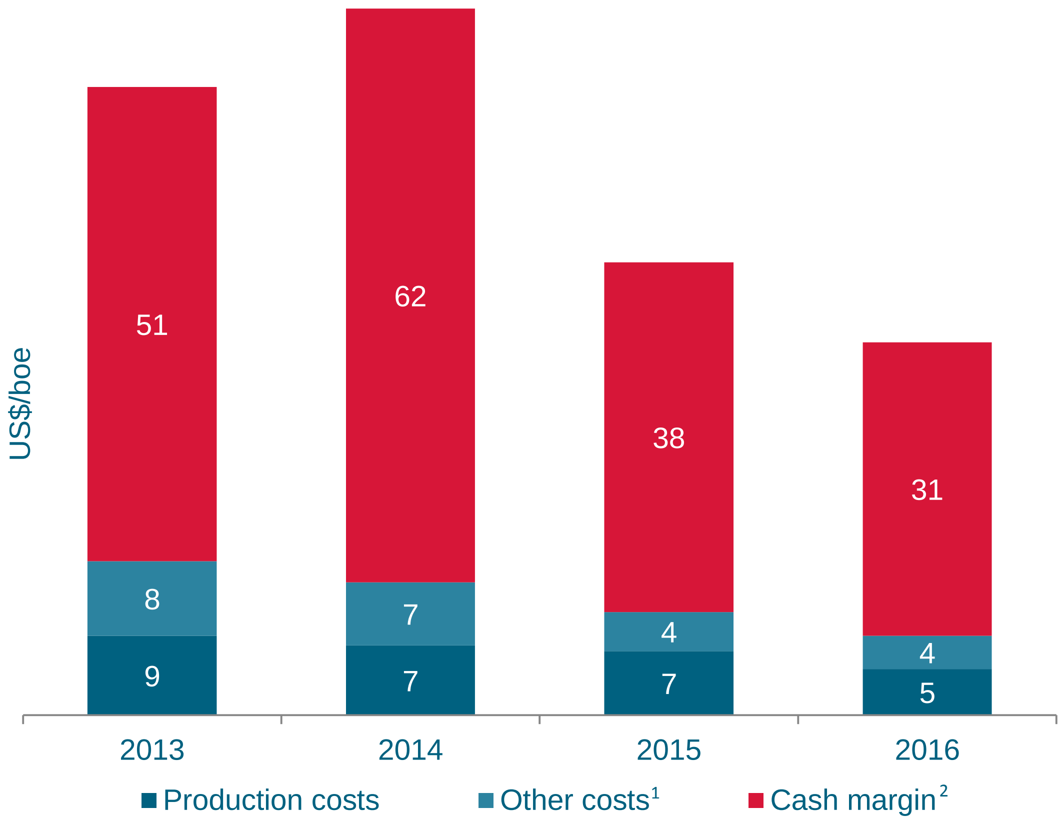
- Lower sales revenue primarily due to lower realised prices, partially offset by:
  - Record sales volumes
  - NWS price review outcome
- Sales revenue fell 15% as benchmark LNG price indicator[1] fell 36%
  - Reflects quality of existing LNG contracts

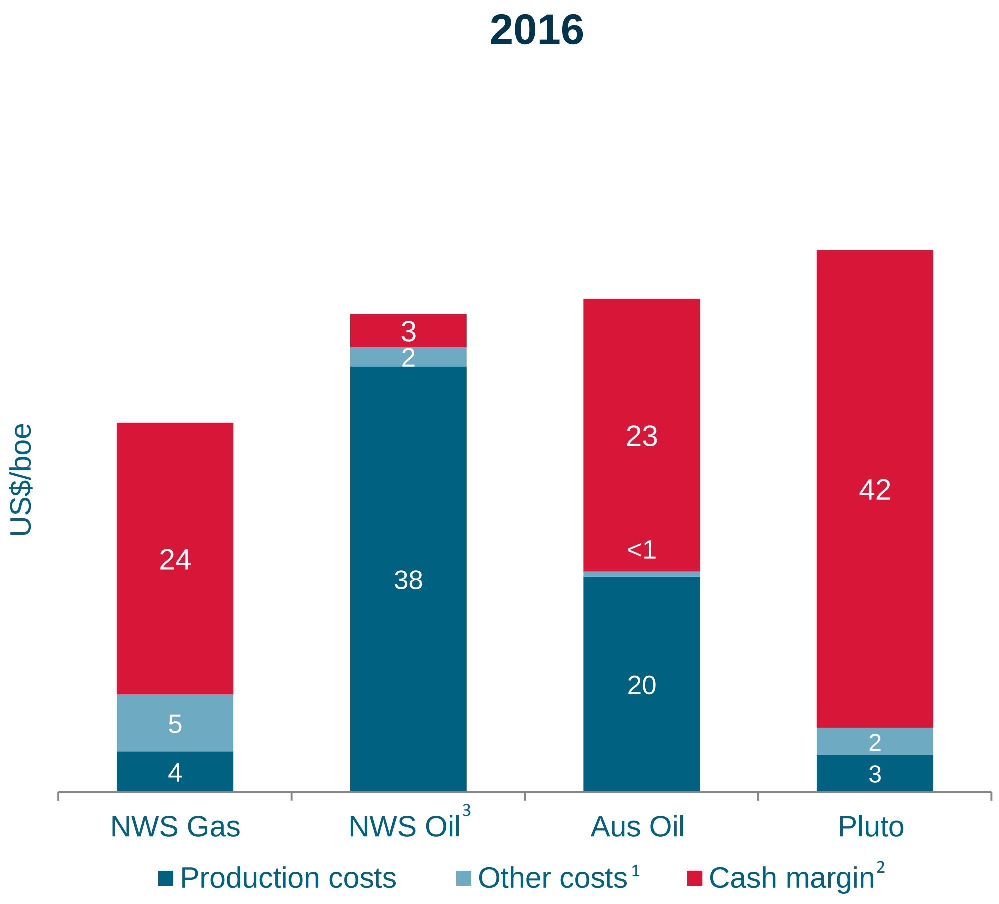
Production costs





Cash margins



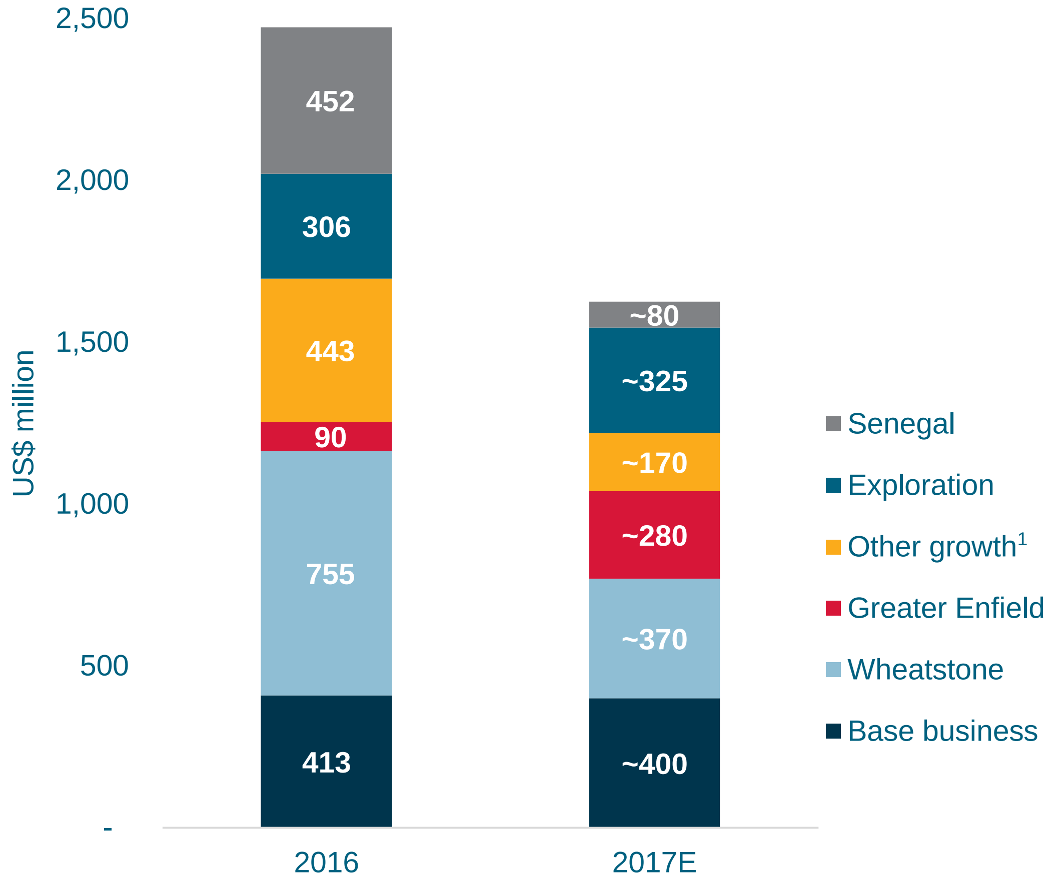


1. Other costs includes royalty and excise, shipping and direct sales costs, carbon costs and insurance.
2. Based on sales volume, height of bars reflects realised prices.
3. NWS oil production costs impacted by extension of a planned FPSO turnaround and vessel dry-docking during H1 2016.

Segment performance

		NWS	Pluto	Aus Oil
Production volume	(MMboe)	44.3	43.3	5.7
Operating revenue	($million)	1,450	2,286	258
EBITDA	($million)	1,040	1,925	162
EBIT	($million)	759	1,010	58
Unit production cost	($/boe)	4.4	3.3	20.7
Gross margin	(%)	52	46	10

Investment spend



- Investment supporting our 2017 priorities
  - Delivering Wheatstone from mid-2017
  - Executing Greater Enfield oil project
  - Appraising Senegal (SNE) and Myanmar (Thalin)
  - Drilling three firm exploration wells and up to four contingent wells

1. Other growth includes Kitimat, Browse and Myanmar.

Exploration pipeline

2017/2018 Drilling Activities		2017				2018	Size
Drilling[1]		Q1	Q2	Q3	Q4		Volume[2]
Myanmar	Block AD-7 Thalin-1B appraisal	●					Appraisal
	Block AD-7 Thalin-2 appraisal		●				Appraisal
	Block A-6 exploration			●			Large
	Block AD-7 exploration			●			Large
	Exploration/appraisal			○	○ ○	●●●○○○○	TBA
Australia	WA-483-P Swell 1			●			Medium
	WA-404-P Ferrand-1					●	Large
	NWS Fortuna					●	Medium
Senegal	Senegal offshore appraisal	● ●		○			Appraisal
	Senegal offshore exploration		○			○	TBA
Morocco	Rabat Deep-1					●	Large
Gabon[3]	Luna Muetse Ivela-A					●	Large
Ireland	Beaufort-1					○	Large
Peru	Block 108 exploration					○	Large

Drilling

● Gas ● Oil ● Gas or oil

Contingent Drilling

○ Gas ○ Oil ○ Gas or oil

Notes: This is a forecast activity plan subject to change due to rig availability, weather conditions and other external circumstances.

1. *The drilling program remains subject to final approvals.*
2. *Target Size: Unrisked Gross Mean Success Volume 100%. Medium >20 MMboe and <100 MMboe and large >100 MMboe.*
3. *Woodside farm-in to Luna-Muetse Block is awaiting final Government approval.*

Notes on petroleum resource estimates and conversion factors

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, 27 June 2016 and 15 November 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 (10^6) 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.