

ASX Announcement

Tuesday, 30 November 2010

ANNUAL INVESTOR UPDATE

In recent years Woodside has provided investors with an update each November on its key activities. This update has included a look-ahead on projects and developments, including targets on production and capital expenditure.

This year's update coincides with the conclusion of a cost and schedule review for the Pluto foundation project, the results of which are reported below.

Pluto

Pluto Foundation Project

The Pluto Foundation Project is 95% complete.

As foreshadowed in Woodside's most recent quarterly report a comprehensive six-monthly cost and schedule review for the Pluto Foundation LNG Project has just been completed. The review has led to a revised ready-for-start-up (RFSU) target of August 2011. The first LNG cargo is targeted a month after start-up.

The change in schedule is driven by the failure of the project's flare tower contractor to take into account the specified wind loading requirement of the flare towers. After consideration of several remedial options the flare towers are being replaced. A temporary flare tower will be used to assist during commissioning.

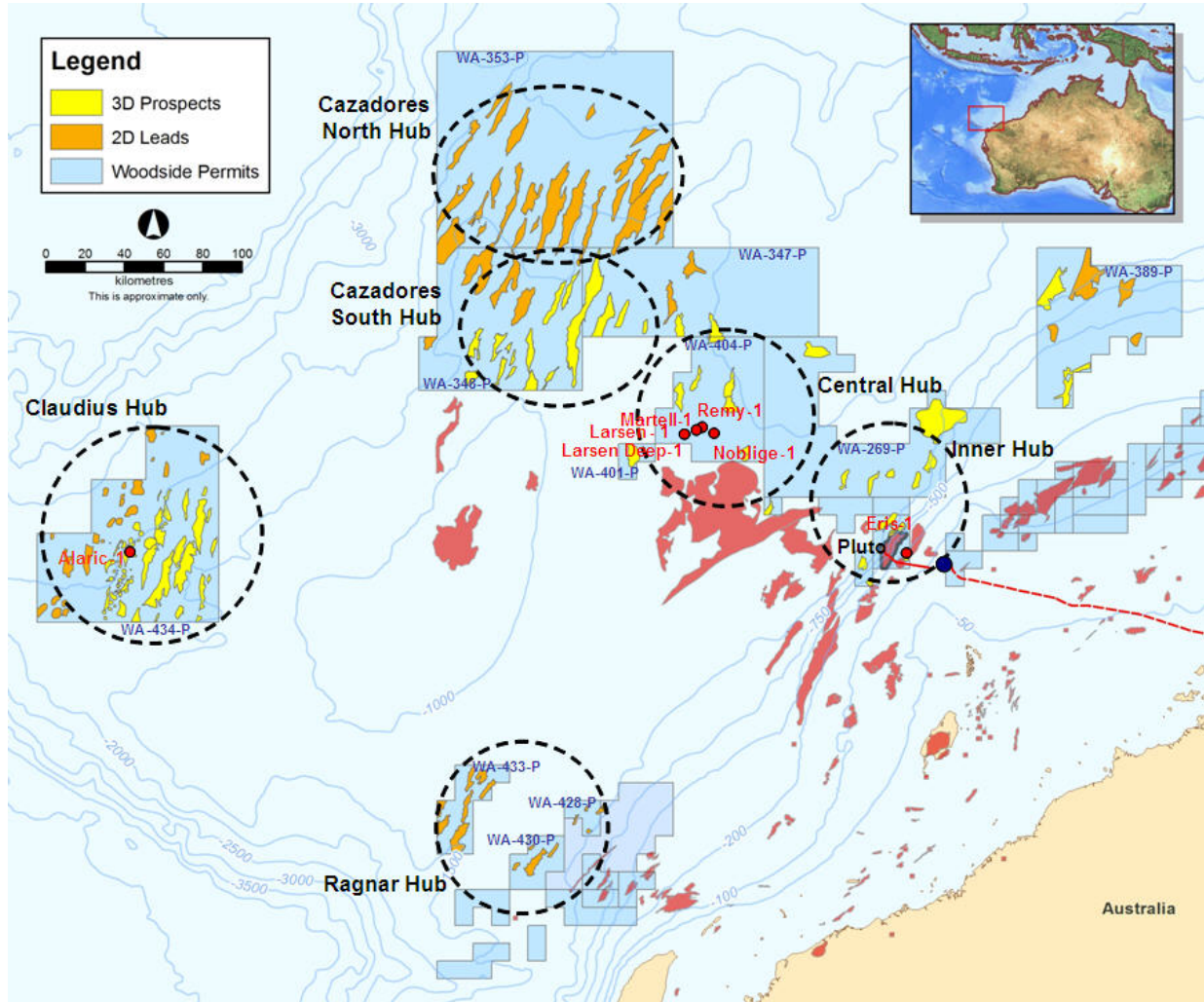
The revised cost of the Pluto Foundation LNG Project (including costs associated with mitigating the shortfall of LNG cargoes) is A\$14 billion. This represents a 6.9% increase to the project's earlier A\$13.1 billion estimate, as outlined below.

	A\$ billion (100% project)
Pre-FID expenditure	0.8
Post-FID expenditure (27 July 2007)	11.2
Revised estimate (20 Nov 2009)	<u>+1.1</u>
Sub-total	<u>13.1</u>
Revised estimate (30 Nov 2010)	<u>+0.9</u>
Total	14.0

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Pluto Expansion – Exploration

During the current Carnarvon Basin campaign Woodside has successfully drilled six discoveries from nine exploration wells in the inner and central hubs (including blocks WA-34-L, WA-350-P, WA-404-P). The location of the exploration wells, fields and permits are shown below. Successful wells in the inner and central hubs include Eris, Martell, Noblige, Larsen, Larsen Deep and Remy.



Exploration and appraisal activity in the inner and central hubs is expected to provide the foundation volume of gas for an expansion train at Pluto. Woodside has completed front-end engineering design (FEED) for the next two onshore trains. The company plans to order long-lead items (LLIs) in 2011 to maintain an RFSU for an expansion train by end 2014.

Following the recent acquisition of Hess Exploration (Carnarvon) Pty Ltd's interest in WA-404-P (subject to regulatory approval), Woodside's equity in an expansion train is expected to be around 90% to 95%.

Pluto Expansion – Third Party Gas

Discussions continue with third parties in the Carnarvon Basin about the potential to process gas through additional trains at Pluto. Woodside is pleased with the progress of these discussions.

Browse

The project remains on track to enter FEED in early 2011 and to be in a position to take a Final Investment Decision by mid 2012, as required by the retention lease conditions. These conditions were accepted by each of the Browse Joint Venture participants in December 2009.

The Basis of Design (BOD) phase of the Browse LNG Development has been completed on schedule and to budget, and that work is now progressing through the assurance review process. Woodside is continuing to deliver against the Browse retention lease conditions and schedule issued by the State and Commonwealth governments.

In February 2010 the Browse Joint Venture participants unanimously selected the development concept, which includes locating the Browse LNG Plant onshore at the Western Australian Government's LNG Precinct, 60km north of Broome. The Browse Joint Venture will invest approximately A\$400 million in the development in 2010.

The first of the pre-FEED contracts, for the Central Processing Facility, has been awarded. The remaining three packages – Subsea and Pipelines, Dry Tree Units and Downstream – are on track to be placed before year end.

As part of the FEED phase, Woodside will commence a significant mobilisation of personnel to contractor offices. There are currently more than 300 Woodside staff working on Browse. These include 16 Kimberley Indigenous people already on staff or in training.

The Western Australian Government is progressing the land tenure process at its James Price Point LNG Precinct. Negotiations continue between Woodside, the State and traditional owners.

The joint Federal-State Government Strategic Assessment of the State's LNG Precinct is being managed by the Western Australian Government. A public Strategic Assessment Report is due to be released by the end of 2010 for public comment, with the approvals process for the Precinct expected to be concluded by mid 2011. Woodside's Upstream Environmental Impact statement and Field Development Plans are also on track to be submitted for approval next year.

The contingent resources contained in the three Browse fields are 13.3 Tcf sales gas and 360 million barrels of condensate. Appraisal has been completed for the Brecknock and Calliance fields. Further appraisal work will be undertaken on Torosa to improve the conservative recovery factor.

Marketing of Woodside's share of LNG targeted to come from the Browse project is progressing. The Key Terms Agreement (KTA) with CPC Corporation Taiwan for the potential sale of 2 to 3 million tonnes per annum of LNG for a period of 15 to 20 years has been extended to allow continuation of Heads of Agreement discussions into 2011. Positive discussions continue with other potential buyers in the Asia-Pacific region for the remaining available volumes.

Sunrise

Woodside continues to actively progress the development of the Greater Sunrise fields with continued engagement with the Australian and Timor-Leste regulators and key stakeholders.

The engagements follow the submission by the Sunrise Joint Venture of its Concept Evaluation Reports to the Joint Petroleum Development Area and Australian regulators at the Sunrise Commission in September in Dili.

Woodside and its joint venture participants continue to work with regulators in obtaining necessary approvals. The next Sunrise Commission meeting is to be held in December.

North West Shelf

With improvements in capacity utilisation, LNG production is on track to achieve record levels in 2010. Average production of all products is approximately 730,000 barrels of oil equivalent per day (boepd), Woodside share, 150,000 boepd.

Up to three exploration wells will be drilled in the North West Shelf permits in 2011.

North Rankin Redevelopment Project

Overall progress on the A\$5 billion North Rankin Redevelopment project is 59% complete and remains on schedule and budget for completion in 2013. The project maximises the recovery of gas from the North Rankin and Perseus gas fields.

Construction of the jacket by PT McDermott Indonesia is ahead of schedule and construction of the topsides at Hyundai Heavy Industries in Korea is on track. Contracts for mobilisation of equipment to install the offshore facility are in place.

North West Shelf Oil Redevelopment Project

The A\$1.8 billion North West Shelf Oil Redevelopment Project is 84% complete. The project includes replacement of critical subsea infrastructure and the conversion of the Okha floating storage and offloading facility, which will replace the Cossack Pioneer FPSO in 2011.

The Cossack Pioneer will be continuing production until it is decommissioned in Q1 2011. This will be followed by approximately 110 days of production outage before production resumes with the Okha in Q2 2011.

Concept select studies have commenced on the Egret field as a potential tie-in to the Cossack Wanaea Lambert Hermes (CWLH) fields and the Okha facility.

Lambert-6

The CWLH Lambert-6 intervention was successfully completed in October, adding approximately 6,000bbl per day production (Woodside share 2,000 bbl per day). Currently the field is producing approximately 43,000 bbl per day (Woodside share approximately 14,300 bbl per day).

Greater Western Flank

The first phase of the Greater Western Flank (GWF) gas development is on track and is expected to move into front end engineering and design in 2011.

The GWF area is estimated to hold approximately 3 Tcf of recoverable gas and approximately 100 MMbbl of condensate from 14 fields to the southwest of Goodwyn A.

GWF together with other undeveloped gas reserves will maximise returns from existing infrastructure, maintain offshore supply to fill the Karratha Gas Plant capacity to beyond 2020 and support ongoing marketing.

Australia Business Unit

Vincent

Production is steady with an average of more than 26,000 bbl per day (100% project) in October. Two new infill wells were drilled in 2010 adding over 10,000 bbl per day.

A major shutdown will take place in January 2011 to return the B Compressor to service, which will allow gas reinjection and a further increase in production rates. The A Compressor repairs are targeted for completion around mid 2011, allowing full gas compression redundancy.

Vincent's first 4D seismic evaluation will take place towards the end of 2010 and into early 2011. The information will assist in locating long-term infill opportunities. Two Vincent infill wells are planned in the first half of 2011. A third well is planned for late 2011 or early 2012. These wells will target unswept parts of the reservoir or regions that are not being adequately drained.

Enfield

Production rates increased to approximately 25,000 bopd (100% project) with the addition of two new 2010 infill wells; the Main West well came on stream in August and the Horst well in October 2010. The more recent Horst well has been successfully producing at expectation levels with well rates constrained to meet reservoir pressure management.

The successful Cimatti-1 exploration well intersected a gross oil column of 15 metres, in line with the pre-drill prognosis. A sidetrack Cimatti-2 well was completed to further appraise the field and speed up potential development. The sidetrack well intersected a 7 metre thick oil bearing sand. Cimatti is within close tie-back distance to Enfield.

A follow up 4D seismic shoot of Enfield will take place in early 2011 and this will evaluate further infield opportunities. It is designed to identify opportunities similar to the previously identified and successful Enfield Sliver South well.

Laminaria-Corallina

Average production at the end of October was 10,000 bbl per day (100% project) with the successful reinstatement of the PT riser following a camera inspection. A range of additional production opportunities continue to be evaluated which could further increase short term production levels.

A strategic review of future opportunities for this asset is now underway.

Stybarrow

The Stybarrow North infill well has been completed and is expected to commence production in late December 2010. Average production in October was more than 9,000 bbl per day (100% project).

Laverda

Laverda appraisal drilling will commence in December 2010. Development concepts include a possible tie-back to existing projects off the North West Cape. Engineering work is progressing on plan including subsea evaluation, potential topside requirements and optimised well locations.

An exploration well, Opel-1 is also planned as part of the Laverda appraisal drilling. The prospect is located adjacent to Laverda and the well is scheduled to be drilled in late 2010 or early 2011.

International

In the Gulf of Mexico, preparations are underway for potential development drilling on the Neptune field. Timing for these wells will be impacted by the speed at which the regulatory approvals process progresses, following the official lifting of the deepwater moratorium.

Woodside plans to drill the first ever deepwater well offshore South Korea in 2011. Woodside holds a 50% interest in and operates Blocks 8/6-1N in the deepwater Ulleung Basin.

Exploration and Capital Investment Expenditure Outlook

In 2011 Woodside's total exploration and capital investment expenditure is budgeted to be approximately US\$3.2 billion. This is approximately 19% lower than the US\$3.9 billion spend anticipated in 2010.

As at end October 2010 Woodside held US\$2.9 billion in cash and undrawn debt facilities.

Production Outlook

Woodside's underlying production target for 2011 (ex-Pluto) is anticipated to range from 63 to 66 MMboe. Additional production from Pluto in 2011, taking into account the revision to the foundation project schedule, is expected to be in the range of 5 to 9 MMboe (Woodside share).

The 2010 production target of 70 to 75 MMboe is unchanged. Actual production is expected to fall in the middle of this range.

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