

ASX Announcement

Thursday, 18 October 2012

THIRD QUARTER REPORT FOR PERIOD ENDED 30 SEPTEMBER 2012

Record production and sales revenue were achieved in the third quarter, with production volumes of 26.5 million barrels of oil equivalent (MMboe) and sales revenue of US\$1,828 million.

Woodside recorded a 32% increase in production compared to the prior quarter, largely due to the continued high reliability of Pluto LNG since its start up in March, coupled with the ongoing strong performance of the foundation business.

The higher production numbers have resulted in a further increase in Woodside's 2012 production target, which has been amended to a range between 83 and 86 MMboe.

"The record quarter production and sales revenue were underpinned by our operations team continuing to deliver in a safe and reliable manner," Mr Coleman said.

"With strong cash flows and the completion of the US\$2 billion sale of a minority portion of Woodside's interest in the proposed Browse LNG Development, Woodside's balance sheet continues to strengthen."

Comparative performance at a glance

Previous quarter		Q3 2012	Q2 2012	Change %
Production	MMboe	26.5	20.1	32%
Sales	MMboe	24.8	18.6	33%
Revenue	\$ million	1,828	1,431	28%
Corresponding quarter, prior year		Q3 2012	Q3 2011	Change %
Production	MMboe	26.5	16.1	65%
Sales	MMboe	24.8	16.7	48%
Revenue	\$ million	1,828	1,313	39%

All dollar amounts are in US dollars unless otherwise stated

Key points:

- **2012 Production Outlook:** Woodside's production target range has been increased. The 2012 forecast range is now 83 to 86 MMboe (previously 77 to 83 MMboe).
- Production was 32% higher than the previous quarter, predominantly due to the performance of Pluto LNG. In addition, Q3 was positively impacted by higher availability at the North West Shelf (NWS) after planned maintenance shut-downs had affected Q2 production.
- Production volumes were 65% higher compared to the previous corresponding period, while the sales revenue increase was 39% as a result of the timing of cargo liftings and lower realised prices. The average Brent price for the quarter was \$109.42/bbl, down from \$112.09/bbl in the previous corresponding period.

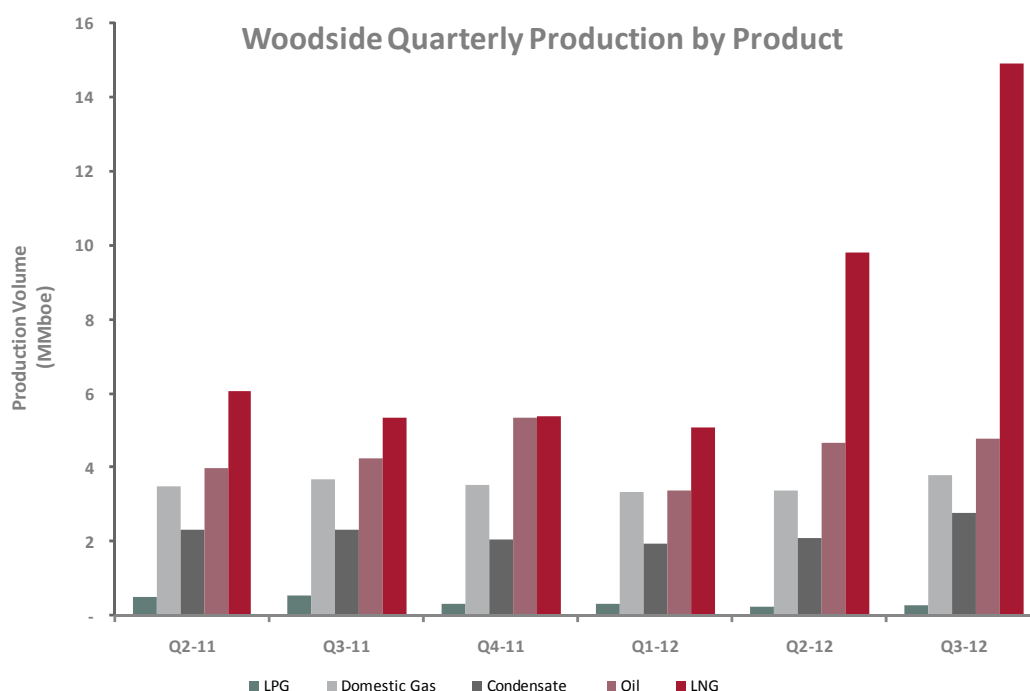
Achievements:

- **Pluto LNG:** Pluto LNG produced 1,112,179 tonnes of LNG and 851,102 barrels of condensate (100% project). Capacity utilisation achieved for the quarter was 95%, well above the forecast 83%.
- **2012 Production Outlook:** Woodside's production target range of 83 to 86 MMboe comprises 60 to 61 MMboe from the underlying business (ex-Pluto) and 23 to 25 MMboe from Pluto LNG. The increase in the range is due to better than expected performance from Pluto LNG and the number of contingent shut-down days being reduced from 20 to 3 days for the remainder of 2012. To a lesser extent the production range has also been assisted by an improved outlook for the underlying business.
- **North Rankin Redevelopment Project:** The North Rankin A and North Rankin B control systems have been integrated and power generation is operating on North Rankin B. Hook up and commissioning activities are ongoing. The project remains on budget and on schedule for completion in 2013.
- **Greater Western Flank Phase 1 Project:** Engineering, procurement and fabrication activities are progressing to plan. Drilling activities commenced in Q3 2012. The project remains on budget and on schedule for completion in 2016.
- **Browse LNG:** The US\$2 billion sale of a minority portion of Woodside's equity in the proposed Browse LNG Development to Japan Australia LNG (MIMI Browse) Pty Ltd (MIMI) was completed in September. The proceeds were treated as a reimbursement of all previously incurred exploration and evaluation costs with the excess contributing to the profit on sale. The unaudited profit after tax was US\$974 million. Woodside remains operator of the development.

Woodside has received the tender bids for the onshore and offshore infrastructure for the Browse LNG Development. An evaluation and disciplined assurance process is progressing to determine project costs and economics.

Engineering and environment studies are ongoing.

During the quarter, the WA Environmental Protection Authority recommended conditional approval of the Western Australian Government's proposed Browse LNG Precinct south of James Price Point, on the Kimberley coast in Western Australia. Woodside, as operator of the Browse LNG Development, is the foundation proponent for the Precinct.



The successful Pluto ramp up has contributed to a significant step forward in Woodside's production capabilities

Production Summary

Woodside's share of production and sales for the quarter ended 30 September 2012 with appropriate comparatives:

		Q3 2012	Q2 2012	Q3 2011	Year to date 2012	Year to date 2011
NWS PIPELINE NATURAL GAS ^{1,2}	Production(TJ)	23,066	20,401	22,309	63,694	64,433
	Sales (TJ)	23,066	20,401	22,258	63,629	64,261
NWS LIQUEFIED NATURAL GAS (LNG)	Production (t)	670,833	558,477	599,334	1,800,719	1,931,920
	Sales Delivered (t)	677,654	538,829	626,711	1,763,583	1,935,668
	Cargoes Delivered	69	57	64	180	196
NWS CONDENSATE	Production (bbl)	1,991,861	1,624,767	1,970,967	5,561,465	6,006,389
	Sales (bbl)	2,424,886	1,164,054	1,913,126	5,736,656	5,908,678
NWS OIL	Production (bbl)	1,031,773	842,033	55,223	2,456,093	427,262
	Sales (bbl)	567,956	778,179	0	1,973,845	673,109
NWS LIQUEFIED PETROLEUM GAS (LPG)	Production (t)	34,225	28,807	36,514	99,335	105,732
	Sales (t)	34,872	28,074	35,334	99,200	107,485
PLUTO LIQUEFIED NATURAL GAS (LNG) ³	Production (t)	1,000,961	539,608	0	1,540,569	0
	Sales Delivered (t)	868,105	491,984	0	1,360,089	0
	Cargoes Delivered	14	8	0	22	0
PLUTO CONDENSATE ³	Production (bbl)	765,992	460,621	0	1,227,726	0
	Sales (bbl)	636,707	0	0	636,707	0
LAMINARIA-CORALLINA OIL	Production (bbl)	334,438	365,034	393,673	1,071,336	1,296,766
	Sales (bbl)	387,138	471,520	874,769	1,555,890	1,316,524
MUTINEER-EXETER OIL	Production (bbl)	41,867	38,824	60,027	120,904	103,855
	Sales (bbl)	50,646	0	78,719	99,686	94,654
ENFIELD OIL	Production (bbl)	678,813	612,345	973,684	2,098,847	3,065,055
	Sales (bbl)	434,537	758,986	1,099,942	1,956,147	2,940,042
STYBARROW OIL	Production (bbl)	538,803	626,699	1,168,224	1,782,394	3,065,312
	Sales (bbl)	550,304	851,213	1,141,320	1,953,217	3,087,473
VINCENT OIL	Production (bbl)	1,969,885	2,005,178	1,401,604	4,783,518	2,873,728
	Sales (bbl)	1,701,271	1,654,002	1,308,559	4,353,712	3,138,767
OHANET CONDENSATE ENTITLEMENT (RSC) ⁴	Production (bbl)	0	0	358,640	0	1,050,593
	Sales (bbl)	0	0	358,640	0	1,050,593
OHANET LPG ENTITLEMENT (RSC) ⁴	Production (t)	0	0	29,202	0	85,544
	Sales (t)	0	0	29,202	0	85,544
GULF OF MEXICO PIPELINE NATURAL GAS ⁵	Production (MMBtu)	92,772	143,112	122,346	354,179	1,243,666
	Sales (MMBtu)	92,772	143,112	122,346	354,179	1,243,666
GULF OF MEXICO CONDENSATE ⁵	Production (bbl)	318	133	203	618	8,358
	Sales (bbl)	318	133	203	618	8,358
GULF OF MEXICO OIL ⁵	Production (bbl)	172,820	168,169	179,532	506,392	624,139
	Sales (bbl)	172,820	168,169	179,532	506,392	624,139
Total	Production (boe) #	26,484,545	20,120,937	16,108,048	60,659,852	48,047,863
	Sales (boe) #	24,767,451	18,618,299	16,726,883	57,873,712	48,388,335

1 Woodside's equity share is 50% of the first 414 TJ per day and 16.67% for all gas produced above this amount.

2 Sales volumes exclude sales of natural pipeline gas to the Woodside operated Pluto LNG Plant during the Pluto commissioning phase.

3 Production of condensate commenced in late March 2012, while first LNG production occurred on 29 April 2012.

4 The Ohanet Risk Sharing Contract (RSC) expired on 27 October 2011. RSC derived volumes have been calculated using the 10 year oil price prevailing at the time of initial production.

5 Gulf of Mexico production and sales volumes are reported net of royalties and reflect the sale of the Shelf properties effective 1 May 2011.

Conversion Factors are identified on page 10.

Sales Revenue and Expenditure

Woodside's share of sales revenue as well as exploration, evaluation and capital expenditure for the quarter ended 30 September 2012, with appropriate comparatives:

Amounts in US\$ million		Q3 2012	Q2 2012	Q3 2011	Year to date 2012	Year to date 2011
Sales Revenue						
North West Shelf¹	Pipeline Natural Gas	102.3	86.3	90.8	275.1	289.3 ²
	LNG	500.2	381.7	422.2	1,247.5	1,125.5
	Condensate	237.4	120.8	210.9	601.5	655.2
	Oil	63.8	75.2	0	219.6	66.8
	LPG	25.6	25.0	29.6	90.3	99.1
Pluto³	LNG	452.9	303.7	0	756.6	0
	Condensate	65.6	0	0	65.6	0
Laminaria-Corallina	Oil	40.6	52.9	97.9	169.3	151.5
Mutineer-Exeter	Oil	4.3	3.4	9.4	11.4	4.5
Enfield	Oil	52.6	83.8	130.4	234.6	344.1
Stybarrow	Oil	66.0	101.3	135.5	233.0	353.1
Vincent	Oil	198.8	178.3	152.9	496.6	363.5
Ohanet⁴	Condensate	0	0	8.6	0	25.3
	LPG	0	0	5.7	0	16.8
Gulf of Mexico⁵	Pipeline Natural Gas	0.5	0.7	0.9	1.7	7.2
	Condensate	0.1	0.0	0	0.1	0.8
	Oil	17.3	17.5	17.8	52.6	62.4
Total		1,828.0	1,430.6	1,312.6	4,455.5	3,565.1
Exploration and Evaluation Expense						
Exploration Expensed		46.1	92.9	68.7	159.0	264.1
Permit Amortisation		6.8	6.8	6.6	20.3	21.6
Evaluation Expensed		0.3	1.9	0.3	3.8	3.3
Total		53.2	101.6	75.6	183.1	289.0
Capital Expenditure						
Exploration Capitalised ^{6,7}		0.1	6.5	(4.4) ⁸	36.7	77.4
Evaluation Capitalised ⁷		64.8	93.0	261.4	263.8	582.9
Oil and Gas Properties ⁷		141.4	250.7	693.5	903.3	1,878.3
Other Property, Plant and Equipment		2.3	0.3	0	3.0	0.7
Total		208.6	350.5	950.5	1,206.8	2,539.3

1 NWS sales revenue excludes sales of natural pipeline gas to the Woodside operated Pluto LNG plant, during the Pluto commissioning phase.

2 NWS Pipeline Natural Gas Revenue includes the revenue from a negotiated confidential settlement between the North West Shelf Domestic Gas Joint Venture and Alinta Sales Pty Ltd following the conclusion of the restructure of Alinta Energy Limited.

3 Production of condensate commenced in late March 2012, while first LNG production occurred on 29 April 2012. The initial Pluto LNG revenue in Q2, 2012 includes a positive one-off start up adjustment of \$27 million.

4 The Ohanet Risk Sharing Contract (RSC) expired on 27 October 2011.

5 Gulf of Mexico revenue is reported net of royalties and reflects the sale of the Shelf properties effective 1 May 2011.

6 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.

7 Project Final Investment Decisions (FID) result in amounts of previously capitalised Exploration and Evaluation expenditure (from current and prior years) being transferred to Oil & Gas Properties. The table above does not reflect the impact of such transfers.

8 The negative capitalised exploration amount primarily reflects adjustments to costs that were a work in progress at the end of the previous quarter.

Production Activities

Field	Woodside share		Full field		
	Q3 2012	Q2 2012	Q3 2012	Q2 2012	Remarks
NWS - Average daily production					
Pipeline gas (TJ)	251	224	526	517	Production was driven by customer demand for the quarter.
LNG (t)	7,292	6,137	46,300	39,401	LNG production was higher due to the planned maintenance activities that occurred in Q2.
Condensate (bbl)	21,651	17,855	102,839	86,469	Condensate production was higher with more gas passing through the system compared to the previous quarter. The previous quarter had been affected by planned maintenance activities.
Oil (bbl)	11,215	9,253	33,645	27,759	Oil production from the Okha FPSO was higher than the previous quarter with improved utilisation of the facility. At the end of the quarter, production was approximately 38,000 bbl/d (Woodside share 12,500 bbl/d).
LPG (t)	372	317	2,339	2,008	LPG production was higher than the previous quarter, in line with the increased pipeline gas and LNG throughput.
Pluto – Average daily production					
LNG (t)	10,880	8,565 ¹	12,089	9,517	LNG production for the quarter has continued to benefit from high system reliability, with the number of production days and the average daily production volumes both increasing.
Condensate (bbl)	8,326	7,311 ¹	9,251	8,123	Condensate production was higher in line with the high gas system reliability and some additional production associated with the start-up program, with the number of production days and the average daily production volumes both increasing.
Other Australia - Average daily production					
Laminaria-Corallina Oil (bbl)	3,635	4,011	5,708	6,237	In addition to natural reservoir decline, production was also impacted by a small planned maintenance shutdown in July (4 day outage equivalent).
Mutineer-Exeter Oil (bbl)	455	427	5,550	5,203	Production was higher than the previous quarter due to better facility uptime.
Enfield Oil (bbl)	7,378	6,729	12,297	11,215	Production was higher than the previous quarter due to better facility uptime. At the end of the quarter, production was approximately 13,400 bbl/day (Woodside share 8,040 bbl/day).
Stybarrow Oil (bbl)	5,857	6,887	11,713	13,774	Production was lower than the previous quarter due to natural reservoir decline. At the end of the quarter, production was approximately 11,560 bbl/day (Woodside share 5,780 bbl/day).
Vincent Oil (bbl)	21,412	22,035	35,686	36,725	Production was lower than the previous quarter due to natural reservoir decline. At the end of the quarter, production was approximately 39,290 bbl/day (Woodside share 23,570 bbl/day).
United States - Woodside share average daily production					
	Q3 2012	Q2 2012			
Gas (MMBtu)	1,008	1,573	Gas production was lower primarily due to hurricane events in the Gulf of Mexico.		
Oil and Condensate (bbl)	1,882	1,849	Oil and condensate production was similar to the previous quarter.		

¹ Pluto Q2 2012 average daily production is quoted as the daily average since Pluto start-up on 29 April 2012.

Development Activities

Australia

Pluto Expansion

Woodside continues discussions with gas owners in the region. These discussions are expected to continue into 2013.

Browse LNG

The US\$2 billion sale of a minority portion of Woodside's equity in the proposed Browse LNG Development to Japan Australia LNG (MIMI Browse) Pty Ltd (MIMI) was completed in September. The proceeds were treated as a reimbursement of all previously incurred exploration and evaluation costs with the excess contributing to the profit on sale. The unaudited profit after tax was US\$974 million. Woodside remains operator of the development.

Woodside has received the tender bids for the onshore and offshore infrastructure for the Browse LNG Development. An evaluation and disciplined assurance process is progressing to determine project costs and economics.

Engineering and environment studies are ongoing.

During the quarter, the WA Environmental Protection Authority recommended conditional approval of the Western Australian Government's proposed Browse LNG Precinct south of James Price Point, on the Kimberley coast in Western Australia. Woodside, as operator of the Browse LNG Development, is the foundation proponent for the Precinct.

North West Shelf

North Rankin Redevelopment Project

The North Rankin A and North Rankin B control systems have been integrated and power generation is operating on North Rankin B. Hook up and commissioning activities are ongoing. The project remains on budget and on schedule for completion in 2013.

Greater Western Flank Phase 1 Project

Engineering, procurement and fabrication activities are progressing to plan. Drilling activities commenced in Q3 2012. The project remains on budget and on schedule for completion in 2016.

International

Sunrise LNG

Following the provision of requested technical data to the Timor-Leste Government, further discussions were held in Timor-Leste in September and a timetable agreed with the Timor-Leste Government for the first of a series of technical workshops.

Woodside, its joint venturers and the governments of Timor-Leste and Australia are aligned in their desire to develop the Greater Sunrise fields. Woodside believes that through regular, open and constructive dialogue between the parties a mutually beneficial development outcome can be achieved.

Exploration and Appraisal Activities

Exploration or appraisal wells drilled during Q3 2012

Well Name	Basin/ Area	Target	Woodside Interest (%)	Spud Date	Water Depth ¹ (metres)	Total Well Depth ² (metres)	Remarks
AUSTRALIA							
Ananke-1	Carnarvon Basin, WA 269-P	Gas	50.00 ³	16/07/2012	936	3,173	Exploration, dry hole
INTERNATIONAL							
Innsbruck ⁴	GoM, MC-993	Oil	15.00	31/08/2012	1,910	8,953	Exploration re-entry, drilling at end of quarter

Notes:

- 1 Water depth measured at lowest astronomical tide (LAT).
- 2 Reported depths referenced to the rig rotary table.
- 3 Woodside farmed out 16.67% equity to Japan Australia LNG (MIMI) Pty Ltd.
- 4 Well suspended on 04/06/2010 at 6,035 metres due to GoM drilling moratorium; re-entered in Q3 2012.

Exploration or appraisal wells planned to commence in Q4 2012

Well Name	Basin / Area	Target	Woodside Interest (%)	Water Depth (metres) ¹	Proposed Total Depth (metres) ²	Remarks
AUSTRALIA						
Goodwyn North-1	Carnarvon Basin, WA-1-L	Gas	16.67	134	3,016	Exploration

Notes:

- 1 Water depth measured at lowest astronomical tide (LAT).
- 2 Reported depths referenced to the rig rotary table.

Geophysical surveys conducted during Q3 2012

Location	Survey name	Type	2D (line km full fold) 3D (km ² full fold) 4D (km ² full fold)
AUSTRALIA			
WA-275-P	Rafter 3D MSS	3D	679 km ² (complete)
WA-462-P, WA-464-P, WA-466-P	Curt 3D MSS	3D	6,500 km ² of 11,522 km ² in Q3 (ongoing)

Permits and Licences

Key changes to permit and licence holdings during the quarter are noted below (some transactions may be subject to government and regulatory approval).

Region	Permit or Licence Area	Change in Interest (%) Increase or (Decrease)	Woodside's Current Interest %	Remarks
AUSTRALIA				
Browse Basin	WA-275-P	(8.00)	17.00	Sale of a minority portion of 8% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Browse Basin	WA-28-R	(8.00)	17.00	Sale of a minority portion of 8% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Browse Basin	WA-29-R	(8.00)	17.00	Sale of a minority portion of 8% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Browse Basin	WA-30-R	(16.00)	34.00	Sale of a minority portion of 16% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Browse Basin	WA-31-R	(16.00)	34.00	Sale of a minority portion of 16% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Browse Basin	WA-32-R	(16.00)	34.00	Sale of a minority portion of 16% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Browse Basin	TR/5	(16.00)	34.00	Sale of a minority portion of 16% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Browse Basin	R2	(16.00)	34.00	Sale of a minority portion of 16% equity to Japan Australia LNG (MIMI Browse) Pty Ltd.
Carnarvon Basin	WA-269-P	(16.67)	50.00	Woodside farmed out 16.67% equity to Japan Australia LNG (MIMI) Pty Ltd.
Exmouth Sub-Basin	WA-478-P	70.00	70.00	Licence award

Capital Management

Net debt reduced

At the end of the quarter Woodside's net debt (based on unaudited accounts) had decreased to US\$2.37 billion, down from US\$4.84 billion at the beginning of the quarter.

Dividend Policy established

During the quarter the Woodside board approved a dividend policy. Consistent with recent practice, Woodside will aim to maintain a minimum payout ratio of 50% of underlying net profit after tax. In determining the appropriate dividend, the Board will consider, among other things, Woodside's development profile, available cash flows and funding requirements. As always, the Board maintains the discretion to determine whether or not a dividend is payable and the amount of any dividend. The full dividend policy can be found on Woodside's website at www.woodside.com.au.

2013 Outlook

Production for 2013

Woodside's production target range for 2013 is 88 to 94 MMboe, comprising 47% from NWS gas facility, 41% from Pluto LNG and 12% from other assets. Oil production in 2013 will be impacted by the Ngujima-Yin FPSO five month shutdown (2 to 3 MMboe) and field decline of between 3 and 4 MMboe. It is expected that the decline will be mitigated in 2014 through infill drilling.

2013 capital and exploration expenditure

Woodside's total estimated investment expenditure (exploration and capital) for 2013 is expected to be approximately \$1.4 billion. This is 27% lower than the current 2012 estimate of \$1.9 billion. See figure 1.

This estimate only includes forecast expenditure for the proposed Browse LNG Development up until a final investment decision, at which time the estimate will be updated and advised to the market.

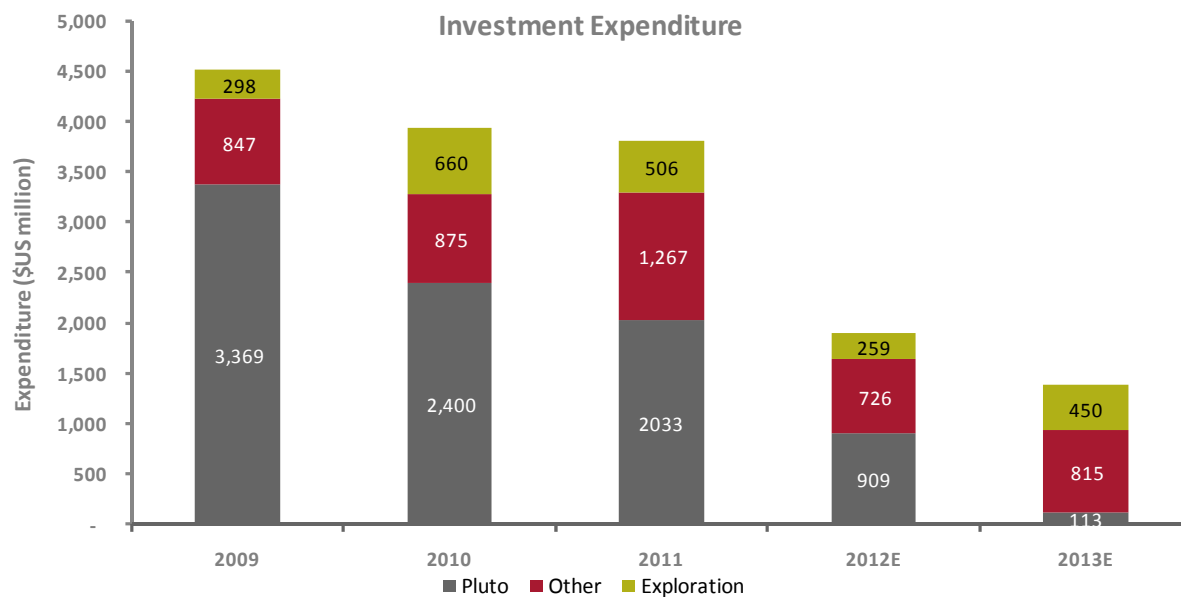
Eight exploration wells are currently planned for 2013 to support Woodside's future growth options.

Woodside is actively assessing a number of regional and international growth opportunities through its exploration and business development functions.

Corporate Activities

In 2007 Woodside sold its shares in Woodside Petroleum (Timor Sea 1) Pty Ltd to ENI International BV. Sale proceeds received totalled A\$26 million after a capital investment of A\$52 million, thereby recording a A\$26 million loss. The Timor Leste revenue authorities raised an assessment for US\$25 million as a result of the transaction. Woodside has paid the US\$25 million pursuant to the assessment in full and is pursuing its legal rights for recovery of the tax through the Timor Leste legal system.

Figure 1:



1. 2008-2009 data has been converted from AUD to USD at the average annual AUD/USD exchange rate
2. Other includes NWS, Australia Oil, Pluto Expansion, Browse, Sunrise and Corporate capital expenditure
3. Chart includes capital and all exploration expenditure less capitalised interest

CONVERSION FACTORS

(boe) = barrel of oil equivalent (TJ) = Terajoules (t) = tonne (bbl) = barrel (MMBtu) = Million British Thermal Units

Product	Factor	Conversion Factors*
Australian Pipeline Natural Gas	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
Gulf of Mexico Pipeline Natural Gas	1 MMBtu =	0.1724 boe

* minor changes to some conversion factors can occur over time due to gradual changes in the process stream

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