Our Values:
- care and respect,
- integrity and trust,
- freedom to act,
- creativity,
- working together.
Preparing the foundations for the future, 2002

The Company achieved real progress across the breadth of its business activities during 2001, enabling it to build upon its excellent performance in 2000.

Operating performance was very good, approved projects progressed on, ahead of schedule, and within budget, progress was made with the definition of future production opportunities and a number of good discoveries were made to replenish the longer-term portfolio of development options. The year also presented a number of significant challenges for Woodside, including its response to Shell’s takeover offer and revised asset transfer proposal.

Woodside successfully expanded its existing business with the Ocean Legend mobile offshore production unit, commencing oil production from the Laminaria and Corallina oil field reservoirs. Overall, Woodside achieved record annual production levels.

Despite a significant decline in oil prices in the second half of 2001, the Company’s strong production performance together with favourable Ad US$ exchange rates resulted in sales revenue in 2001, marginally decreasing by 0.4% from A2.353.9 million in 2000 to A2.344.5 million. Net profit for 2001, was A900.6 million, a decrease of 5.9% over the 2000 profit of A946.6 million. The net profit figure includes a A385.2 million (after tax) contribution from the divestment of 16.36% of the Greater Sunrise gas and condensate fields. This was partially offset by a A644.4 million (after tax) write-down of the value of the Company’s carried-forward exploration expenditure in its Gulf of Mexico area of interest. (The net profit in 2000 included A1087.6 million (after tax) from the divestment of 10% of Greater Sunrise).

Earnings per share in 2001 decreased slightly to A1.36 compared to A1.45 in 2000. At the end of 2001, the Company declared an ordinary dividend of 46 cents per share (fully franked) to be paid to shareholders on 5 February 2002.

In early 2001, management and the Board devoted considerable time and energy to responding to Shell’s takeover offer and revised asset transfer proposal. In April 2001, the Federal Treasurer made orders under section 38 of the Foreign Acquisitions and Takeovers Act 1975 prohibiting Shell from increasing its existing 34.27% shareholding in Woodside. As a consequence of the Treasurer’s decision, the foreign investment condition on Shell’s takeover bid could not be fulfilled and any acceptance received by Shell were void. The Treasurer’s orders also meant that Shell’s revised asset transfer proposal could not proceed. Shell withdrew its takeover offer and revised asset transfer proposal soon after the Treasurer’s decision.

During the period of Shell’s takeover bid, Woodside management engaged in discussions with a number of parties, including BHP, to identify possible alternative proposals which might have

provided higher value to shareholders than the terms offered by Shell. After withdrawal of the takeover offer and revised asset transfer proposal, discussions with third parties continued, but no firm proposal was received and the discussions were terminated.

Discussions have subsequently taken place between Woodside and Shell aimed at ensuring that the relationship between the two companies moves forward on a basis that is mutually beneficial. The discussions with Shell are of a general nature in respect of mutual cooperation and are continuing under conditions of confidentiality.

During the year, the Company achieved a number of corporate milestones including:

• an upgraded credit rating from BBB+ to A- from international credit ratings agency Standard and Poor’s
• inclusion in the Morgan Stanley Capital International (MSCI) Australia index for the first time at the close of trading 30 November 2001, and
• the successful completion of a rule 144A note issue for US$500 million with a 6.7% coupon and a 10-year maturity which was used to repay shorter-term debt facilities.

During the period there were no changes to the composition of the Board. The Shell Relationship Committee which was set up at the time of the first Shell asset transfer proposal in 2000, had its tenure extended into 2002. This permits the non-Shell Directors to consider, in the absence of the Shell-nominated Directors, matters related to the ongoing discussions with Shell.

Looking forward, the Company has a portfolio of organic growth opportunities. The most significant of these is the development of a number of recently discovered oil fields in the Permit WA-273-P in the north-west of Western Australia, in which Woodside holds a 50% interest. The results of the Enfield-4 appraisal well in February 2002 was an important step in confirming that these fields can be profitably developed.

The Company also expects to progress development plans for an LNG and a domestic gas project based on gas fields in the Timor Sea and plans for the supply of gas from the Geographe and Thylacine discoveries in the Otway Basin.

Chairman's Overview

Over the last five years, the Company has sought to achieve top quartile financial performance within its sector. In addition to committing funds to maturing its development plans for current Australian gas resources and its inventory of new oil discoveries, the Company makes a significant commitment to exploration. Initially this effort was principally directed to Australia, but with Australia’s progressively declining oil prospectivity, the Company has increased its international focus. This trend can be expected to continue in the future unless there are changes in the risk/reward balance for exploration in Australia.

Over the last year, Woodside has identified 20 acquisition targets and in mid-January 2002, it submitted an expression of interest in acquiring the international oil and gas operations of Veba Oil and Gas from BP.

In late January 2002, the Company was advised that it had not been selected as the preferred bidder. While this result was disappointing, the quality of research and due diligence undertaken on the deals demonstrated that Woodside has the necessary capability and discipline to pursue strategic acquisition opportunities of this type in the future.

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The Company also expects to progress development plans for an LNG and a domestic gas project based on gas fields in the Timor Sea and plans for the supply of gas from the Geographe and Thylacine discoveries in the Otway Basin. Development planning associated with the oil exploration success in offshore Mauritania has commenced and the outcome of an appraisal well to be drilled in 2002 will be critical to the scope and timing of a commercial development. Success will be spectacularly exciting as it would be likely to lead to Mauritania’s first oil production. Woodside is actively pursuing a range of LNG market opportunities in Asia through Australia LNG. If some of these LNG marketing efforts are successful, it will enable the establishment of a fifth LNG processing train on the Burrup Peninsula. The Company also plans a major exhibition program with well being drilled in a number of exciting prospects in both Australian and international exploration areas.

On behalf of the Directors, I would like to thank the Managing Director, John Akehurst, his management team and the Company’s employees and contractors for their contributions to Woodside’s performance in 2001. Their combined efforts have enabled the Company to build upon its excellent performance in 2000.

Operating performance was very good, approved projects progressed on, ahead of schedule, and within budget, progress was made with the definition of future production opportunities and a number of good discoveries were made to replenish the longer-term portfolio of development options. The year also presented a number of significant challenges for Woodside, including its response to Shell’s takeover offer and revised asset transfer proposal.

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Decisive Energy

Integrity
We are straight forward and able to say what we think. People choose to deal with us because they trust us. We mean what we say and engage openly and honestly with everyone.

MANAGING DIRECTOR’S REPORT

Year 2001: A Year of Progress

In addition to managing the response to Shell’s take over bid for the Company, Woodside started 2001 with four key challenges.

They were to ensure that:
- existing revenue generating activities continued to be safe, operationally efficient and highly profitable;
- major investments in new producing facilities continued on schedule and budget using the Company’s new capital management processes;
- progress was made with appraisal drilling and conceptual design to create a firm basis for the approval of further investments in new production opportunities which have arisen from the Company’s recent exploration successes; and
- new exploration drilling was successful and the portfolio of longer-term opportunities from New Ventures continued to be refreshed.

I am happy to report that Woodside achieved considerable success in its pursuit of each of these objectives. There can be no doubt that the decision made two years ago to re-organise the Company into distinct business units was a key factor in facilitating this success at a time when the high profile and protracted nature of the Shell takeover offer and revised asset transfer proposal demanded considerable attention by senior management.

I would like to thank all the men and women who have chosen to work at Woodside for the commitment that they have shown to achieving high levels of performance in all the Company’s activities.

Health, Safety and Environment (HSE)

Woodside expects to achieve consistent top quartile operating and financial performance whilst at the same time, we ensure the health and safety of those participating in our business and the integrity of the environment in which we work. Our fundamental philosophy is that, if a conflict arises between safety and other business targets, the safety of the individual always takes priority.
The first quarter of 2001 continued the disappointing performance of the second half of 2000, during which we failed to achieve our HSE objectives. We saw a marked increase in injuries and incidents, reversing the long-term downward trend that had been achieved over the previous five years. Following a number of cross-company workshops, two specific responses were selected. Firstly, the rigour and discipline with which we implement the Company’s management system was reinforced. This was then complemented by fostering the development of a more caring approach by each of us for those for whom we have responsibility.

It is very good to see that, following these initiatives, safety performance improved significantly in the second half of the year and we have now regained some of the ground that was previously lost. This does not alter the fact that, during the year, a number of those involved in our operations received painful injuries, some of which have resulted in permanent disability. This is a source of great regret for both management and the Board.

Health, safety and environmental matters are dealt with in greater detail in pages 46 to 51 of this report.

Maximising the Value of Existing Assets

Under Woodside’s operatorship, the North West Shelf and Laminaria/Corallina Joint Ventures delivered consistent and reliable production and processing performance throughout 2001. The onshore gas plant also achieved high levels of reliability except for a period of production interruption due to failure of a critical part in one of the compressors.

Operational performance of the Cosack Pioneer floating production, storage and offloading (FPSO) facility in the North West Shelf continued to exceed expectations during 2001. Natural decline of the reserve did not proceed as predicted and the Cosack fields estimated oil recovery has since been upgraded to reflect this better than expected reservoir performance. As a result of excellent uptime of the facility, oil production from the Northern Endeavour FPSO also exceeded expectations despite the onset of natural decline in early 2001. Of particular note was the significantly better than expected production from the Corallina field. Estimated oil recovery for the Laminaria and Corallina fields was also upgraded following technical studies, with the bulk of the increase being attributed to the Corallina field.

This all-round good performance together with additional oil production from the newly commissioned Legendre oil fields enabled Woodside to achieve record product sales of 66.4 million barrels of oil equivalent (MMboe), an increase of 2.6% compared with 64.7 MMboe in 2000.

As a result of lower product prices in the latter part of the year, sales revenues decreased 0.4% to A$2,344.5 million in 2001 compared with A$2,353.9 million in 2000. Cash flow from operating activities in 2001 (before net interest and tax) was A$1,595.0 million, a decrease of 13.2% compared with A$1,838.1 million in 2000.

Not profit after income tax in 2001 was A$906.6 million, a decrease of 5.9% compared with A$966.6 million in 2000. After deducting the contribution from asset sales and allowing for exploration write-offs and other one-off costs, underlying profit in 2001 was A$857.8 million. This compares with an underlying profit of A$1,085.3 million in 2000. The primary difference in underlying operating profit between the two years is the commencement of Petroleum Resource Rent Tax payments related to production from the Laminaria and Corallina fields (A$183.1 million after tax). The opportunity cost of oil price hedging and currency hedging in 2001 (after tax) was A$285.1 million and A$79.7 million, respectively.

Woodside’s gas lifting costs in 2001 increased slightly to A$1.89 per barrel of oil equivalent (boe) compared to 2000. As expected, oil lifting costs increased by A$0.09 (compared to 2000) to A$2.17 per barrel mainly as a result of the start-up of the Ocean Legend which is operated under a service agreement with the owner of the facility, Ocean Engineer International. The Company’s finding cost for 2001 was A$1.23 per boe compared to a finding cost of A$0.64 per boe in 2000.

At the end of 2001, Woodside’s net debt was US$850 million, representing a gearing ratio of 37%. Capital expenditure including exploration expenditure was A$789 million, an increase of A$301 million compared to 2000. A return on shareholders’ equity of 35.6% was achieved compared to 45.8% in 2000.

Undertaken Russell Potapinski and Roxanne Bosci
utilise its initial surplus capacity and supply LNG from the build-up period of the fourth train between 2004 to 2009.

Echo-Yodel Field Development

The benefits of improvements to the Company’s project and capital expenditure management processes were also evident in the performance of the North West Shelf Venture’s Echo-Yodel gas/condensate development. An excellent performance by the project team ensured the development was completed in late December 2001, enabling first production to be achieved some three months ahead of the original schedule and within the approved budget of A$205 million. The development will provide additional condensate production of up to 30,000 barrels per day from these fields. Woodside’s interest is 16.7%.

Legendre Field Development

The successful execution of the final stages of the Legendre oil field development in mid-2001, provided additional oil production during the second half of 2003. This project was also completed ahead of the original schedule and within the approved budget. It did, however, suffer initial difficulties with its gas re-injection compressor. This new work satisfactorily and the facility is currently producing 42,000 barrels per day. Woodside’s interest is 45.94%.

Progress with Identified New Business

Vincent-Enfield-Laverda Oil Fields

Further appraisal and technical studies were carried out on the Vincent, Enfield and Laverda oil fields in Permit WA-275-P, west of Exmouth in northwestern Australia during 2001 and early 2002. Reserves are currently booked at 164 million barrels at the Probable level with further scope for recovery of 146 million barrels. Woodside has a 100% equity interest in the permit. During 2003, concept definition work identified two preferred development options, an early Enfield stand-alone which would commence production in late 2005 and a combined Enfield and Vincent development, which would commence production on a later time frame. In February 2002, the Enfield 4 appraisal well demonstrated the presence of oil in a fault block adjoining the main field. This outcome has had a very positive impact on the commercial viability of the two field development options and the Company is now working towards a final investment decision in 2003.

China LNG

Marketing activities by Australia LNG Pty Ltd (ALNG) on behalf of the six North West Shelf Venture participants, continued during 2001, with China, South Korea and Taiwan being the main focus of attention. In late 2001, the Chinese customers commenced a tender process for the supply of 2.75 million tonnes of LNG per year, commencing in late-2005, to a new terminal to be constructed in Guangdong Province. In January 2002, the North West Shelf Joint Venture was advised that it was one of three short-listed tenderers.

Good Management of New Capital Investments

North West Shelf LNG

During the first half of 2001, the North West Shelf Venture’s LNG marketing team continued to mature commercial negotiations with Japanese LNG customers. By the end of April, negotiations had reached the stage where the Venture participants felt confident to commit to the A$2.4 billion investment required for the construction of a fourth LNG processing train and associated infrastructure on the Burrup Peninsula. Woodside’s interest is 16.7%. At the end of the year, this major construction project was on schedule and budget and was 24% complete. Subsequently, the marketing team further enhanced the value of LNG expansion to the North West Shelf Venture by signing a Key Terms Agreement for the sale of up to 3.7 million tonnes of LNG over five years to Shell Gas and Power. The agreement will enable the Venture to utilise its initial surplus capacity and supply LNG from the build-up period of the fourth train between 2004 to 2009.

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Creating Longer-Term Opportunities

Woodside's exploration performance over the past five years has consistently exceeded the Company's expectations and the 2001 program was no exception with seven discoveries made during the year.

As expected, the Company's Australian portfolio delivered the majority of discoveries in 2001, however, the initial results in Mauritania were encouraging for future success in this region and the Timberwolf discovery, despite Woodside having only a 2.75% interest, was the Company's first exploration success in the Gulf of Mexico.

The 2001 program of 21 wells drilled a significant proportion of the mature prospects in the exploration portfolio. As a result, the focus in 2002 will be on maturing new exploration prospects within existing acreage and accessing high-quality new acreage within Australia and internationally in order to continue to provide the quality exploration opportunities which will be required to enable Woodside to maintain its growth momentum. In 2002, the Company plans to drill at least nine prospects in Australia and two in Mauritania.

Woodside has a 15% interest in the (BHP Billiton-operated) Ohanet gas and liquids project in Algeria. The project remains under construction and is on schedule to commence production in late 2003. Woodside's share of this investment is US$154 million.

In addition to its recent gas discoveries, the Company maintained its strategic involvement in Bass Strait through interests in the Kipper, Manta and Gummy gas fields and in the Papua New Guinea to Queensland gas project, through its stakeholding in Oil Search Limited. Woodside is now well placed to participate in a range of emerging gas supply opportunities in eastern Australia.

Sales Agreement with Methanex

A gas sales agreement was signed between the North West Shelf Venture and a potential new Western Australian-based gas customer, Methanex Australia Pty Ltd. The agreement was reached with Methanex following their decision not to proceed with a development based in Darwin. The successful start-up of Methanex's methanol plant will see the Venture supplying an initial 200 terajoules of gas per day with first gas deliveries in late 2005. Woodside has a 16.7% interest in this domestic gas supply contract.

Sunrise LNG

In northern Australia, further progress was made during the year with plans to realise the commercial potential of the Greater Sunrise gas and condensate fields through a dedicated LNG project. Currently, Woodside's preferred development option is via a floating LNG facility to be located adjacent to the wellhead platform in the Sunrise field. The technology for this new approach has been developed by Shell with Woodside contributing to the cost of the research.

An alternative approach which would see all gas delivered to Darwin for LNG and domestic gas usage, is also under consideration although the economics of this approach currently do not offer an appropriate return on investment.

Blacktip Gas

In August 2001, Woodside drilled the Blacktip gas discovery well in the southern Bonaparte Basin in northern Australia. Further gas prospects have been identified in the area providing the promise of an additional supply source close to shore.

Otway Basin Gas

In south-eastern Australia, Woodside made considerable progress towards its objective of becoming a major gas supplier to the region. Two gas discoveries (Thylacine and Geographe) were made by Woodside in the Otway Basin during 2001. The Company now has access to a material gas resource, in relatively shallow water and close to shore with the potential to provide secure, long-term and competitive gas supply into Victoria and South Australia.
Bid for Veba Oil and Gas
In January 2002, Woodside submitted an expression of interest in acquiring Veba Oil and Gas, a company with oil and gas assets concentrated in three regions in the North Sea, North Africa and Northern Latin America and production of nearly 60 million barrels of oil equivalent per year. The Company viewed this acquisition as an opportunity to supplement production from its Australian-based oil assets and build a portfolio of international assets to significantly increase production and revenues and provide a platform for future growth.

The Company’s bid was underpinned by a set of strict financial parameters which established a price that would deliver value to Woodside’s shareholders. The Company was not prepared to go beyond that price. As a result, Woodside received advice in late January 2002, that it had not been selected as the preferred bidder.

Reserves
As a result of activities undertaken during 2001, growth in Woodside’s hydrocarbon resource reserves at the Probable level exceeded production for the sixth year in succession. Woodside’s reserves replacement ratio was 132% at the Probable level.

As at 31 December, Woodside’s reserves position had increased to 923.9 million barrels of oil equivalent (MMboe) at the Proved level and increased to 1,214.3 MMboe at the Probable level. A full breakdown of changes to Woodside’s hydrocarbon resource reserves at the Probable level is presented in the Reserves Statement in this report.

Sustainable Energy Solutions
During early 2001, responsibility for Woodside’s interests and investments in renewable and cleaner energy technology were focused in a wholly-owned subsidiary Maaspassco Pty Ltd. Woodside’s interests comprise a small portfolio of opportunities that are continuing to be pursued and expanded, namely:

• a biomass project in the Esperance region of Western Australia utilising mallee trees as the supply source;
• an investment in a US-based company Ocean Power Technologies, a leading developer of wave energy systems and
• an investment in Ceramic Fuel Cells Limited, an Australian company developing solid oxide fuel cell products to produce electricity.

In addition, work is continuing with Curtin University in developing synthetic natural gas hydrates as an alternative fuel for road transport in the future.

Looking Forward to 2002
Woodside's strategy to meet its target of sustained top quartile financial performance remains unchanged. The Company’s core competencies lie in the exploration for oil and gas, in the development of discovered resources and in their subsequent production and processing. This is where Woodside will continue to focus its activities.

During 2001, the Company delivered against its key strategic objectives. Woodside continued to extract a high level of value from its existing business and maintained unit-operating and unit-finding costs at levels which continue to benchmark against international peer company competitors. Good progress was made with a number of capital investments and gas marketing activities and saw one of the most successful exploration programs undertaken by the Company.

During 2002, in addition to maintaining an excellent operating performance, it is also imperative that development planning is finalised for at least two major new production opportunities: the development of the Vincent, Enfield and Laverda oil fields in offshore Western Australia and the development of the Sunrise gasfield in offshore northern Australia. Together these developments will enable the Company to achieve a significantly higher plateau of production during the second half of this decade. Within the same period it is Woodside’s intention to complement these developments by further production from other discoveries made by the Company in recent years.

As well as continuing to seek good prospects in Australia, the Company will also be pursuing the continued development of its international business portfolio through greenfield exploration, brownfield developments and acquisitions. Over the medium term Woodside’s objective will be to continue to invest AS200 to AS300 million per year on exploration provided suitable attractive prospects can be identified.

In this context, discussions with Shell are continuing with the objective of defining a specific program of activities which the companies would undertake together which will assist Woodside in the achievement of its growth targets.

Over the last two years, the Company has also developed its competence in assessing major acquisitions and is now well placed to build additional shareholder value through active portfolio management, including a significant acquisition at the appropriate time.

With gearing now at 37% and with a strong balance sheet and cash flow generation capability, Woodside is now well positioned to fund a heavy program of new capital investment.

John Akehurst
Managing Director
20 February 2002

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NORTH WEST SHELF VENTURES

Woodside’s existing North West Shelf Venture business delivered a sound operational performance in 2001 with the onshore gas plant and offshore production facilities continuing to make a major contribution to Woodside’s financial performance by exceeding planned production targets for most products.

The onshore gas plant during 2001 was again notable through the achievement of sustained high production and processing levels without a single reportable environmental incident or an environmental licence exceedance for the second year in a row. The plant was also presented with a runner-up award in the prestigious 2001 Greenhouse Challenge Awards for implementing a project to re-route flash gas to LP fuel. The award, which is part of the annual Institute of Engineers Australia National Engineering Excellence Awards, acknowledges the efforts by Woodside and the North West Shelf Venture participants in reducing Greenhouse emissions from the onshore gas plant by 300,000 tonnes of carbon dioxide equivalent per annum.

The Venture’s safety performance in the beginning of 2001 was disappointing with the number of safety incidents being recorded continuing to increase. However, as a result of a major new safety leadership and awareness program, this trend was reversed during the year as evidenced by the Venture achieving zero lost-time injuries (LTI) in the second-half of the year. The Venture’s improved safety performance in the second-half of the year enabled it to record a number of safety milestones including one million hours LTI-free for both the fourth LNG train project team and the supply operations team.

Liquefied Natural Gas
The North West Shelf Venture sold 128 cargoes of LNG to Japanese customers in 2001. In addition to the contract sales to existing customers, spot cargoes were sold to the Korea Gas Corporation, BP Gas Marketing and Tohoku Electric Power Company taking the North West Shelf Venture’s total sales in 2001 to 131 cargoes.
Woodside’s share of 2001 LNG production was 1,291,703 tonnes compared with 1,279,944 tonnes in 2000. The existing Japanese customers continue to support the North West Shelf Venture with deliveries to Japan in 2002 currently planned at 126 cargoes. Opportunities will be developed to sell additional LNG cargo to Asia and other markets.

Domestic Gas (Domgas)

Production of Domgas for the Western Australian market during 2001 was significantly higher compared with the corresponding period in 2000 as a result of increased demand from Ali Baba Gas, Alcoa and BHP Billiton’s Direct Reduced Iron plant in Port Hedland. Production during the period averaged 536 terajoules per day (TJ/d) compared with 483 TJ/d in 2000.

Woodside’s share of Domgas sales from the North West Shelf Venture averaged 268 TJ/d during 2001, compared with 242 TJ/d in 2000.

The Domgas marketing highlight for 2001 was the signing of a Gas Sales Agreement with Methanex Australia Pty Ltd (a subsidiary of Methanex Corporation of Canada) for the supply of gas to a proposed Methanol plant on the Burrup Peninsula. The Agreement covers the supply of up to 200 terajoules of gas per day for 25 years, commencing in late 2005. It also contains a provision for the North West Shelf Venture to supply a further 200 terajoules per day if Methanex proceeds with plans to expand its Methanol plant at some stage in the future. Woodside’s interest in the Gas Sales Agreement is 16.7%.

Condensate

Condensate production averaged 95,568 barrels per day (bbl/d) in 2001, compared with 98,864 bbl/d in 2000. Woodside’s share of condensate production was 133,937 tonnes compared to 133,655 tonnes in 2000. Woodside’s entire LPG entitlement was sold into Japan under a new three-year term contract, commencing in January 2001.

Cossack Crude Oil

The Cossack Pioneer FPSO’s performance continued to exceed expectations with production in 2001 averaging 117,517 barrels per day compared with 115,869 barrels per day in 2000.

Woodside’s share of Cossack crude oil production in 2001 was 7,147,796 barrels compared with 7,068,042 barrels in 2000. Approximately 36% of Woodside’s entitlement to Cossack crude oil was sold under term contracts during 2001. Sales to Australian refineries accounted for approximately 28% of Woodside’s entitlement with the balance being exported to the United States and Asia.

Echo-Yodel Condensate Development

The Echo-Yodel development consists of two subsea production wells on the Echo-Yodel gas and condensate fields being tied back 23 kilometres to the Goodwyn-A offshore production platform for processing, with production being exported to the onshore gas plant via the existing subsea trunkline. The production of approximately 30,000 barrels of condensate per day from Echo-Yodel will mitigate the effects of declining condensate production due to the depletion of the Goodwyn condensate fields.

The development is expected to produce 37 million barrels of condensate and 0.4 trillion cubic feet of gas (Tcf) over a four-to-five-year period. It also provides the infrastructure to develop further satellite fields in the wider Echo-Yodel area.

Significantly better than expected progress was made on the project during 2001, enabling production to commence in late December, some three months ahead of the original scheduled start-up target. The estimated final cost of the project remains within the approved budget of A$205 million. Woodside’s interest is 16.7%.

LNG Sales Cargoes to Japan & Third Parties 1997 - 2001

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<th>Year</th>
<th>Cargoes to Japan</th>
<th>Third Parties</th>
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Domgas Sales 1997 - 2001

<table>
<thead>
<tr>
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Condensate Sales 1997 - 2001

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Cossack Crude Oil Sales 1997 - 2001

<table>
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<tbody>
<tr>
<td>97</td>
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<tr>
<td>98</td>
<td>14</td>
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<tr>
<td>99</td>
<td>12</td>
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<tr>
<td>00</td>
<td>10</td>
</tr>
<tr>
<td>01</td>
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</table>

LPG Sales 1997 - 2001

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>97</td>
<td>88</td>
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<tr>
<td>98</td>
<td>95</td>
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<tr>
<td>99</td>
<td>102</td>
</tr>
<tr>
<td>00</td>
<td>109</td>
</tr>
<tr>
<td>01</td>
<td>116</td>
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</tbody>
</table>

Woodside’s share of Cossack crude oil production in 2001 was 7,147,796 barrels compared with 7,068,042 barrels in 2000. Approximately 36% of Woodside’s entitlement to Cossack crude oil was sold under term contracts during 2001. Sales to Australian refineries accounted for approximately 28% of Woodside’s entitlement with the balance being exported to the United States and Asia.
JAPAN LNG SALES

In April 2001, the North West Shelf Venture participants approved the final investment decision for a fourth LNG processing train and associated infrastructure to be located on the Burrup Peninsula. At the same time, in principle, support was also given to the construction of a second offshore trunkline linking the onshore gas plant to offshore production facilities.

At the end of 2001, commitments had been received from six customers totalling 3.9 million tonnes of LNG per annum with contract periods ranging from 25 to 30 years. The status of the commercial negotiations with the Japanese customers at the end of the year is shown below:

- Tokyo Gas and Toho Gas - Sales and Purchase Agreement signed for the supply of 1.37 million tonnes per annum, commencing in 2004;
- Osaka Gas - Letter of Intent signed for the sale of 3.0 million tonnes per annum, commencing in 2004;
- Tohoku Electric - Letter of Intent signed for the sale of 0.4 million tonnes per annum, commencing in 2005;
- Kyushu Electric - Letter of Intent signed for the sale of 0.5 million tonnes per annum, commencing in 2006; and
- Chubu Electric - Key Terms Agreement signed for the sale of 0.6 million tonnes per annum, commencing in 2009.

Negotiations to finalise Sales and Purchase Agreements with the balance of these customers are continuing as are Letter of Intent negotiations with other customers.

Fifth LNG Train Marketing Activities

Since commencing operation in mid-1999, Australia LNG Pty Ltd (ALNG) has been pursuing a range of LNG market opportunities, outside of Japan, aimed at monetising the uncommitted gas reserves of the Greater North West Shelf. During 2001, ALNG’s primary focus was on LNG sales opportunities in China, South Korea and Taiwan.

The China Guangdong LNG Project will be located in the Shanxi Special Economic Zone and is expected to serve the progressive Pearl River Delta gas market. Initial demand of up to three million tonnes per annum is expected with first deliveries required in late 2003.

By the end of 2001, contracts for supply of goods and services for the fourth train to the value of A$1.6 billion had been finalised. This includes the award of a contract for A$820 million to the Kellogg Joint Venture for the engineering, procurement and construction management of the LNG expansion project. Of the total contract amount awarded, approximately A$560 million had been awarded to Australian companies and Woodside expects that the Australian content figure will reach A$1 billion or 66% at the completion of the construction phase in 2004.

The North West Shelf Venture is one of three LNG suppliers shortlisted to participate in the Guangdong LNG supply tender process which commenced in late 2001. The selection of the LNG supplier or suppliers is expected to be finalised by the end of the third quarter of 2002.

In parallel, the North West Shelf Venture signed a Heads of Agreement in late 2001 with CNOC Limited (a subsidiary of the China National Offshore Oil Company) to participate in an upstream joint venture to produce and process natural gas to supply LNG to China. The terms and conditions for CNOC’s participation are still to be finalised and are dependent upon the North West Shelf Venture securing a contract to supply LNG to China.

During 2001, Woodside continued to work opportunities with the Korean Gas Corporation in South Korea to supply both long-term and winter-peak LNG cargoes. The timeframe in which these sales opportunities may be realised will be influenced by the timing of plans to break up the Korean Gas Corporation into separate business units and subsequent privatisation of these business units.

During the year, work also continued on an LNG supply opportunity to TaiPower’s proposed Tatan power station in northern Taiwan. The project is expected to utilise Woodside’s share of the output from the expansion of the Cossack Pioneer LNG project.

In late 2001, Taipower suspended the LNG supply tender as a result of the economic downturn in Taiwan, which in turn has delayed the requirement for this power project.

North West Shelf Venture Exploration

Two exploration wells were drilled in the North West Shelf Venture area in 2001 in search of opportunities to use future spare capacity on the Cossack Pioneer FPSO. Unfortunately both the Pinnacle-1 well in Permit WA-28-P and the Mala-1 well in Production Licence WA-4-L failed to find hydrocarbons.

Looking forward to 2002, the Company expects to drill at least two gas exploration wells on behalf of the Venture. The two most likely candidates are the Egret Deep prospect in Retention Licence WA-10-R and a deep-water prospect in Permit WA-206-P in the offshore Canning Basin.

LNG & Dampere Production

<table>
<thead>
<tr>
<th></th>
<th>2001 (Woodside share)</th>
<th>2000 (Woodside share)</th>
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<tbody>
<tr>
<td>Q1</td>
<td>40,500</td>
<td>39,439</td>
</tr>
<tr>
<td>Q2</td>
<td>31,139</td>
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<td>Q3</td>
<td>34,497</td>
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<td>Q4</td>
<td>33,279</td>
<td>34,161</td>
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<td>Total</td>
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LNG & Dampere Revenue

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<tr>
<td>Q1</td>
<td>98,897</td>
<td>97,148</td>
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<tr>
<td>Q2</td>
<td>146,152</td>
<td>147,193</td>
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<td>Q3</td>
<td>136,516</td>
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Condensate Production/Revenue 2001

<table>
<thead>
<tr>
<th></th>
<th>Production $m</th>
<th>Sales $m</th>
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<tbody>
<tr>
<td>Q1</td>
<td>1,213,270</td>
<td>1,423,260</td>
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<tr>
<td>Q2</td>
<td>1,207,413</td>
<td>1,220,137</td>
</tr>
<tr>
<td>Q3</td>
<td>1,230,712</td>
<td>1,226,408</td>
</tr>
<tr>
<td>Q4</td>
<td>1,246,111</td>
<td>1,262,381</td>
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<td>Total</td>
<td>4,991,445</td>
<td>4,942,146</td>
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Cossack Crude Oil Production/Revenue 2001

<table>
<thead>
<tr>
<th></th>
<th>Production $m</th>
<th>Sales $m</th>
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<tbody>
<tr>
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<td>Q2</td>
<td>1,757,008</td>
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<td>Q3</td>
<td>1,631,285</td>
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<td>Q4</td>
<td>1,958,073</td>
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<tr>
<td>Total</td>
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LPG Production/Revenue 2001

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<thead>
<tr>
<th></th>
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<th>Sales $m</th>
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<td>Total</td>
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<td>327,417</td>
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During 2001, Woodside continued to make significant progress towards its strategic objective of commercialising its Timor Sea gas resources as well as developing a strong position as a major gas supplier to eastern Australia.

The Company’s activities in support of its strategic objective have been focused on four key areas, namely:

- The development of an LNG project utilising the Greater Sunrise gas resources and pursuing domestic gas market opportunities in Darwin and the Northern Territory;
- Divestment of a portion of Woodside’s equity in Greater Sunrise to support commercialisation activities through the inclusion of potential customers or new strategic joint venture partners;
- Exploration activities in the Otway Basin to identify new gas supplies close to markets; and
- Planning for the development of Otway Basin gas discoveries to satisfy the demand and diversity of supply requirements of eastern Australia.

Northern Australia

Timor Sea LNG

During the first half of 2001, the Sunrise Joint Venture made further progress with the development of an onshore LNG project based on the Greater Sunrise gas resources in the Timor Sea.

These activities included:

- An agreement for Woodside to transfer to Phillips Petroleum a 16.39% interest in the Greater Sunrise fields in exchange for payment of Woodside’s capital costs for developing Sunrise Permit NT/RL2 to the value of US$176 million, escalated at 10% nominal per year. Woodside’s remaining interest in Greater Sunrise is 33.44%.
- A Letter of Intent between Phillips and El Paso which was intended to result in the supply of 4.8 million tonnes of LNG per year from an onshore LNG plant in Darwin using Greater Sunrise gas and
- Subsurface studies and technical work to optimise Sunrise offshore facilities.

In the second half of 2001, a new LNG development option, with the potential to enhance project economics compared to the onshore LNG plant concept, emerged based on floating LNG technology developed by Shell Global Solutions International.

By year-end, floating LNG was established as the preferred LNG development option and Woodside, as the upstream operator of the Sunrise Venture, was continuing to pursue alignment of the participants on a number of technical and commercial issues. Technical work on the Sunrise gas project is now focused on gas development options for a floating LNG development, including a decision on whether a well-head platform or subsea development would be utilised together with preliminary design work. In parallel, Shell is progressing technical work on a floating LNG production facility including preliminary design work.
Subject to satisfactory progress with commercial negotiations and technical work, Woodside expects both the selected gas development option and the floating LNG facility to enter the front-end engineering phase by mid-2002. A final investment decision is envisaged in the third quarter of 2003 and the start-up of LNG production is targeted for 2007.

The focus of LNG marketing efforts also changed during 2001. The increased confidence in floating LNG technology has resulted in a new customer, Shell Western (a subsidiary of Shell) emerging in place of El Paso as the Sunrise Venture’s most likely major LNG customer, with Sunrise Joint Venture participant, Oiaka Gas, also being a potential buyer.

Timor Sea Domestic Gas
During 2001, discussions continued with potential domestic gas customers in the Northern Territory and eastern states including Mathanex, the Northern Territory Power and Water Authority, QNI Yabulu nickel and cobalt refinery located in Townsville as well as other electricity generators and mineral processors located in the region. However, in the latter part of the year, it became apparent that LNG represented the only opportunity for the development for the Greater Sunrise gas resources.

As it was not possible to conclude terms to support gas sales commitments in the timeframe required by the customer, the conditional Letter of Intent with Mathanex Australia for the supply of up to 110 petajoules of gas per annum to a proposed methanol plant near Darwin lapsed. Mathanex subsequently negotiated a Memorandum of Understanding with North West Shelf Gas for the supply of gas to a proposed methanol project to be based in Western Australia.

In late July, the Blacktip-1 exploration well was drilled in Permit WA-279-P in the southern Bonaparte Basin and encountered a 339-metre gross gas column. Woodside’s interest is 39%. The discovery has proven a potentially commercial gas resource to be present in relatively shallow water, 100 kilometres off Australia’s northern coastline. Subsequent production testing confirmed Scope for Recovery volumes of 0.92 Tcf of Dry Gas at the Probable level.

The Company is well placed to pursue domestic gas opportunities from this new hydrocarbon province. It has a 35% interest in Permit VIC/P43, which contains the small, Penguin gas discovery (0.2 Tcf) made in 1972.

The initial discoveries were followed up with an appraisal and an exploration well. The Thylacine-2 appraisal well located 5.7 kilometres east of Thylacine-1 in Permit T/30P encountered a 182-metre gas column and subsequent production testing achieved a gas flow of 28 million standard cubic feet of gas per day. The Geographe North-1 exploration well was drilled in Permit VIC/143 and encountered only minor gas shows.

Initial estimates of combined Probable/Scoping for Thylacine and Geographe were 0.80 Tcf of Dry gas and 8.0 million barrels of condensate. Woodside’s interests in the two fields are 50% and 55% respectively.

The exploration appraisal results confirmed that Thylacine is the largest gas discovery to date in the Otway Basin and both fields are well placed to provide Victoria and South Australia with a secure, long-term and competitive source of gas supply to meet future requirements.

A Woodside development team has been established to carry out technical and commercial feasibility studies on behalf of the Joint Venture Participants. Initial work is focused on understanding the resources and considering the range of potential development concepts to enable the selection of the preferred development concept by the end of 2002. At this stage, start-up of gas production is being targeted for mid-2006. Work has commenced on planning for the environmental studies and initial discussions have been held with government regarding the approvals required for development to proceed.

Market development activities have also commenced with potential customers. The signing of conditional gas sales agreements with foundation customers is being targeted for the end of 2002.

South Eastern Australia

Otway Basin
During 2001, significant progress was made towards the Company’s strategic objective of becoming a major gas supplier to eastern Australia with the Thylacine and Geographe gas discoveries in the Otway Basin which are located 70 kilometres and 55 kilometres, respectively, offshore from Port Campbell on the coast of Victoria.

In early July 2001, representatives from the United Nations, East Timor and the Australian Commonwealth Government signed a Memorandum of Understanding with an attached “Timor Sea Arrangement”. Upon ratification by an independent East Timor (expected in early 2002), this will formalise the basis of a Treaty to replace the previous Timor Gap Treaty between Australia and Indonesia. It is designed to enable petroleum exploration and exploitation in the joint Petroleum Development Area (JFDA) which covers the same area as the current Zone of Cooperation Area A. East Timor will receive the rights to 90% of JFDA petroleum and Australia 10%.

The arrangement is a significant first step towards resolving regulatory uncertainty. It is designed to preserve the terms of the existing Production Sharing Contracts which contain 20% of the Greater Sunrise field. However, a number of major issues regarding specific taxation arrangements and the formal delineation of Greater Sunrise remain to be resolved.

East Timor Fiscal Terms
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The arrangement is a significant first step towards resolving regulatory uncertainty. It is designed to preserve the terms of the existing Production Sharing Contracts which contain 20% of the Greater Sunrise field. However, a number of major issues regarding specific taxation arrangements and the formal delineation of Greater Sunrise remain to be resolved.

In parallel, Woodside continued to work with the Kipper Joint Venture to mature options to develop the Manta and Gummy oil fields in conjunction with Kipper and Exxon-Mobil, examined the potential for the development of Kipper through existing regulatory infrastructure.

In 2002, the Company will continue to press for the optimum development opportunity for the Kipper, Manta and Gummy gas resources.

Oil Search Investment
At the end of 2001, Woodside held 74,914,500 Oil Search Limited shares or approximately 11.3% of issued ordinary shares in Oil Search.

The Company’s equity position enables it to maintain a key eastern states growth option and benefit from Oil Search’s exploration success in Papua New Guinea and its considerable gas reserves being marketed in eastern Australia.

Pulse Energy and EdgeCap Investments
At the end of 2001, the Company continued to hold a 10% equity interest in two unlisted entities, Pulse Energy Limited, an Australian energy retail business and EdgeCap Limited, a wholesale energy trading business. The two companies are owned jointly with Shell, United Energy and the Energy Partnership Group and have provided Woodside with a significant insight into the downstream energy markets in eastern Australia.

Tidco LNG Regasification and Power Project
During the year, the Company undertook a review of its involvement in the Dakshin Bhabha Energy Consortium and in late 2001, it withdrew from the consortium. Prior to this decision, Woodside held a 15% interest in the consortium which was awarded preferred bidder status in 1998 to finance, build, own and operate a US$1.6 billion LNG importation terminal and power station at Ennore, in the state of Tamil Nadu, in south-east India.

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Market development activities have also commenced with potential customers. The signing of conditional gas sales agreements with foundation customers is being targeted for the end of 2002.

Bass Strait
During 2001, the Kipper Joint Venture (Exxon-Mobil, BHP Billiton, Santos and Woodside) continued to progress plans for a potential stand-alone development, with an expected start-up of gas production in early 2006.

As it was not possible to conclude terms to support gas sales commitments in the timeframe required by the customer, the conditional Letter of Intent with Mathanex Australia for the supply of up to 110 petajoules of gas per annum to a proposed methanol plant near Darwin lapsed. Mathanex subsequently negotiated a Memorandum of Understanding with North West Shelf Gas for the supply of gas to a proposed methanol project to be based in Western Australia.

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In 2002, the Company will continue to press for the optimum development opportunity for the Kipper, Manta and Gummy gas resources.
Laminaria and Coralina Oil fields
Despite the onset of natural decline during the year as a result of the depletion of the Laminaria reservoirs, the Northern Endeavour’s floating, production, storage and offloading (FPSO) facility’s performance in 2001 exceeded expectations in achieving an average production rate of 117,497 barrels per day.

Total production in 2001 was 42,886,473 barrels compared with 54,247,580 barrels in 2000. (AC/L5 share 40,551,257 barrels in 2001 compared with 50,868,872 barrels in 2000). Woodside’s share of production in 2001 was 20,613,879 barrels compared with 25,591,993 barrels in 2000.

As part of the yearly review of the Company’s reserves position, technical work and due diligence was conducted on both the Laminaria and Coralina oil fields. As a result, Probable oil recovery in Production licence AC/L5 increased by 32 million barrels (of which 22 million barrels is attributed to the Coralina oil field). This represents an approximate 15% increase to total Economic Ultimate Recovery volumes carried at 31 December 2000.

The performance of the operations team on this facility has been exceptional in achieving “oil uptime” availability of 97% which benchmarks very favourably against world best-practice for FPSOs. These efforts are also reflected in a number of significant milestones achieved during 2001, which include the production of the 100-millionth barrel and the loading of the 150th cargo in early December. The production of 100 million barrels of oil represents around 50% of the recoverable reserves (as at start-up of operations) being produced in the first two years of an expected 12-year field life.

Significantly, these achievements are underpinned by an outstanding safety performance, as the Northern Endeavour’s operations team have not sustained a single medical treatment case in the past year and only one case in the past two years.

During 2001, exploration wells with potential for tie-back to the Northern Endeavour FPSO were drilled on the Pandorina structure in Permit AC/P8 and the Kuda Tasi prospect in the adjacent ZOCA 91-01 Production Sharing Contract. The Pandorina-1 well was dry and the Kuda-Tasi-1 well encountered a 17.5-metre gross oil column. Plans were also matured for the drilling of an exploration well on the Laminaria North prospect in AC/L5, which if successful, could be tied-back to the Northern Endeavour.

Laminaria crude is now well established in the oil market and is sought by key refiners and petrochemical producers. In 2001, Woodside sold approximately 75% of its entitlement under a variety of term contracts. Woodside’s entire entitlement was exported to Asia and the Americas.

Freedom to Act
We recognise freedom to act is earned, we take our responsibilities seriously and are proud of our success. We are empowered and supported and can get on with things within our accountabilities... which we are continually seeking to extend.
Laminaria Oil field Phase I Development

The A$310 million Laminaria phase I development was approved in early May 2001 (Woodside’s share is approximately A$85 million).

The development consists of two horizontal-in-fill wells in the Laminaria field tied back to the Northern Endeavour FPSO. Drilling commenced in early 2002 and initial production of an additional 65,000 barrels per day from both incremental reserves and accelerated oil volumes is expected to commence in mid-2002. In the most likely case the two wells are expected to contribute an additional 21 million barrels of oil production in the period mid-2002 to the end of 2003.

Legendre Oil fields Development

Good progress was made during the first half of 2001 in the development of the Legendre South and Legendre North oil fields, 34 kilometres south-east of the Wanaea and Cosack oil fields in Production Licence WA-26-L (Woodside’s interest 45.04%).

Hook-up, testing and commissioning activities commenced in mid-June with the arrival of the Ocean Legend on site. The drilling of the production wells commenced shortly thereafter and first oil was achieved in mid-May after the completion of the first production well. In mid-June, the first cargo of Legendre crude oil was loaded onto an offshore tanker in search of potential tie-back opportunities to the Ocean Legend production facility.

By early July four production wells and a single gas re-injection well had been completed and commissioning of the gas re-injection facilities commenced.

Unfortunately mechanical problems were experienced with the gas re-injection compressor which were not resolved until late 2001. As a consequence, gas disposal constraints limited total production in 2001 to 6,477,679 barrels (Woodside’s share 2,975,846 barrels).

The Delilah prospect in Permit WA-208-P, 4.5 kilometres to the west of the Ocean Legend was drilled in early 2003, followed by the drilling of the Patriot structure Permit WA-1-P. 20 kilometres to the north-east in mid-2001. Neither exploration well encountered hydrocarbons.

Legendre Crude Oil is a 43-degree API, light, sweet, crude oil similar in quality to Malaysian Tapis Crude Oil. Sales of Legendre crude oil commenced soon after production started in July and the attractive qualities of this crude have enabled the Company to establish new markets in Thailand, New Zealand and Indonesia. Woodside sold its entire entitlement on a spot basis. Approximately 20% of sales were to Australian refineries with the balance exported to Kona, China and the new markets described above.

The Dallih prospect in Permit WA-208-P, 4.5 kilometres to the west of the Ocean Legend was drilled in early 2003, followed by the drilling of the Patriot structure Permit WA-1-P. 20 kilometres to the north-east in mid-2001. Neither exploration well encountered hydrocarbons.

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Vincent, Enfield and Laverda Oil field Development

The Company continued to progress exploration activities and development studies for the Vincent, Enfield and Laverda oil discoveries in Permit WA-273-P (Woodside’s interest 30%).

In the lead up to retention and relinquishment decisions in the second half of 2003, key exploration efforts have centred on the evaluation of prospects within tie-back range of existing oil discoveries and determining the extent of gas prospectivity in the eastern half of the permit. During 2001, processing of the 1,020 square kilometres Indian 3-D seismic survey was completed and the Monteau exploration well was drilled. Although this well was dry the results enabled the recalibration of existing seismic data which will further assist evaluation studies elsewhere in the permit. In addition, the 3,650 kilometre Skorpion 2-D seismic commenced in mid-December and was completed several weeks ahead of schedule in early January 2002.

Woodside's development plans for this permit received a considerable boost in early February 2002, following the drilling and production testing of the Enfield 4 appraisal well. The well was drilled in a fault block adjacent to the main field and encountered an 18.1-metre gross oil column which subsequently production tested at 5,626 barrels of oil per day and 1.38 million standard cubic feet of gas per day.
New Energy

Creativity

We do not accept the status quo - we continually explore new possibilities. We value ideas and learning, and share information willingly.

Woodside’s Australian exploration portfolio comprises 39 permits, of which 34 are Woodside operated. The strategy is focused on four key activities including:

- Pursuit of tie-back opportunities around the Northern Endeavour, Ocean Legend and Cossack Pioneer producing oil assets and tie-back gas opportunities around the North West Shelf gas infrastructure;
- Pursuit of opportunities to add value to or accelerate development of non-producing oil assets such as Vincent - Enfield - Laverda and Audacious, and non-producing gas assets such as Sunrise - Troubadour, Scott Reef - Brecknock, Blacktip and Thylacine - Geographe;
- Pursuing quality stand-alone oil prospects in basins with proven oil charge and frontier basins with high oil potential such as the Great Australian Bight; and
- Pursuing large gas prospects with potential for early commercialisation.

Exploration Strategy

The primary objective of Woodside’s exploration strategy is to deliver high quality and material development opportunities through exploration success.

The second objective is to continuously replenish the portfolio of opportunities to enable the Company to continue to meet its medium to longer term growth ambitions. The exploration target of achieving a minimum of 130% reserves replacement remains appropriate.

In addition, Woodside recognises the need to create a portfolio of opportunities which reflects an acceptable balance of technical risk, country risk, timing of project start-up and financial robustness against low oil prices.

The Company’s growth strategy continues to include a significant exploration program within core Australian acreage.
Despite Woodside's continuing successful exploration track record in Australia, a portion of the readily monetizable reserves required to replace production and significantly expand the Company's development opportunity base needs to be sourced internationally. This is based on an assessment that Australia has insufficient remaining prospectivity to provide all of the projects required to maintain the Company's production growth targets in the appropriate timeframe.

Woodside's search for international opportunities is focused on a small number of proven hydrocarbon provinces which are assessed to have greater potential for oil or monetizable gas and a higher probability of success than similar opportunities in Australia. The Company's objective is to build a significant position in these areas in order to maintain the number, diversity and quality of prospects in the portfolio. Key elements of Woodside's strategy and activities in its four focus areas include:

• North West Africa - build on the recent success in Mauritania through continued exploration activities, exploratory appraisal drilling and development studies.
• North Africa - obtain access to additional gas and oil production opportunities in onshore North Africa by pursuing brownfield and greenfield opportunities with particular focus on Libya and Algeria.
• Iron-Middle East - secure access to attractive gas and oil production opportunities and Gulf of Mexico - continue to develop an understanding of the sub-surface and business aspects of the Gulf of Mexico, with the aim of accessing high quality brownfield and brownfield opportunities.

In addition, the Company also aims to identify two alternative additional focus countries in the event that some of the existing entry positions cannot deliver the business outcomes being sought.

Australian Activities

During 2001, 28,590 kilometres of 2-D and 800 square kilometres of 3-D seismic data were acquired in support of future Australian drilling programs. A total of 17 exploration wells were drilled in Australian acreage resulting in five significant new discoveries in 2001. These include two oil discoveries and one gas discovery in northern Australia and two gas discoveries in the Otway Basin in south-eastern Australia. The well results and Woodside's interests are as follows:

• The Audacious-1 well in Permit AC/P17 encountered an 11.5-metre gross oil column and the KudaTalk-1 well in ZOCA 58-03 encountered a 17.5-metre gross oil column. Woodside's interests are 30% and 40% respectively.
• The Thylakine-1 well in Permit T/P 30 encountered a 281-metre gross gas column and the Geographie-1 well in Permit VIC/P43 encountered a 240-metre gross gas column. An appraisal well Thylakine-2 was subsequently drilled and encountered a 180-metre gross gas column which was production tested at a combined rate of 28 million standard cubic feet (MMscf) per day over two intervals. Woodside's interests are 50% and 55% respectively.
• The Bishop-1 well in Permit WA-279-P encountered a 33.9 metre gross gas column and was subsequently production tested at a combined rate of 89.4 MMscf of gas per day over three intervals. Woodside's interest is 35%.

During the year the Company relinquished its 22.5% interest in Permit WA-263-R and 50% interest in NT/P53 and its 60% interest in AC/P36. It also divested 16.36% of its interest in the Greater Sunrise fields to Phillips as part of a cooperative effort to pursue development of both companies' Timor Sea gas resources. At the end of the year, Woodside's interests in the Greater Sunrise fields were 26.76% in NT/P53 and 20% in ZOCA 56-26, 27.5% in ZOCA 56-19 and 35% in NT/FRL2. A 33% interest in Permits WA-279-P and WA-280-P was farmed-out to Agip Australia to assist Woodside in managing its exploration risk and spend profile. The Company retained a 35% interest in both WA-279-P and WA-280-P.

New interests were acquired in Permits EP/527 (50%), WA-313-P (33.3%) and additional interests were acquired in Permit WA-270-P (40%) and in Permit VIC/P43 (87%), increasing equity in these two permits to 30% and 55% respectively.

International Activities

During 2001, a total of five exploration wells were drilled in the Company’s international acreage. Woodside made its first significant international oil discovery in offshore Mauritania in May 2001, where the Chinguetti-1 well encountered a 90-metre gross oil column in Production Sharing Contract-B (PSC-B) offshore Mauritania. A second exploration well Courbine-1 located 125 kilometres north-west of Chinguetti in PSC-B encountered a non-commercial 9-metre gas column. Woodside's interest in PSC-B is 35%. A 35% interest was acquired in Block-7 in offshore Mauritania. An additional 22.5% interest was also acquired in PSC-C in offshore Mauritania maintaining the Company’s total interest in this PSC to 60%.

During 2001, the Company reduced its equity from 29% to 2.75% in Block MC594 in the Gulf of Mexico but gained 2.75% equity in adjacent Block-MC555, MC596 and MC590 by forming a Joint Agreement. Woodside also participated in the Timberwolf exploration well (Woodside interest 2.75%) in the Gulf of Mexico Block-MC556 which encountered hydrocarbons. The Company relinquished its 12.5% interest in the Gulf of Mexico Blocks GCD195, GC239 and GC240 and its 6% interests in WR 209 and WR 210. New interests were acquired in the Gulf of Mexico Blocks MC447 (25%) and AT195 (40%).

Algeria-Ohanet Gas and Liquids Project

Woodside has a 15% interest in the Ohanet gas and liquids project in Algeria. The project is run under a Risk Service Contract with Sonatrach and is currently under construction. Under the terms of the contract the project participants receive a fixed rate of return based on the sale of LPG and condensate. Woodside’s participation remains subject to Algerian Government approval formalities.

The project represents a total investment of US$310 million (Woodside’s share approximately US$45 million) and first production is expected in the fourth quarter of 2003. At the end of 2001, the project was 40% complete and remained on schedule and budget.

As part of the Ohanet entry deal, Woodside participated in the drilling of two exploration wells in the (BHP Billiton operated) Boudhachet PSC with GRI-1 discovering a substantial column of gas in a gas field. The second well was dry.

2002 Exploration Outlook

In support of its exploration strategy Woodside will maintain a substantial exploration spend of about A$200 million in 2002 with plans in place to drill at least 11 exploration wells. Nine of these wells will be drilled in Australia. They include a potential tie-back to Laminaria, a follow-up prospect adjacent to Audacious, a North West Shelf gas exploration well, a Bonaparte gas exploration well (follow-up to Blacktip), three quality stand-alone oil prospects and a very large frontier gas prospect in the Beagle Basin. Preparations will also be made to drill another oil prospect in the Great Australian Bight in the first quarter of 2003. Internationally, an exploratory appraisal well is planned on the upthrown fault block of the Chinguetti discovery in Mauritania together with one or two additional exploration wells. In the Gulf of Mexico, the Redwood-1 exploration well is currently being drilled in Block-GC102.

An extensive seismic survey program was conducted in Woodside’s Australian acreage during late 2001 and as a result, there will be very little seismic activity in Australian acreage during 2002. Firm plans are in place to acquire an additional 2,450 square kilometres of 3-D seismic data in offshore Mauritania to complete an assessment of the major play fairways. As well, the Company will continue to purchase speculative 3-D seismic data in the Gulf of Mexico to enable better prospect evaluation.

In contrast to preceding years, there are relatively few commitment activities in 2002, giving the Company greater freedom to choose to execute only the highest ranking activities in the portfolio. The major focus during the year will be to rebid the portfolio of prospects and led by maturing prospects within existing acreage and securing quality new acreage both within Australia and in our focus countries overseas.
Woodside’s Exploration and Production Interests

### Algeria
- **Chine internally Service Contract**
  - 15/55% Development drilling commenced with 6 holes drilled and 1 recombination. Project 65% complete.
- **Boumerdès PSC**
  - 50/50% Drilled Offshore 1 and Offshore 2.

### Australia
- **Woodside Petroleum Ltd.**
  - WA-313-P 35.00% Acquired permit. Acquire and process 2-D seismic and geological studies.
  - ZOCA 95-19 27.67% Geological studies.
  - ZOCA 96-20 27.67% Geological studies.
  - ZOCA 91-01 40.00% Drilled Kuda Tasi-1. General permit administration. General permit administration. Preparation for evaluation.
  - AC/P17* 30.00% Drilled Audacious-1. A$5.1 million Evaluate commerciality.
  - AC/P16 60.00% Exit permit.
  - AC/L5 50.00% Field development plan update. Execution of Laminaria Operation of facility. Bring Laminaria Phase-2 to relinquishment in 2002.
  - Gippsland Basin
    - AC/P4 80.00% Onnia data purchase and processing. Drill Lantana-1.
  - Gippsland Basin
    - EPP28 40.00% Acquired 4,298 km2 2-D seismic. A$2.8 million Geological studies. Preparation for drilling.
  - EPP29 40.00% Acquired 4,952 km2 2-D seismic. A$2.7 million Geological studies. Preparation for drilling.
  - Scottish Trench
    - T/30P* 50.00% Drilled Thylacine-1 and Thylacine-2. A$11.8 million Gain operatorship of the permit. Geological studies.
  - VIC/P19* 50.00% Relinquished permit. 2 remaining blocks retained as Secure Retention Leases. Development studies.
  - VIC/P18* 50.00% Drilled Thylacine-3 and Thylacine-4. A$4.3 million Geological studies. Preparation for drilling.
  - VIC/P17* 50.00% Drilled NT/3J-1. A$4.3 million Geological studies. Preparation for drilling.
  - VIC/L6 50.00% Drilled Thylacine-5 and Thylacine-6. A$4.3 million Geological studies. Preparation for drilling.
  - VIC/L5 50.00% Drilled Thylacine-7 and Thylacine-8. A$4.3 million Geological studies. Preparation for drilling.
  - VIC/L3 50.00% Drilled Thylacine-10. A$4.3 million Geological studies. Preparation for drilling.
  - VIC/L2 50.00% Drilled Thylacine-11. A$4.3 million Geological studies. Preparation for drilling.
  - VIC/L1 50.00% Drilled Kipper-1. A$4.3 million Geological studies. Preparation for drilling.
  - VIC/L0 50.00% Drilled Kipper-2. A$4.3 million Geological studies. Preparation for drilling.

### Egypt
- **North East Desert**
  - EPE 3299 40.00% Drilled Manta-1. A$6.7 million Evaluate commerciality.
  - EPE 3298 40.00% Drilled Manta-2. A$6.7 million Evaluate commerciality.

### Indonesia
- **West Java**
  - EPI 0114 40.00% Drilled Pancake-1. A$5.3 million Evaluate commerciality.
  - EPI 0113 40.00% Drilled Pancake-2. A$5.3 million Evaluate commerciality.
  - EPI 0112 40.00% Drilled Pancake-3. A$5.3 million Evaluate commerciality.
  - EPI 0111 40.00% Drilled Pancake-4. A$5.3 million Evaluate commerciality.

### Madagascar
- **Madagascar Basin**
  - MG 1967 A 40.00% Drilled Saturn-1. A$5.5 million Evaluate commerciality.

### Mauritania
- **The Sahara**
  - WAZ 2 40.00% Drilled Transatlantic 1. A$3.7 million Evaluate commerciality.

### NAFO
- **Northwest shelf**
  - JN/29 40.00% Drilled Venus 2 well. A$2.3 million Drill 1 exploration well.
  - JN/28 40.00% Drilled Venus 1 well. A$2.3 million Drill 1 exploration well.
  - JN/27 40.00% Drilled Venus 3 well. A$2.3 million Drill 1 exploration well.
  - JN/26 40.00% Drilled Venus 4 well. A$2.3 million Drill 1 exploration well.
  - JN/25 40.00% Drilled Venus 5 well. A$2.3 million Drill 1 exploration well.
  - JN/24 40.00% Drilled Venus 6 well. A$2.3 million Drill 1 exploration well.
  - JN/23 40.00% Drilled Venus 7 well. A$2.3 million Drill 1 exploration well.

### New Zealand
- **New Zealand**
  - EPE 0441 40.00% Drilled Koura-1. A$3.7 million Evaluate commerciality.

### Papua New Guinea
- **Papua New Guinea**
  - PNG 1975 20.00% Exluded permit.
  - PNG 1976 20.00% Exluded permit.
  - PNG 1977 20.00% Exluded permit.
  - PNG 1978 20.00% Exluded permit.
  - PNG 1979 20.00% Exluded permit.
  - PNG 1980 20.00% Exluded permit.
  - PNG 1981 20.00% Exluded permit.
  - PNG 1982 20.00% Exluded permit.
  - PNG 1983 20.00% Exluded permit.
  - PNG 1984 20.00% Exluded permit.
  - PNG 1985 20.00% Exluded permit.
  - PNG 1986 20.00% Exluded permit.
  - PNG 1987 20.00% Exluded permit.

### Seychelles
- **Seychelles**
  - SEY 1 40.00% Drilled Andaman-1. A$2.3 million Evaluate commerciality.

### South Africa
- **South Africa**
  - Western Cape
    - GPE 0029 20.00% Drilled Manta-1. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0028 20.00% Drilled Manta-2. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0027 20.00% Drilled Manta-3. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0026 20.00% Drilled Manta-4. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0025 20.00% Drilled Manta-5. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0024 20.00% Drilled Manta-6. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0023 20.00% Drilled Manta-7. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0022 20.00% Drilled Manta-8. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0021 20.00% Drilled Manta-9. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0020 20.00% Drilled Manta-10. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0019 20.00% Drilled Manta-11. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0018 20.00% Drilled Manta-12. A$6.7 million Evaluate commerciality.
  - Western Cape
  - Western Cape
    - GPE 0016 20.00% Drilled Manta-14. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0015 20.00% Drilled Manta-15. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0014 20.00% Drilled Manta-16. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0013 20.00% Drilled Manta-17. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0012 20.00% Drilled Manta-18. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0011 20.00% Drilled Manta-19. A$6.7 million Evaluate commerciality.
  - Western Cape
    - GPE 0010 20.00% Drilled Manta-20. A$6.7 million Evaluate commerciality.
WOODSIDE'S EXPLORATION AND PRODUCTION INTERESTS

1. Gulf of Mexico
2. Mauritania
3. Senegal
4. Algeria
5. Cambodia
6. Papua New Guinea
7. Northern Australia
8. South Australia
9. Victoria

Woodside Operator (Production Licence)
Woodside Operator (Permit)
Woodside Non-Operator Interests
Reserves Statement

This statement presents a summary of the changes to Woodside’s hydrocarbon resource portfolio during 2001 and the resulting R reserves position as at 31 December 2001. Unless otherwise indicated, all R reserves and Scope for Recovery volumes quoted herein are 100% permit or licence totals.

As a result of activities and studies undertaken during 2001, Probable hydrocarbon recovery attributable to Woodside has increased by an amount that exceeds production for the sixth successive year. Woodside’s reserves replacement ratio in 2001 was 132% at the Probable level.

A summary of Woodside’s year-end reserves position is provided in the above table.

Full replacement of 2001 production plus reserves growth was realised from a range of revisions, including study results and new acquisitions. Key changes contributing to an increase in reserves include:

- Acquisition of a 15% interest in the gas-condensate fields and production licence in Western Australia 17-L Joint Ventures giving the North West Shelf Ventures (NWSV) access to the gas in the WA-17-L extension of the Perseus field.
- Development and performance studies in preparation for the Laminaria Phase II drilling program during 2002.
- Development optimisation studies in the Vincent and Enfield oil fields for which more efficient recovery mechanisms were identified and
- Development of multi-disciplinary studies, including revisions to geological mapping and a production performance review, have resulted in increased Proved recovery in the Cospal field. This reflects continued reduction in uncertainty. There was a minor increase in oil reserves at the Probable level, with additional recovery at the Proved level.

Probabilistic additions of reserves within the NWSV are 31.4 MMbbl at the Probable level. In addition, Woodside’s share of Probabilistic additions within the NWSV is 5.8 MMbbl at the Probable level. Woodside’s share of AC/L5 Reserves is 7.8 MMbbl at the Probable level.

North West Shelf Ventures – Gas Recovery

R reserves to gas recovery in 2001 were based on commercial outcomes and results. The largest revision was due to the signing of commercial agreements with the WA-17-L Joint Ventures in relation to the extension of the Perseus field. These agreements include Athena volumes and are in line with the volumes included in the Woodside share totals below.

Although gas-R reserves are new, there has been a decrease in Goodyear condensate volumes as a result of the GWA18 well. Full field condensate R reserves are now estimated at 129.9 million barrels (MMbbl) at the Probable level and 179.1 MMbbl at the Probable level.

North West Shelf Ventures – Condensate

The Athena booking resulted in an increase in condensate R reserves. These volumes are included in the Woodside share totals below.

Laminaria and Corallina Venture (AC/L5)

Preparation for Phase II development drilling scheduled for 2002 dominated activities during 2001. As a result of the studies underpinning the drilling recommendations and the continued strong production performance, estimated oil recovery has been increased for the combined fields by 28.4 MMbbl at the Probable level and 32.2 MMbbl at the Probable level (AC/L5 shares). The bulk of the increase occurred in the Corallina field, based on better than forecast performance. Following combined production of 40.3 MMbbl oil during the year, total AC/L5 oil R reserves are estimated to be 74.1 MMbbl at the Probable level and 116.1 MMbbl at the Probable level.

Vincent and Enfield Oil Field Discoveries (WA-271-P)

Reserves have increased in both Vincent and Enfield following a year of multi-disciplinary studies aimed at optimising the development concept for the fields in this permit. Because of the lack of natural water drive in the main reservoirs in Enfield, the field is likely to be developed using water injection to enhance recovery. Successful results from the recent Enfield-4 appraisal well indicates further upside to the fields R reserves.

Legendre Oil Development (WA-20-L)

The Legendre North and South oil fields commenced production during 2001 through the Ocean Legend Mobile Offshore Production Unit (MOPU). The fields have reached oil production levels of 45,000 bbl/d through four wells. As a result of the development drilling, there has been a small reduction in oil recovery, particularly in Legendre South. R reserves are now estimated at 16.0 MMbbl at the Probable level and 33.7 MMbbl at the Probable level.

Woodside’s share is 7.8 MMbbl at the Probable level.

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Woodside’s share is 7.8 MMbbl at the Probable level.
Woodside Petroleum Ltd.
2001 Annual Report

for consistency with NWSV definitions. Woodside has no share in the sales gas from this project (refer ReservesStatement).

as a result, the Future Fuel and Flare figure only applies to NWSV fields. A gasprocessing plant in return for theopportunity for cost recovery plus a fixedreturn taken from the sale of gas-liquid

of relevant experience. Mr Johnson has consented in writing, to the inclusion ofthis information in this Annual Report.”

future contract for which implementation cannot be shown withsufficient confidence to be technically sound orcommercially viable, but which could mature based onreasonable assumptions about the success of additional data

proven reserves that, to a high degree of certainty (90% confidence), are recoverable. There is a probability, however, that a small number of these reserves may not, in fact, be recoverable or may not be economicallydevelopable. "Probable Reserves" are those reserves which analysts believe are most likely to be recoverable.

"C5+ fuel and flare gas)." The Dry Gas Reserves shown for Ohanet are actually LPG (C3+C4), but have been shown as Dry Gas for

These estimatesare based on a 31 December 2001 LPGprice of US$157.00/tonne.

"Proved Reserves" are defined as those Reserves that are recoverable under present economic conditions. The recovery of these reserves cannot be reasonably estimated until a development decision is made. "Probable Reserves" are defined as those Reserves that, to a high degree of certainty (50% confidence), are recoverable. These reserves are not as likely to be recovered as Proved Reserves. "Possible Reserves" are defined as those Reserves that, to a low degree of certainty (20% confidence), are recoverable. These reserves are not likely to be recovered. "Undeveloped Oil and Gas Reserves" include those reserves that are recoverable, but which are not included in Proved, Probable or Possible Reserves because they are undeveloped. The above definitions require that the price and cost assumptions in effect at the date of evaluation be used for estimating and classifying reserves.

"Dry Gas" is defined as "C4 minus" hydrocarboncomponents plus inerts.

"Condensate" is defined as "C5 plus" hydrocarboncomponents for NWSV , but is sales product for Ohanet. Again, this does notimply any Woodside interest in the salesgas. Woodside has a share in the sales gas from this project (refer ReservesStatement).

"Oil and Condensate volumes have been rounded to the

remaining Relevance Changes Produced Remaining Recovery

WA-23-L/24-L 0.64 1.12 0.00 0.00 0.03 0.05 0.10

WA-3-L 0.20 0.26 0.00 0.00 0.00 0.20 0.26

WA-7-R 0.09 0.13 0.00 0.00 - 0.09 0.13

WA-9-R 0.09 0.13 0.00 0.00 - 0.09 0.13

WA-1-L 12.25 15.38 0.00 0.00 0.30 11.95 15.08

WA-20-L - - 16.9 - - 33.7

WA-2-L/3-L 20.7 39.5 3.6 0.0 8.7 15.6 30.8

WA-10-R 0.00 0.01 0.00 0.00 - 0.00 0.01

WA-2-L/3-L 0.06 0.10 0.00 0.00 0.05 0.10 0.20

WA-5-L/5-L 4.43 143.9 - 6.00 218.2 -

WA-1-L/2-L 2.39 - - 3.3 - -

WA-3-L 1.30 59.0 - 1.76 84.5 -

WA-3-L/9-L 0.00 0.00 0.00 0.00 0.00 0.00 0.00

WA-7-R 0.09 0.13 0.00 0.00 - 0.09 0.13

"Remaining Recovery" means the volumes that have beenproduced from the reservoir at the end of the reporting period. Remaining Recovery Changes are the difference between the volumes produced during the period and the volumes remaining at the end of the period.

"The information contained in this Reserves Statement has been compiled by Mr. Glen Johnson. Mr. Johnson has qualifications required to obtain the classification of Associated Licence (Chemical Engineering from the University of Alberta, Canada) and more than 20 years of relevant experience. Mr. Johnson has committed to writing, in the inclusion of this information in subsequent Annual Reports.

The Dry Gas Reserves shown for Ohanet are actually LPG (C3+C4), but have been shown as Dry Gas for consistency with NWSV definitions. Woodside has no share in the sales gas from this project (refer ReservesStatement).

"Dry Gas Reserves for consistency with NWSV definitions. Again, this does notimply any Woodside interest in the salesgas. Woodside has no share in the sales gas from this project (refer ReservesStatement).

Woodside does not have a share in the sales gas delivered from the project for which implementation cannot be shown withsufficient confidence to be technically sound orcommercially viable, but which could mature based onreasonable assumptions about the success of additional data
Scope for Recovery

A significant increase in the Scope for Recovery (SFR) volumes was also achieved, aided by a number of exploration discoveries in Australia and overseas. Scope for Recovery estimates for Dry Gas and Liquids (condensate and oil) increased by 933 Tcf and 112.7 MMbbl, respectively, at the Probable level. Woodside’s share of the Dry Gas was increased by 1.0Tcf, while Liquids increased by 3.8 MMbbl, due to the sale of equity in Sunrise/Troubadour, resulting in a total SFR of 2,998 million barrels of oil equivalent at year-end.


Resource estimates in these Browse Basin permits remained unchanged from 2000. Total Probable Scope for Recovery is 20.49 Tcf Dry Gas and 311.0 MMbbl. Woodside’s share is 9.65 Tcf and 142.0 MMbbl.

These fields continue to be considered commercially viable in the future, but await firm development plans dependent on significant growth in domestic gas and LNG markets.

Sunrise and Troubadour Gas Discoveries (NT/RL2 and P55, ZOCA 95-19 and 96-20)

As a result of ongoing multi-disciplinary studies, incorporating an improved understanding of expected reservoir performance, total Probable Scope for Recovery is 8.35 Tcf Dry Gas and 298.0 MMbbl. These volumes await firmer market commitments prior to booking as reserves.

Vincent, Enfield, and Laverda Oil Field Discoveries (WA-271-P)

SOME of the increase to the Vincent oil reserves discussed previously were added from Scope for Recovery. Remaining Probable oil Scope for Recovery of 46.8 MMbbl (WA-271-P area only) is largely dependent on development concept. Following the identification of a fault block with a high likelihood of containing oil beside the already discovered Enfield accumulation, Enfield Probable Scope for Recovery has increased by 25.0 MMbbl to 43.1 MMbbl. The successful Enfield-4 well has subsequently confirmed that this fault block contains oil. As with Vincent, Enfield Scope for Recovery volumes include substantial oil dependent on the development concept.

Volumes for Laverda field did not change during 2001 and the combined Probable Scope for Recovery for this 100% Woodside permit is 46.2 MMbbl.

Woodside-Operated Bass Strait Oil and Gas Fields (VIC/RL6, VIC/RL9, VIC/RL10)

Only minor revisions (increase) have been made to the gas and condensate volumes reported in 2000 for the Basker/Manta/Gummy fields. The combined total Scope for Recovery is 0.20 Tcf of Dry Gas, 6.6 MMbbl of Condensate, and 27.0 MMbbl of oil at the Probable level. Woodside’s share is 0.18 Tcf, 6.3 MMbbl, and 27.0 MMbbl, respectively.

Blacktip Discovery (WA-279-P)

Exploration well Blacktip-1 discovered gas in the Bonaparte Basin, offshore northern Australia. Development studies have been initiated which focus on supplying natural gas to customers in Darwin and other Northern Territory regional areas. Initial study results have provided Probable Scope for Recovery estimates of 0.92 Tcf Dry Gas and 1.1 MMbbl of Condensate. Woodside’s share is 0.35% in this permit, resulting in Woodside’s share of Probable Scope for Recovery of 0.32 Tcf Dry Gas and 0.4 MMbbl of condensate.

Thylacine (T/30P) and Geographe (VIC/P43) Discoveries

Drilling operations on an offshore mobile drilling rig...
Metasource, a wholly owned subsidiary of Woodside Petroleum Ltd, has a small portfolio of projects and technology investments which it will continue to pursue and expand in 2002.

Investment in Ceramic Fuel Cells Limited

Fuel cells are electro-chemical devices that directly convert the energy in fuels (such as natural gas) into electricity without the conventional combustion stage. In doing so, fuel cells produce lower greenhouse emissions and are more energy efficient on a per-unit basis compared with conventional processes.

Ceramic Fuel Cells Limited (CFCL) is an Australian company developing solid oxide fuel cell products that will enable customers to generate electricity on their own premises using natural gas as the fuel source.

During early 2001, responsibility for Woodside’s interests and investments in renewable and cleaner energy technologies was transferred to a wholly owned subsidiary company, Metasource Pty Ltd.

Metasource has a small portfolio of projects and technology investments which it will continue to pursue and expand in 2002.

Investment in Ocean Power Technologies

Wave energy is an attractive renewable energy source given the relatively high energy density of waves, which are over 1,000 times higher than solar and wind energy densities.

In late 2000, Woodside invested US$3.62 million to acquire a 5% stake in a US-based company Ocean Power Technologies Inc., a leading developer of wave-energy power systems called PowerBuoy. The investment provided Metasource with an option to purchase 500,000 tonnes of carbon credits by 2012, from Ocean Power Technologies at a discount to prevailing market prices.

In 2001, Metasource has entered into an alliance with the Oil Mallee Company of Australia Ltd, which has developed exclusive technology for the harvesting of oil-mallee trees and the extraction of eucalyptus oil. The alliance is in the process of concluding the development and commercialization of a continuous flow harvester for perennial crop bioenergy applications. In August and September of 2001, Metasource planted one million oil-mallee seedlings in the Esperance region of Western Australia. These trees will have strategic potential in the development of a biomass plant as well as addressing carbon credit requirements.

Investment in Ceramic Fuel Cells Limited

CFCL aims to develop commercial electricity generation products that provide high energy conversion efficiencies, greatly reduced greenhouse emissions, lower power generation noise levels and competitive electricity costs. The first commercial product is expected for delivery in late 2003.

Ocean Power Technologies (Australia) has the rights to the technology for commercial applications in Australia, New Zealand and the South Pacific islands and is targeting the installation of its first PowerBuoy off the coast of Portland, Victoria in early 2002.

Bioenergy

Bioenergy is energy produced from biological matter, termed biomass. Currently Metasource is developing bioenergy technology based on an innovative use of the oil-mallee tree.

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Business Risk-Management

The Company defines business risk as any event or action with the potential to prevent the Company achieving its objectives. The definition is wide ranging to ensure that due consideration is given to all issues (both opportunity and hazard) with the potential to impact upon Woodside’s business.

In order to properly identify and develop strategies and actions to manage risk, the Company has put in place a business risk-management framework, based on the following key elements:

- A process to identify specific business risks;
- The assessment of the identified risk in terms of potential impact and likelihood of occurrence;
- An assessment of the external environment and the control environment in place to manage the risk;
- The development of further plans which may be required to manage the risks; and
- Monitoring to ensure controls to manage the risk are fit for purpose, properly implemented and subject to ongoing improvement.

Woodside’s approach to risk-management is not limited to the management of health, safety and the environment, day-to-day operations and financial issues. It also encompasses all areas of activity ranging from regulatory compliance, product supply reliability, human resources through to external relationships including joint venture partners, government, customers and investors. Once a business risk is identified, Woodside’s key management processes and systems are aimed at providing the necessary framework to enable the risk to be managed.

As part of the Company’s ongoing quality assurance process, a review of the business risk-management framework was undertaken during 2001. The review confirmed that significant progress has been made in this area in the past two years and identified opportunities for further improvement, which will be progressed during 2002.

Financial Risk Management

As a growth company with a long-term focus operating in a volatile commodity market, Woodside faces exposure to movements in oil prices, foreign currencies and interest rates. The Company’s approach to financial risk-management is intended to ensure that the management of financial risk is performed in such a manner that will provide Woodside with a greater level of confidence that it can meet its three key objectives, namely:

- To maintain financial stability during sustained periods of unfavourable oil prices, exchange rates and interest rates;
- To ensure the Company will be able to meet its financial commitments including payment of dividends; and
- To ensure the Company can make major investments in pursuit of its business objectives with a greater level of confidence.

Financial risk-management is conducted using a range of tools including financial modelling and stress testing, and where appropriate, hedging.

Hedging levels are governed by Board policy and are monitored by the Board’s Finance Committee. As a matter of principle, forward hedging may not exceed identified real exposure levels and generally, hedge levels do not exceed 50% of exposure.

Oil Price Hedging

As part of its management of its exposure to oil price movements, Woodside has undertaken hedging activities to cover a proportion of its identified barrels of oil equivalent exposure out to a maximum of four years forward, using a mix of floating to fixed price swap contracts and oil options contracts. Oil price hedging is primarily priced against the prevailing New York Mercantile Exchange West Texas Intermediate (NYMEX-WTI) first and second contracts.

As at 31 December 2001, Woodside had 27.1 million barrels of oil equivalent (MMboe) hedged at an average price of US$18.24 per barrel for a period of four years on a rolling calendar basis.

This hedge cover has been put in place on a progressive basis over the last four years. Details of the latest oil hedge position effective 31 January 2002 are provided in the table below.

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<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>Swaps</td>
<td>11.881</td>
<td>6.299</td>
<td>2.463</td>
<td>-</td>
</tr>
<tr>
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<td>1.398</td>
<td>9.641</td>
<td>-</td>
</tr>
<tr>
<td>Average Price (US$)</td>
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<td>19.824</td>
<td>21.143</td>
<td>-</td>
</tr>
</tbody>
</table>

This table shows the oil price hedging as at 31 January 2002.

Currency Hedging

Currency hedging is undertaken against specific future expenditure commitments by way of forward exchange contracts and currency option contracts. Hedging is predominantly the purchase of Australian dollars and is undertaken in respect of identified Australian dollar net exposures taking into consideration known and forecast receipts and payments.

As at 31 December 2001, US$652.3 million was hedged with varying maturities out to five years at an average rate of 0.5795.

Interest Hedging

The Company maintains a diversified funding portfolio designed to meet both its ongoing requirements and to ensure ready access to liquidity as to be in a position to take advantage of new business opportunities as they materialise. Whilst the nature and timing of these opportunities will dictate the exact form and structure of the debt facilities, the Company’s objective is to spread its source of borrowings to maintain a spread of maturities and to achieve a balance between fixed and floating rate debt liabilities. This balance is achieved through the issue of both fixed and floating rate debt, and where appropriate, the use of derivative instruments (primarily fixed-to-floating rate swaps).

Opportunity Cost of Hedging

The opportunity cost of oil price and currency hedging (after tax) included in the Statement of Financial Performance for 2001 was A$285.1 million and A$79.7 million, respectively.

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Woodside views all injuries and workplace-related health issues as preventable and is striving to continuously improve the health and safety of its employees and contractors. Regrettably, in the last 12 months, people have continued to require the services of a medical practitioner as a result of workplace injuries. In some cases, the impact on the person’s health, lifestyle, and family was considerable and is continuing.

Through improvements to its processes and procedures, the Company has been able to reverse the previous trend of increasing safety incidents and injuries, as evidenced by improvements to the key safety statistics. More significantly, these initiatives have been supported by people throughout all areas of the Company committing to reinforce best practice safety management, by taking personal responsibility for health and safety matters and providing leadership by continuing to place safety considerations at the forefront of all decisions.

Woodside values its people and is committed to protecting and promoting the health of its workforce. Considerable attention continued to be paid to health management during 2001. The corporate health promotion theme was Skin Cancer awareness. The majority of the workforce participated in skin cancer screenings throughout the year. This was supported by promotions targeting healthy relationships, preventing sunburn, healthy eating, exercise, and awareness of the immune system. In addition, the Company continued to sponsor the Heart Foundation’s “Climb to the Top” stair climbing campaign which continues to be popular amongst Woodside’s employees. More than 100 teams from Woodside were involved in the event and again this was the highest number of teams from any participating company in Western Australia.

Emergency Response Management

Over 50 emergency response exercises were conducted during 2001, resulting in a high level of learning, and, where necessary, changes to practices were identified and implemented. A number of training programs for emergency teams were also conducted during the year which included the participation of overseas training providers to enhance the quality of the programs. A comprehensive project to define all the competency standards required for each role within the Woodside emergency response management system was completed and a set of corporate standards for emergency management for all levels within the Company is now available. This is a major milestone and will be complemented by the establishment of an Emergency Management Competency Assurance System in 2002 to provide assurance of the competence of people in emergency management roles in Woodside and to support future training programs.
Managing the Environment

The Company remains committed to achieving excellent results in environmental protection and continuing to improve its environmental performance.

Environmental Performance: Indicators

Although more environmental incidents were reported in 2001, these do not necessarily reflect an increased number of incidents. Woodside believes this was attributable to increased participation by employees and contractors in the reporting of environmental incidents and increased Company activity levels. The majority of environmental incidents reported were minor oil spills (less contained) and did not result in any external discharge.

In addition, one-third of all environmental incident reports submitted in 2001 were hazard reports. Hazards are an early identification of the potential for an environmental problem to occur.

Environmental Performance: Flaring

Small amounts of gas are flared from Woodside-operated facilities during normal operations for safety and operational reasons. This includes continuous low rate flaring associated with pilot and purge systems and occasional periods of elevated flaring during process upset. Gas may also be flared from new facilities when gas export or re-injection equipment is being commissioned.

Elevated flaring levels were experienced during the commissioning of the Ocean Legend production facility in mid-2001. Flaring levels have since been minimised following the commissioning of the gas re-injection equipment.

Woodside measures and reviews the quantities of gas flared as a proportion of total production and continues to seek opportunities for cost-effective initiatives to reduce the volume of flared gas.

Environmental Performance: Produced Formation Water

Produced and condensed water associated with oil and gas reservoirs must be separated from products and treated to comply with regulatory limits prior to being discharged to sea. The monthly average concentration of oil in produced formation water from the Cosack Pioneer floating production, storage and offloading facility (FPSO) and the Northern Endeavour FPSO were all below the regulatory limit of 30 milligrams per litre during 2001.

Despite a number of short-term exceedences during the year, the North Rankin A offshore production platform’s oil-in-water performance has improved considerably since the installation of a centrifuge system to further separate produced formation water prior to being discharged. Similarly, the Goodyear A platform experienced occasional short-term exceedences during the year, however, monthly averages remained below the regulatory limit. The Western Australian Department of Mineral and Petroleum Resources has been kept fully informed on regulatory exceedences and the Company’s remedial works.

The concentration of oil-in-water from the onshore gas plants’ effluent stream has continued to be well below the plant’s limit of 10 milligrams per litre.

Environmental Performance: Indicators

During the year, a study was conducted adjacent to the Ocean Legend production facility to determine the health condition of resident fish prior to the commencement of produced formation water disposal. A follow-up study to determine if there is any impact on the health of fish is planned. Woodside is also continuing to support the Department of Environmental Protection’s Pilbara Airshed Study by providing both funding and data from a meteorological monitoring station on the Burrup Peninsula.

The Company remains committed to achieving excellent results in environmental protection and continuing to improve its environmental performance.
Otway Basin - Victoria

Early in the year environmental approvals under the Environment Protection and Biodiversity Conservation Act were granted for the drilling of the Thylacine-1 and Geographe-1 gas exploration wells in the offshore Otway Basin. The timing of these wells overlapped the end of the seasonal blue whale feeding aggregation and the main condition of approval was a requirement to undertake a blue whale research project that included aerial surveys and noise monitoring in the vicinity of the well locations.

A total of 17 aerial surveys were flown over Permits VIC/P43 and T/30P permit from mid-April to early June 2001. Two acoustic logger arrays were deployed on the seabed in the vicinity of the Thylacine-1 well site and left in place during the drilling of both Thylacine-1 and Geographe-1. Data from these projects were to be made available to the community and other agencies involved in the monitoring of the environment.

As part of the ongoing stakeholder involvement process for Mauritania, Woodside has continued to develop relationships with the key international conservation groups that provide funding and support to the Banc d’Arguin National Park. Discussions with representatives of the , World Wide Fund for Nature and the World Conservation Union have covered a variety of issues, including:

- Oil spill risks in the southern part of the Park from proposed drilling activities in Block-6;
- Concerns regarding the long-term unsustainable nature of fisheries in Mauritanian waters; and
- The lack of adequate protection for fish stocks inside the Park.

Woodside is considering how it can work with these organisations and the Mauritanian Government to help address these issues.

Environmental Project Approvals

The Sunrise Gas project in the Timor Sea is in the concept selection phase and an Environmental Impact Statement for the upstream development of the Sunrise Gas Field was submitted for review in late 2001. The Statement is broad enough in terms of scope to accommodate both onshore LNG and floating LNG market scenarios.

By year-end, the North West Shelf Venture’s trunkline systems expansion project had commenced letting tenders prior to the start-up of on-the-ground project activities. Considerable effort was also being directed to establishing the management framework to ensure a smooth transition of project commitments to the execution stage and in gaining a Works Approval from the Department of Environment Protection, Water and Catchment Protection for the construction of the onshore trunkline terminal.

The LNG expansion project is in the execution phase and as per the Echo-Yodda development, all necessary environmental approvals were in place by the end of 2001. The focus going forward will be on ensuring compliance with environmental management commitments.

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Environmental Promotions

A high level of employee interest and commitment is an essential component of Woodside’s bid to continue to improve its environmental performance. This was again evident by the level of interest in the fourth Woodside Environment Award.

Eight submissions covering a range of excellent initiatives were received and the award was presented to the Green Transport Committee for developing the Green transport plan designed to reduce Woodside’s Perth-based employee contribution to vehicle emissions and hence reduce air pollution in Perth.

A feature of this award is the opportunity for the winning team to nominate community-based environmental projects to receive financial support from Woodside. As a result, donations have been made to support a turtle tagging project and biological survey in the Dampier Archipelago and the Conservation Council to assist with the development of a green transport kit and the rehabilitation of popular camping spots in the Pilbara.
Providing Energy

COMMUNITY DEVELOPMENT

Through its sponsorship and donations program and employee involvement, Woodside continues to be a leading force in a range of community-based activities, with particular emphasis on adding energy to making a difference to the future of society.

This effort was recognised externally in 2001 with Woodside receiving the ‘Golden Gecko’ award for its partnership with the Western Australian Museum in the Dampier Archipelago Marine Research Project and a ‘State Art Award’ for its partnership with Black Swan Theatre Company.

Making a Difference for Young Australians

Woodside aims to assist young people within the communities in which it operates. This involves establishing partnerships with a diverse group of organisations that provide opportunities for young people in a wide range of areas including cultural pursuits, science, technology, education, sport and environmental endeavours.

During 2001, Woodside committed over A$1.5 million to support organisations focused on making a difference for young people. Existing partnerships were strengthened and new partnerships were formed with the Asthma Swim Program, Western Australian Symphony Orchestra’s Youth Education and Outreach Program, and Mission Australia.

Some of the highlights of 2001 included:

• Sponsoring the Western Australian Symphony Orchestra’s classical concerts in Western Australian prisons and detention centres;

Employee Champions

Each of Woodside’s partnerships is managed by a group of employee “champions”, who contribute their expertise, passion and leadership to ensure these partnerships are mutually beneficial for both Woodside and the community.

In the International Year of the Volunteer, Woodside also embarked on a program of corporate volunteering by project teams and individuals. Examples include the Echo-Yodel Teams monthly film nights for the ‘Make a Wish Foundation’, the Australian Oil marketing and commercial team organising a community event for Kids’ Camp. Other teams have been involved in backyard blitzes for various hostels or working in Princess Margaret Hospital’s starlight room.

Trust

We are straight forward and able to say what we think. People choose to deal with us because they trust us. We mean what we say and engage openly and honestly with everyone.
In the Pilbara

In Karratha, Woodside and the North West Shelf Venture participants have continued to support a range of community activities and events. One of the major community events in 2001 was the North West Games, which attracted several thousand sports people from throughout the region. A large number of children from Karratha and surrounding towns participated in the Too Hot Youth Festival in September and Woodside has since established a long-term partnership with the festival organisers. The Company also continued to sponsor junior cricket in the west-Pilbara through the Western Australian Cricket Association, the Pilbara Tourism Association and the Aboriginal Art Award at the Casuarina Art Awards.

New partnerships were also formed during the year with local groups including the Karratha Autumn Club and Pilbara Wildlife Carers Association. These partnerships include a combination of financial and in-kind support, including volunteer work by Woodside employees. Through the support provided by the Company and the United Way Youth Focus was able to bring together youth service providers in the Pilbara to look at new opportunities to make a difference for young people in the region. Drama workshops for young people were conducted by a Black Swan Theatre Company Director in Roebourne and Karratha under the Pilbara Storied Project during the year and a relationship was established with the Karratha Youth Theatre to continue this work.

In the Gascoyne

The North West Cape is rapidly becoming Australia’s newest hydrocarbon province and the Company continued to work closely with the communities in Exmouth, Coral Bay and Carnarvon during 2001 to ensure that community concerns and expectations were addressed. As part of this process, community reference groups have been established to discuss issues in detail and regular monthly updates are advertised and circulated to over 300 stakeholders.

Woodside is a key sponsor and participant in Exmouth’s AQUAFEST, a community festival celebrating industry and community activities in the region. In addition, the Company has been working closely with Exmouth District High School to support a visit by the Scitech Road Show, the Young Achievers Business Enterprise Program, the provision of computers to the school, school information packs and a competition to name any new hydrocarbon discoveries in the area.

In the Northern Territory

Woodside has had a growing presence in Darwin over the last six years with the development of the Larrakia and Corallina oil fields, the Sunrise Gas Project and more recently the Blacktip gas discovery. In 2001 community activities included sponsorship of the Adhena Swim NT Program, support of the Youth Volunteer Awards and Tough Love.

Relationships with Indigenous Communities

All performance indicators were met in 2001 in relation to Woodside’s involvement in the Roebourne based education program, Gunumla Miruwami (coming together to learn) and the Pilbara region-based employment and training initiative, Warrgamugardi Yirdyabura (Pathways to Employment). Both programs are helping to provide opportunities for local indigenous people. The Warrgamugardi Yirdyabura Program will expand in 2002 to meet the anticipated growth in demand for indigenous employees from developments such as the fourth LNG train project which has already implemented a plan that aims to increase the level of indigenous employment.

During 2001, the Company established a partnership with the Office of Aboriginal Economic Development to identify indigenous business opportunities at the onshore gasplant and the fourth LNG train project. Woodside also produced an Aboriginal cultural awareness induction video during 2001, which is being utilised in site inductions. The video “Footprints Across Time” provides an overview of Aboriginal traditions and culture and the impact of European settlement on this way of life. The Company also plans to commence cultural awareness training for all its employees and major contractors during 2002.

Woodside has since established a long-term partnership with the festival organisers. The Company also continued to support a range of community activities and events. One of the major community events in 2001 was the North West Games, which attracted several thousand sports people from throughout the region. A large number of children from Karratha and surrounding towns participated in the Too Hot Youth Festival in September and Woodside has since established a long-term partnership with the festival organisers. The Company also continued to sponsor junior cricket in the west-Pilbara through the Western Australian Cricket Association, the Pilbara Tourism Association and the Aboriginal Art Award at the Casuarina Art Awards.

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J R Broadbent, BA (Economics and Maths), Hon. D. Litt (UWS)
Appointed a Director in June 1998. Chairman of the Finance Committee and a member of the Audit, Human Resources and Shell Relationship Committees. Board Member of the Reserve Bank of Australia and a Director of Coca-Cola Amatil Limited. Vice President of the Board of Trustees of the Art Gallery of New South Wales; a member of the Sydney Advisory Board - Salvation Army Eastern Territory and a Director of the Sydney Theatre Company. Over 20 years experience in the finance sector, principally as a senior executive of Bankers Trust Australia. Age: 53.

KA Dean, BCom (Hons), FCPA, MAICD
Appointed a Director in February 1998. Member of the Finance Committee. Chief Executive Officer of Shell Finance Services, Division of Shell International Limited, London. Over 25 years experience in the Australian and international oil industry. Age: 49.

PJB Duncan, BE (Hons.), DBS
Appointed a Director in June 1999. Member of the following Board Committees: Corporate Governance; and Health, Safety and Environment. Director of Orica Limited, GasNet Australia Ltd and National Australia Bank Limited. Formerly Chairman of The Shell Group of Companies in Australia; Shell New Zealand Limited and Shell New Zealand Holdings Limited. Over 35 years experience in the international oil industry. (Resigned as a Director effective as of 28 February 2002) Age: 60.

Dr AJ Parsley, BSc, PhD
Appointed a Director in June 1999. Member of the following Board Committees: Audit; Human Resources; and Health, Safety and Environment. Chairman of Shell Australia Ltd and Chief Executive Officer, Shell Development (Australia) Pty Ltd. Over 30 years experience in the international oil industry. Age: 58.

Dr PJB Rose, AO, BCom (NZ), DipEc (Camb), PhD
Appointed a Director in December 1990. Chairman of the Human Resources Committee and a member of the Corporate Governance Finance and Shell Relationship Committees. Director of Australian United Investment Company Limited, The Ian Potter Foundation Limited and the Australian Ballet Centre. Formerly adviser to the Prime Minister of Australia from 1977 to 1985. Director of the University of Melbourne Business School and the Sidney Myer Professor of Commerce and Business Administration. Age: 66.

RH Searby, QC, MA (Oxon)
Appointed a Director in June 1998. Appointed Executive General Manager of Woodside’s operating subsidiaries from June 1994 until his appointment as Managing Director in April 1996. Member of the Corporate Governance, Health, Safety and Environment; Finance and Shell Relationship Committees. Director of Oil Search Limited and a member of the boards of the following entities: The University of Western Australia Graduate School of Management; the Asia Research Centre and Youth Focus. Over 25 years experience in the international oil industry. Age: 70.

RAG Vines, BE (Hons), DSc, (Ct. WA), FAIM, FAIMM, FTSE
Appointed a Director in February 1997. Chairman of the Health, Safety and Environment Committee and a member of the Audit, Finance and Shell Relationship Committees. Director of WMC Limited. Formerly Chairman and Managing Director of Alcoa of Australia Limited. Over 35 years experience with Alcoa internationally and in Australia. Age: 65.
2001 Corporate Governance Statement

This statement summarises the Board’s governance practices that were in effect during the year.

Communications with Shareholders

The Board maintains an ongoing dialogue with shareholders through the distribution of the Annual and Half-Yearly Reports, media releases, and other communications. In particular, the Board considers feedback from shareholders and the media during its meetings. Shareholders are encouraged to communicate directly with the Board through the Chairman’s address contained in the Annual General Meeting Circular.

Continuous Disclosure

Woodside complies with ASX continuous disclosure obligations and endorses the guidance principles contained in the Australian Securities and Investments Commission’s “Better Disclosure for Investors” publication.

In keeping with those principles, Woodside’s disclosure practices are aimed at ensuring timely access for all investors to information released under the continuous disclosure rules.

These practices include:
- Information released by the Company, including media releases and investor briefing materials, is released to the ASX immediately following release.
- A voluntary regime of structured disclosure at regular intervals for its drilling programs.
- Analyst and press briefings are conducted following the release of key information.
- Major arrangements and additional explanatory information is included where appropriate in the Company’s quarterly exploration, production, and development reports.
- The Company’s senior management meets regularly to consider its continuous disclosure obligations.

Board Composition

Board membership remained at ten for the year.

All Directors are non-executive with the exception of the Managing Director. The Chairman and five other Directors are independent non-executive Directors. Three non-executive Directors are either current or retired executives of the Royal Dutch/Shell Group, which is a substantial shareholder in the Company.

In assessing the composition of the Board, the Directors have regard for the following guidelines:
- The Board should comprise Directors who are both non-executive and independent.
- Directors should represent a broad range of qualifications, experience and expertise considered of benefit to the Company.
- The Board should meet regularly to consider its continuous disclosure obligations.

Board Responsibilities

The Directors have primary responsibility to ensure Woodside’s business activities and its management for the benefit of Woodside shareholders, while also recognising its responsibility to its employees, the community and environment within which it operates and, where appropriate, other stakeholders. Responsibility for management of Woodside’s business activities is delegated to the Managing Director, who is accountable to the Board.

Conflicts of Interest

In assessing the composition of the Board, the Directors have regard for the following guidelines:
- The Board should be both non-executive and independent.
- The Managing Director should be a full-time employee of the Company.
- The Board should comprise Directors who are both non-executive and independent.
- The Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company.
- The number of Shell-nominated Directors, as a proportion of the Board, should approximate the proportion that Shell’s holding of fully paid shares in the Company bears to all of the issued fully paid ordinary shares in the Company.

The key responsibilities of the Board include:
- Developing strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management.
- Defining and setting performance expectations for the Company and monitoring actual performance.
- Appointing and reviewing the performance of the Managing Director and senior management.
- Ensuring that there are effective health, safety, environment and operational procedures in place.
- Ensuring that there is effective budgeting and financial supervision.
- Ensuring that appropriate audit arrangements are in place.
- Ensuring that there are effective reporting systems that will assure the Board that proper financial, operational, compliance, risk management and internal control processes are in place and functioning appropriately and that management is not in possession of price-sensitive information that is not generally available to the market.

Board Workings

The Board carries out its annual performance evaluation to assess its own performance and the effective workings of the Committees, Board members complete confidential questionnaires, the results of which are analysed by an external consultant and are addressed in a formal period outside normal Board meetings. In addition, the Board assesses the performance of the Managing Director by reference to agreed key outcomes.

The terms of reference and composition of each Board committee are reviewed and updated as appropriate each year.

Meetings

The Board held nine scheduled meetings during the year ended 31 December 2001 and in addition had three unscheduled meetings. Senior staff attended and made presentations at Board meetings as considered appropriate and were available for questioning by Board members. In March 2000, the Board held its annual strategy sessions with management over a three-day residential “retreat” and in July 2001, it visited the North West Shelf Venture’s operations.

Conflicts of Interest

The Board has in place a conflict of interest guideline which operates if there is a material flow of information between a Director and another person or persons outside of the Company or Woodside. The guideline is designed to prevent any conflict of interest between a Director and another person or persons outside of the Company or Woodside.

Independent Professional Advice

The Directors may, in carrying out their duties to the Company, seek external professional advice. They are entitled to reimbursement of all reasonable costs where such request for advice is approved by the Chairman.

Risk Management

The Board has a range of its main objectives, the oversight of the management of those risks to which Woodside is exposed and the responsibilities of Woodside’s Board of Directors, to ensure that Woodside is structured in a manner that will provide and maintain adequate risk management systems.

The Board is committed to maintaining a culture of openness and accountability that encourages employees to identify and address potential conflicts of interest.

The Board also has in place a specific share trading policy, which is contained in the Company’s Code of Business Ethics, which applies to all Directors and employees within the group.

Disciplinary Action

The Board has authority to take disciplinary action against employees who breach the Code of Business Ethics.

The Code of Business Ethics applies to all Directors and employees within the group.

Chairman

The Chairman is responsible for ensuring that the Board carries out its duties effectively and efficiently. He is also responsible for the overall performance of the Board and for ensuring that the Board’s rules and procedures are followed.
Directors wishing to buy or sell Woodside securities in accordance with the policy may only do so after first having advised the Chairman of his or her intention. In the case of employees, there is a corresponding notification requirement.

Committees of the Board

The term of the Shell Relationship Committee formed in August 2000 was extended to June 2002. Its members comprise all the non-Shell-nominated Directors. The purpose of the Committee is to provide a forum in which Directors can discuss any matters relating to the ongoing relationship with Shell, any future proposal by Shell, or any matters relating to the terms or structure of the Alliance Agreement with Shell, in the absence of the Shell-nominated Directors.

Six standing Board committees assisted the Board in the discharge of its responsibilities in 2001. They are:

- Audit
- Corporate Governance
- Finance
- Health, Safety and Environment
- Human Resources
- Nominations

Other ad hoc committees are convened from time to time to address major transactions or other matters calling for special attention.

Audit Committee

The Audit Committee assists the Board to assure itself that there are in place within the Woodside Group appropriate and effective accounting, auditing, internal control, business risk management, compliance and reporting systems, processes and practices. In particular it:

- reviews the annual and forward audit plans;
- oversees Group compliance with statutory responsibilities and when considering the Annual and Half-Yearly financial reports, reviews the carrying value of assets, provisions and other accounting issues.

Members of the Committee in 2001 were Mr KA Dau (Chairman), Mr RES Argyle, Mr CB Goode (ex-officio), Dr AJ Parsley and Dr PB Rose. The internal and external auditors, the Managing Director, the Chief Financial Officer and the Group Accounting Manager attend Committee meetings by invitation. The Committee met five times during the year.

Corporate Governance Committee

The Corporate Governance Committee advises on and monitors Woodside’s governance practices and assists the Board to assure itself that there is in place an appropriate process for the direction and control of the Group. In particular it:

- reviews the way the Board and its committees work and their evaluation processes;
- monitors the management systems and processes in place for compliance with laws and regulatory requirements and monitors the management systems in place for addressing significant business risks and the framework of internal management controls.

Members of the Committee in 2001 were Mr RJS Akehurst (Chairman), Mr JH Alshah, Mr KA Dau, Mr CB Goode (ex-officio) and RSH Saiety. The Committee met four times during the year.

Finance Committee

The Finance Committee reviews and makes recommendations to the Board concerning:

- specific funding proposals;
- borrowing and compliance with loan terms;
- the scope of insurance cover; and
- financial price risks resulting from movements in oil prices, interest rates and exchange rates and the extent and methods of any financial hedging which are undertaken.

Members of the Committee in 2001 were Mr RAG Vines (Chairman), Mr JH Alshah, Mr RGS Argyle, Mr JH Broadhurst, Mr KA Dau and Mr CB Goode (ex-officio). The Chief Financial Officer and the Financial Risk Manager attend meetings by invitation. The Committee met seven times during the year.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee (HSE) reviews all aspects of health, safety, and the environment which are relevant to Woodside’s activities. In particular it:

- monitors and reports to the Board on occupational health, safety and environmental management systems and goals due diligence procedures and performance;
- assists the Board in seeking assurance that adequate and proper procedures and benchmarks are in place to support Woodside’s health, safety and environmental policies and oversight incident investigations, audit reports, compliance and procedures for continuing improvement.

Members of the Committee in 2001 were Dr PB Rose (Chairman), Mr JH Alshah, Mr CB Goode (ex-officio), Dr AJ Parsley and Mr RAG Vines. The HSE Manager attends meetings by invitation, as do relevant senior management. The Committee met six times during the year. Members also visited the Company’s North West Shelf operations to gain first-hand experience of the operating environment.

Human Resources Committee

The Human Resources Committee reviews and makes recommendations to the Board on the operation of key human resource management policies and processes including remuneration packages and policies applicable to the Managing Director, senior executives and Directors. The Committee obtains independent advice to assure itself and the Board that remuneration policies are appropriately positioned with respect to the market and monitors their ongoing operation.

In particular, the Committee considers:

- remuneration policy;
- recruitment policies and performance;
- succession and planning for key positions;
- performance management and appraisal;
- competence development;
- employment policies and practices and
- compliance with statutory obligations.

Members of the Committee in 2001 were Mr CB Goode (Chairman), Ms PJB Broadhurst, Mr PB Rose and Mr RAG Vines. The Committee met six times during the year.

Directors’ Emoluments

Details of the nature and amount of each element of the emolument of each Director and the basis upon which those emoluments are determined, are set out in the Directors’ Statutory Report and Note 38 to the Financial Statements.
Executive Management Team

Woodside’s Executive Management Team as at 20 February 2002.

Barry Adams
General Manager - South Eastern Australia

Barry joined Woodside in 1982 following 12 years with Esso Australia. Following a three-year secondment to Shell, Barry was Offshore Operations Manager for the North West Shelf Ventures from 1995 to 2000. Barry was Acting Director, Australian Gas from November 2000 until his appointment as General Manager of the South-Eastern Australia Division in July 2001. Key Accountability: To ensure an optimum capital structure which includes securing of cost-effective funds for ongoing business needs and new opportunities from the financial markets. Age: 51.

Agu Kantsler
Director - New Ventures

Agu was seconded by Shell to Woodside in mid-1995 as General Manager and then Director of the New Ventures Division, following 15 years of exploration activity with Shell, mostly on international assignments. In 2000, Agu formally joined Woodside as a permanent employee. Key Accountability: To develop new production opportunities in Australia via successful, low-cost greenfield exploration and to build a profitable international exploration and production business. Age: 48.

Jack Hamilton
Managing Director - Matasource Pty Ltd

Jack joined Woodside as Managing Director of Matasource Pty Ltd in late 2001 after nearly 25 years with Shell working both locally and internationally in the following areas: operations, management, supply, marketing, strategy and project development. Key Accountability: As Matasource, to build a new profitable business for Woodside to meet growing demand from customers for “green” energy based on selective investments in renewable technologies and new ways of delivering and converting gas for power and other uses. Age: 46.

Keith Spence
Director - Australian Oil

Keith joined Woodside in 1998 and was previously General Manager, Northern Business Unit. Prior to joining Woodside, Keith was on secondment from Shell to Woodside’s Executive Management Team. Key Accountability: To ensure that a Company-wide management framework is operating for effective risk management, compliance, governance and internal control. To provide leadership to the people-related aspects of the business, including performance leadership, supporting the organisation to live the company’s values, delivery of people management systems, employee development and training, policy relating to benefits and remuneration and succession planning. Age: 53.

Jack formed a number of service roles within Woodside most recently as Director Australian Gas. In January 2002, he was engaged to establish a new role, that of General Manager Governance and Human Resources. Key Accountability: To ensure that a Company-wide management framework is operating for effective risk management, compliance, governance and internal control. To provide leadership to the people-related aspects of the business, including performance leadership, supporting the organisation to live the company’s values, delivery of people management systems, employee development and training, policy relating to benefits and remuneration and succession planning. Age: 53.

Jeff Schneider
Director - Corporate Strategy, Planning and Performance

Jeff joined Woodside in 1981 and was previously the General Manager, Human Resources. Corporate and Public Affairs. He was appointed Director of the Corporate Strategy, Planning and Performance Division in January 2000. Key Accountability: To drive the processes for business strategy and planning, performance management and external affairs activities and to provide shareholder value assurance for Woodside through North West Shelf Ventures Australian LNG (NWSV/ALNG) and Timor Sea Gas owner representation. Chris is also accountable for the Mergers and Acquisitions Department. Age: 53.

Keith joined Woodside in 1991 as Process Superintendent at the onshore gas plant and has held a number of senior operations positions including Director of Shared Services. Ernie was appointed to the position of General Manager of the North West Shelf Supply Operations in December 2001. Key Accountability: Responsible for the operation of the North West Shelf assets. This comprises the North Rankin-A and Goodwyn-A offshore production platforms, the Conoco Pioneer (a floating production, storage and offloading facility) and the Karratha Gas Plant including all LNG and domestic gas production. Age: 53.

Keith joined Woodside in 1998 and was previously General Manager, Northern Business Unit. Prior to joining Woodside, Keith was on secondment from Shell to Woodside and was responsible for North West Shelf Ventures exploration. Key Accountability: To build a best-in-class oil exploration and production business in Australia through brownfield exploration, development and production. Keith is also accountable for governance of Information Technology and remains the process owner for reserves accounting. Age: 48.

Keith joined Woodside in 1998 as Business Services Manager for Information Technology Production Services and also held the position of Program Manager in the Shared Services Division. He was appointed Director of the Shared Services Division in December 2001. Key Accountability: To provide market-competitive services to meet internal customer needs. This Division manages cross-company processes and provides services for finance, procurement, logistics, human resources, office facilities and Information Technology. Age: 43.

Alan Brooks
Chief Legal Officer

Alan joined Woodside in 1981 and was appointed Chief Legal Officer covering all aspects of Woodside’s legal activities in 1997. Key Accountability: To manage the legal aspects of all Woodside activities including the Company Secretariat. Age: 57.

Chris Haynes
Chief Financial Officer

Chris joined Woodside in February 1981. As Manager of Corporate Accounting in Melbourne and since October 1985 has held a number of senior finance-related positions in Perth culminating in his appointment as Chief Financial Officer in January 1997. Key Accountability: To ensure an optimum capital structure which includes the securing of cost-effective funds for ongoing business needs and new opportunities, to make recommendations on the distribution of capital to shareholders and to drive the process for management review of investment proposals. Age: 57.

Bob Carroll
Chief Financial Officer

Bob joined Woodside in February 1981 as Manager of Corporate Accounting in Melbourne and since October 1985 has held a number of senior finance-related positions in Perth culminating in his appointment as Chief Financial Officer in January 1997. Key Accountability: To drive the processes for business strategy and planning, performance management and external affairs activities and to provide shareholder value assurance for Woodside through North West Shelf Ventures Australian LNG (NWSV/ALNG) and Timor Sea Gas owner representation. Chris is also accountable for the Mergers and Acquisitions Department. Age: 53.

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E-mail: Perthsrv@computershare.com.au
Website: www.computershare.com.au
All written enquiries should include your Holder Identification Number as it appears on your Holding Statement along with your current address.
A service for shareholders has been introduced to allow website access to general information on Woodside and information specific to your own shareholding.
Visitors to the site can obtain share price and related graphical information. A discrete area of the website provides specific shareholder information. This area can only be accessed by input of your Holder Identification Number (HIN) or Security Reference Number (SRN) as well as other personal information to preserve security.
Additionally, common forms (e.g., change of address notifications) can be accessed on the website.
Change of Address
It is very important that shareholders notify the Share Registry immediately in writing, if there is any change in their registered address.
Lost Holding Statements
Shareholders should inform the Share Registry immediately in writing, so that a replacement statement can be arranged.
Change of Name
Shareholders who change their name should notify the Share Registry, in writing, and attach a certified copy of a relevant marriage certificate or deed poll.
Tax File Numbers (TFN)
Although it is not compulsory for each shareholder to provide a TFN or exemption details, for those shareholders who do not provide the necessary details, the Company will be obliged to deduct tax from any unfranked portion of their dividends at the top marginal rate. TFN application forms can be obtained from the Share Registry, any Australia Post office or the Australian Taxation Office.
Woodside Publications
The Company’s Annual Report is the main source of information for investors and is mailed to shareholders in March. Shareholders also receive a Half-Yearly Report in September. Shareholders who do not wish to receive the Annual or Half-Yearly Report should advise the Share Registry. Woodside’s financial reports are also available on its website (refer below).
Information about Woodside
Requests for specific information on the Company can be directed to the Company Secretary at the following address:
Woodside Petroleum Ltd.
No. 1 Adelaide Terrace
Perth, Western Australia, 6000
Telephone: (08) 9348 4000
Facsimile: (08) 9348 4990
Woodside Website
Information about Woodside is available on the Internet at www.woodside.com.au.

Directors’ Statutory Report
Woodside Petroleum Ltd.
ABN 55 004 898 962
The Directors of Woodside Petroleum Ltd. (“the Company”) present their report together with the financial statements of the Company and the consolidated financial statements of the consolidated entity, being the Company and its controlled entities, for the year ended 31 December 2001, and the auditors’ report thereon.
Directors
The Directors of the Company in office at any time during the financial year and at the date of this report are:
CB Goode (Chairman)
JH Alshuweirih (Managing Director)
R ES Argyle
JR Broadbent
KA Dean
PJB Duncan
AJ Parley
PJB Rose
R H Saaty
RAG Vines
Company Secretary
KA Lange
Corporate Information
Woodside Petroleum Ltd. is a company limited by shares that is incorporated and domiciled in Australia (Vic.)
It is the ultimate parent entity of the Woodside Group.

Woodside’s Annual Report
Woodside Petroleum Ltd. is located at No. 1 Adelaide Terrace, Perth, Western Australia, 6000.

Dividends
The Company usually pays an interim dividend in September and a final dividend in March of each year. The 2001 final dividend will be paid on 21 March 2002. The record date for the 2001 final dividend is 8 March 2002.

Change of Name
It is very important that shareholders notify the Share Registry immediately in writing, if there is any change in their registered address.

Woodside’s Financial Statements
A review of the operations during the financial year and the results of those operations are set out on pages 2 to 55 and in the Financial Statements contained in this Annual Report.

Woodside’s Website
Information about Woodside is available on the Internet at www.woodside.com.au.

Electronic payments are credited on the society or credit union account.

i. By cheque payable to the shareholder.
ii. By direct deposit to a bank, building society or credit union account.
Electronic payments are credited on the

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Significant Changes in State of Affairs
The review of operations sets out a number of matters which have had an effect on the state of affairs of the economic entity. Other than these matters, there were no significant changes in the state of affairs of the economic entity during the financial year.

Events Subsequent to End of Financial Year
No other events have occurred subsequent to balance date which have a material effect on the financial statements of the economic entity.

Likely Developments
In general terms, the review of operations gives an indication of likely developments and the expected results of the operations.

Dividend
The Directors have declared a final dividend out of profits of the Company in respect of the year ended 31 December 2003 of 46 cents per ordinary share, fully franked payable on 21 March 2002. A fully franked interim dividend of 24 cents was paid to shareholders on 13 September 2001. Of the 70% dividend allocated for the year, 36 cents represented special dividends.

Environmental Compliance
Woodside is subject to a range of environmental regulations with the most significant being:
• The Petroleum (Submerged Lands) Act 1967,
• The Environment Protection and Biodiversity Conservation Act 1999, and
• The Western Australian Environmental Protection Act 1986.

During 2003, Woodside complied with all requirements in relation to the above environmental legislation. Where required by legislation, all incidents were reported to the appropriate regulatory bodies. More detailed information on the Company’s environmental performance is provided on pages 46 to 51 of this Annual Report.

Through its environment policy, Woodside will continue to meet all requirements in relation to the above environmental legislation. Where required by legislation, all incidents were reported to the appropriate regulatory bodies. More detailed information on the Company’s environmental performance is provided on pages 46 to 51 of this Annual Report.

Table 1 shows remuneration details for each Director of the Company. Table 2 shows the remuneration details for the five most highly remunerated officers of the Company.

### Table 1. The following table shows remuneration details for each Director of the Company (A$)

<table>
<thead>
<tr>
<th>Executive Director</th>
<th>Base Salary</th>
<th>Board Fees</th>
<th>(b) Incentives</th>
<th>Benefits &amp; Allowances</th>
<th>(d) Share</th>
<th>(e) Share Plan</th>
<th>Contributions to Superannuation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Haynes, CEO</td>
<td>652,517</td>
<td>433,689</td>
<td>168,099</td>
<td></td>
<td>19,925</td>
<td>1,269,230</td>
<td></td>
<td>2,169,230</td>
</tr>
<tr>
<td>Cyril Humphries, GMD</td>
<td>994,624</td>
<td>479,727</td>
<td>311,923</td>
<td></td>
<td>863,905</td>
<td></td>
<td></td>
<td>3,563,473</td>
</tr>
<tr>
<td>Jeff Schneider, Chairman &amp; Senior Executives</td>
<td>337,662</td>
<td>319,050</td>
<td>119,188</td>
<td>31,305</td>
<td>681,560</td>
<td></td>
<td></td>
<td>1,058,915</td>
</tr>
<tr>
<td>Chris Cordin, Director</td>
<td>306,492</td>
<td>351,331</td>
<td>109,903</td>
<td>71,708</td>
<td>679,305</td>
<td></td>
<td></td>
<td>1,158,935</td>
</tr>
</tbody>
</table>

### Table 2. The following table shows the remuneration details for the five most highly remunerated officers of the Company (A$)

<table>
<thead>
<tr>
<th>Name/Title</th>
<th>(a) Base Pay</th>
<th>(b) Performance-Based Pay/S Bonuses</th>
<th>(c) Share</th>
<th>(e) Share Plan Contributions</th>
<th>(f) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Haynes, CEO</td>
<td>652,517</td>
<td>433,689</td>
<td>19,925</td>
<td>1,269,230</td>
<td>2,169,230</td>
</tr>
<tr>
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<td>479,727</td>
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<td>3,563,473</td>
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</tr>
<tr>
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<td>337,662</td>
<td>319,050</td>
<td>681,560</td>
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<td>1,058,915</td>
</tr>
<tr>
<td>Chris Cordin, Director</td>
<td>306,492</td>
<td>351,331</td>
<td>679,305</td>
<td>1,158,935</td>
<td>1,158,935</td>
</tr>
</tbody>
</table>

(1) Incentives includes base salary.
(2) Performance-based pay/s bonuses includes salary, performance related pay and share options.
(3) Benefits & Allowances includes housing, motor vehicles, health insurance, Travel Allowances and other benefits.
(4) Awards paid for in lieu of option share plan for Directors and other executives.
(5) Directors’ related party disclosures are set out in Note 40 to the Financial Statements.

Woodside Petroleum Ltd. 2003 Annual Report
Woodside Petroleum Ltd.

Exploration permits acquired over 367,000 square kilometres off the WA coast. North West Shelf Venture formed.

1963
- Major gas/condensate discoveries at Scott Reef, north of Broome and at North Rankin and Angel, north of Dampier.

1971
- Goodwyn gas/condensate field discovered.

1972
- Sunrise and Troubadour gas/condensate fields discovered.

1974
- 1976
- Construction of Phase-1 of the North West Shelf Project commenced.

February 2002.
- Contracts signed with State Energy Commission of WA (SECWA) for a 20-year supply of natural gas.

1980
- Dated at Melbourne this 20th day of Project finance secured for Phase-1 of North West Shelf Project in January.

1981
- Managing Director Sale of domestic gas to SECWA commenced.

1984
- and Officers Power and gas utilities for 20-year supply of LNG. Construction of North West Shelf LNG Project commenced.

1985
- Shell and BHP increased their respective interests in Woodside to 40% each. Contracts signed with eight Japanese power and gas utilities for 20-year supply of LNG. Construction of North West Shelf LNG Project commenced.

1989
- Wanaea oilfield discovered. First LNG shipments delivered to Japanese customers.

1994
- Woodside entered into a comprehensive business alliance arrangement with Shell. Vincent oilfield discovered in the Exmouth sub-basin. The commercial potential of the Legendre oilfield/condensate field in the Dampier sub-basin confirmed. International exploration interests secured in offshore Mauritania and Cambodia.

1997
- Formal approval for the Laminaria and Corallina oilfield/condensate field development. Northern Australia Gas Venture formed and feasibility study into potential Darwin-based LNG project commenced.

1998
- Formal approval for the Laminaria and Corallina oilfield/condensate field development. Northern Australia Gas Venture formed and feasibility study into potential Darwin-based LNG project commenced.

1999
- Laminaria oilfield discovered. Project finance replaced by corporate facility.

2000
- Laverda oilfield discovered in the Exmouth sub-basin. First letters of intent signed with Japanese LNG customers for the train-4 expansion. Exploration and production interests acquired in Algeria. Equity in the Greater Sunrise gas and condensate fields divested to Osaka Gas. Final investment decision for the North West Shelf LNG Project, North West Shelf Venture approved. Exploration and production interests acquired in offshore Mauritania, Timor/Lgrounds and condensate fields divested to Osaka Gas. Final investment decision for the North West Shelf Venture condensate field development approved. Interest acquired in an energy retailing company (Pulse Energy) in Victoria. Unrealised asset transfer proposal received from Shell and subsequently rejected by Woodside’s Independent Directors. Cash takeover offer and revised asset transfer proposal received from Shell in late 2000.

2001
- Shell withdrew its takeover offer and revised asset transfer proposal. Final investment decision for the Laminaria Phase II development and NWSV LNG train-4 approved. First oil from the Legendre oilfield/condensate field discovered at Echo-Yeddel in December. Chiquitita oilfield discovered in offshore Mauritania, Timor-L. Geopacific gasfield discovered in the Otway Basin and Audacious and Kuda Tsi oilfields and Blacktip gasfield discovered in Northern Australia. A wholly owned subsidiary company Metasource Pty Ltd established to manage Woodside’s interests in renewable energy. A 9.92% interest acquired in Hardman Resources Ltd.

2003
- The amounts contained in this report have been rounded off to the nearest thousand dollars under the option available to the Company under Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998.

The Directors have agreed to indemnify all of the current Board members of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their positions as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The relevant agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

**Directors’ Interests in Shares**

The particulars of Directors’ interests in shares of the Company as at 31 December 2003, are set out as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Akehurst</td>
<td>581,877 - 2,300</td>
</tr>
<tr>
<td>RES Angle</td>
<td>2,000 - 9,000</td>
</tr>
<tr>
<td>PR Broadbent</td>
<td>20,000 - 30,000</td>
</tr>
<tr>
<td>KA Casey</td>
<td>1,000 -</td>
</tr>
<tr>
<td>CB Goodie</td>
<td>2,000 - 98,000</td>
</tr>
<tr>
<td>PJS Rose</td>
<td>4,000 -</td>
</tr>
<tr>
<td>BACVines</td>
<td>- 7,400 -</td>
</tr>
</tbody>
</table>

Note:
1. Beneficial, in own name
2. Beneficial, in own name via Employee Share Plan
3. Beneficial, private company or trust
4. Related interest

**Directors’ Benefits**

During or since the end of the financial year, no Director of the Company has received, or become entitled to receive, a benefit by reason of a contract made by the Company, its controlled entities or a related body corporate with a Director or with the company in which a Director is a member, or with an entity in which a Director is a member, or with an entity in which a Director has a substantial interest in excess of the amount of the premium is subject to a confidentiality clause under the contract of insurance.

The Company has not provided any insurance for an auditor of the Company or a body corporate related to the auditor.

**Rounding of Amounts**

The amounts contained in this report have been rounded off to the nearest thousand dollars under the option available to the Company under Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998.

On behalf of the Board and in accordance with a resolution of the Board of Directors made on 20 February 2002.

Charles Goodie

Managing Director

Dated at Melbourne this 20th day of February 2002.