Woodside Petroleum Ltd.

“Shaping Up For Growth”

New Ventures - December 2002

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All references to dollars, cents or $ in this presentation are to Australian currency, unless otherwise stated.
New Ventures Business

Mission
To create outstanding growth and shareholder wealth by delivering high quality projects, both domestically and internationally, in a socially sustainable manner.

Target
To discover 1.5 - 2 billion barrels of oil equivalent over the next 10 years at industry top quartile finding cost.
Woodside is now developing international growth options

- Exploration acreage
- Developments: existing and planned
Woodside selects quality regions for exploration

- **Government Take %**
  - Nicaragua, UK, Spain, Gulf of Mexico, Mauritania, Argentina, US OCS, South Africa, Bolivia, Australia PRRT, Ecuador, Pakistan II, Morocco, Peru, Namibia, Malaysia, Thailand, Canada, Angola, Colombia, Indonesia Frontier, Turkmenistan, Uganda, Tanzania, Egypt onshore, India, Oman, Malaysia R/C, Algeria, UAE 'OPEC terms', Indonesia standard, Venezuela

- **Gas remaining potential**
- **Oil remaining potential**

**Industry Performance**
- Success Rate %
- Average Discovery Size

Source: B Johnston, 2002

Remaining Potential (billion boe)

<table>
<thead>
<tr>
<th>Country</th>
<th>Remaining Potential</th>
<th>Success Rate</th>
<th>Average Discovery Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>30</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>GoM</td>
<td>40</td>
<td>30</td>
<td>120</td>
</tr>
<tr>
<td>Mauritania</td>
<td>50</td>
<td>40</td>
<td>160</td>
</tr>
<tr>
<td>Australia</td>
<td>60</td>
<td>50</td>
<td>200</td>
</tr>
</tbody>
</table>

- Question mark (?)
Regional Strategic Imperatives

**Australia**
- Exploit every opportunity to capture profitable and risk covered new exploration business for Woodside

**Gulf of Mexico**
- Capture shorter-term profitable growth opportunities for gas on GoM shelf
- Sustained commitment to deepwater oil exploration

**West Africa**
- Drill out all high-value Mauritania exploration prospects prior to PSC expiry 2007 - 2009
- Leverage knowledge and competencies acquired in Mauritania to capture value-adding new business in North West Africa (e.g. Canary Islands)

**North Africa**
- Focus on building the oil exploration portfolio
- Negotiate attractive terms to access undeveloped gas resources

**Portfolio Build**
- Identify additional high-value, high-upside regions for medium to long term growth
New Ventures Discovery History 1995 -2001
(Oil + Gas Scope Volumes, WEL Share, Excluding NWS)

Since 1995:
- Commercial success rate 1995-2001 = 22%
- Discovered volume to production ratio 280%
- Average finding cost A$1.20/boe

• 2002 successes at Banda, Exeter, Norfolk, Neptune
Woodside Finding Cost for Booked Reserves:
Discoveries, Field Extensions and Revisions

Data source: Woodside Annual Reports

Source: Evaluate Energy
External Industry Benchmarking:
Three Year Average Finding Costs 1999-2001

Source: Evaluate Energy
Woodside has an appropriate exploration spend for the size of the company

Source: Evaluate Energy
Consistent and controlled growth in exploration expenditure
Exploration - 2002 Program

2002 exploration expenditure forecast A$240M

59% Overseas
41% Australia

Seismic Acquisition:
- Gulf of Mexico
- Mauritania
- Australia
- Algeria
- Canary Islands

13 exploration wells (excluding appraisal)

- Aust Oil 7 (2 successes)
- Aust Gas 1 (yet to be drilled)
- GOM 3 (1 success)
- Mauritania 2 (1 success)
New Ventures Staff International Expertise

Multi-national experience pre-Woodside includes AGIP, Anadarko, BG, BP, BHP, Elf, Enterprise, Exxon, Fina, Lasmo, Marathon, Mobil, Shell, Unocal

- Major International Discoveries worked on pre-Woodside
New Ventures Has Grown Its Own Capability
Robust Assurance Processes

Domestic and International Opportunity Screening

Peer Assist

Peer Review

Technical Assurance Panel

Commercial Assurance Panel

Decision Review Panel

Executive Approvals

Committee

Board

• Strategic Planning
• Capital Allocation
Global Portfolio Management and Capital Allocation

- Risk analysis
- Economic valuation
- Project ranking

Charts notional to illustrate process
Competitive Advantages

- **Australian Identity**
  - Neutral, few historical issues, welcome in Middle East and North Africa

- **Competencies**
  - Subsurface skills
  - Leading offshore E&P Operator (FPSO’s)
  - Gas expertise, including LNG
  - Drilling
  - Subsea completions
  - Operations

- **Size**
  - Mid-cap independent, non-threatening to many host governments or super majors

- **Strong Balance Sheet**

- **Opportunity Set**
  - Can exploit niches not immediate focus of super majors
Exploration - Proposed 2003 Program

68% Overseas
32% Australia

Drilling 53%
Evaluation 35%
Seismic 12%

Seismic Acquisition:
- Gulf of Mexico
- Mauritania
- Australia
- Algeria
- Canary Islands

12 exploration wells planned
Australia: Exploration Themes

Strategy: Optimise our existing portfolio
Australia: 2003 Planned Activities

- 7 exploration wells (5 commitment wells)
Gulf of Mexico: Exploration Themes

Strategy: Balance deep water oil versus shelf gas (protection against low oil price)

• Woodside has developed considerable GOM technical competence to enable growth in a stable, high-margin region

• Regional 3D seismic coverage (27,000 sq km) with technological advances

• Strategic partnering (e.g. Marathon) a management priority
Gulf of Mexico: 2003 Planned Activities

- 3 exploration wells
West Africa: Exploration Themes

Strategy: Explore prospective areas with growth potential

Deep Water Oil Play

Shelf & Deep Water Oil

Outboard Chinguetti Play

Inboard Banda Play
West Africa: 2003 Planned Activities

Canary Islands
3000 sq km 3D seismic acquisition

Deep Water Oil Play

2 firm plus 2 contingent exploration wells

Shelf & Deep Water Oil
Algeria: Themes

Strategy: Build exploration portfolio and deliver low-cost production
Algeria: 2003 Planned Activities

- **Algeria 401d**: 647 sq km 3D seismic acquisition
- **Oil Exploration**:
- **Gas Monetisation**:
- **Ohanet**: Field and facilities development, Start-up September 2003
Portfolio Build

*Strategy: Position for long-term growth and mitigate against under-performance in other regions*

2003 Activities:
Identify and enter additional high value/high volume region

Screening criteria:
- proven hydrocarbon potential
- accessibility
- oil and monetisable gas
- low sovereign risk
- Woodside fit
- fiscal terms

Challenges:
- Unproven upside/good terms vs proven upside with tougher terms (downside protection)
- Low cost/low return (onshore) vs high cost/high return (offshore)
- Maintain majority of portfolio in low sovereign risk countries
New Ventures

Questions