ANNUAL REPORT 2015

Strength through resilience

woodside

ON THE COVER

Our world-class Karratha Gas Plant increased annual production capacity from 16.3 to 16.7 million tonnes of LNG following system improvements and debottlenecking.

OUR COMPASS

WHO WE ARE

INTEGRITY

We are open, honest and fair. We do what we say we will do. We have the courage to do the right thing.

RESPECT

We give everyone a fair go. We listen.

WORKING SUSTAINABLY

We are here for the long term. We look after each other, our communities and the environment. We keep each other safe.

WORKING TOGETHER

We are on the same team.
We build long-term partnerships.

DISCIPLINE

We play by the rules. We set goals and we hold ourselves to account.

EXCELLENCE

We achieve great results. We learn.
We get better.

WHERE WE'RE GOING

OUR MISSION

To deliver superior shareholder returns.

OUR VISION

Our aim is to be a global leader in upstream oil and gas.

OUR STRATEGIC DIRECTION

Maintain our leading Australian position by optimising our producing assets and commercialising our growth projects and other premium opportunities.

Grow our portfolio by leveraging our core capabilities for global upstream growth.

HOW WE'LL GET THERE

PARTNER OF CHOICE

We are the premium choice for partnerships based on our distinctive capabilities, culture and track record as a great partner.

ENGAGED PEOPLE

We work for a highly regarded and successful company. We are part of a team working together for great results and have opportunities to contribute and grow.

FUNCTIONAL EXCELLENCE

We leverage our core capabilities and the latest technology to create new opportunities and sharpen our competitive edge.

DECISION EFFECTIVENESS

We make and execute decisions in line with our business priorities and our values.

OUR SUSTAINABLE DEVELOPMENT REPORT 2015

This report is a summary of Woodside's sustainability approach, actions and performance for the 12-month period ended 31 December 2015.

This report will be available in March 2016.

Further information at woodside.com.au

ADDITIONAL INFORMATION

In this report, we have indicated where additional information is available online and in other sections of this report like this ℹ.

A glossary of key terms, units of measure and conversion factors is on page **110**.

greenreports

We have partnered with Green Reports™ in an initiative that ensures that communications minimise environmental impact and creates a more sustainable future for the community.

About Woodside

We are an Australian-based oil and gas company with a global presence, recognised for our world-class capabilities – as an explorer, a developer, a producer and a supplier.

Our mission is to deliver superior shareholder returns through realising our vision of becoming a global leader in upstream oil and gas.

Wherever we work, we are committed to living our values of integrity, respect, working sustainably, discipline, excellence and working together.

Our operations are characterised by strong safety and environmental performance in remote and challenging locations.

We recognise that long-term meaningful relationships with communities are fundamental to maintaining our licence to operate, and we work to build mutually beneficial relationships in all locations where we are active.

Our producing liquefied natural gas (LNG) assets in the north-west of Australia are among the world's best facilities.

Today, our exploration portfolio includes emerging and frontier provinces in Australia and the Asia-Pacific region, the Atlantic margins and Latin America and Sub-Saharan Africa. We have significant equity interests in high-quality development opportunities.

We are Australia's most experienced LNG operator and largest independent oil and gas company.

Our proven track record and distinctive capabilities are underpinned by more than 60 years of experience, making us a partner of choice.

Through collaboration, we leverage our capabilities to progress our growth strategy. Since 1984, we have been operating the landmark Australian project, the North West Shelf, and it remains one of the world's premier LNG facilities. In 2012, we added our Pluto LNG Plant to our onshore operating facilities.

We operate five floating oil production, storage and offloading vessels, the largest owner-operated fleet in Australia, and we have an excellent track record of efficient and safe production.

We are growing our portfolio through acquisitions and exploration while maintaining a disciplined approach to ensure that we continue to increase shareholder value and appropriately manage risk.

We are transforming to become a global business. We have a portfolio of significant interests in Canada and Timor-Leste and a growing network of partnerships.

Known as a reliable and safe energy supplier, we have enduring relationships with foundation customers throughout the Asia-Pacific region which span more than 25 years.

We believe technology and innovation are essential to unlocking future growth and commercialising assets. We continually expand our technical knowledge, discover new solutions and learn valuable lessons.

Innovation has always been in our DNA. Our knowledge has been built through decades of experience, dating back to the world-record water depths of wells we drilled in offshore southern Australia in the 1950s. Today, we are pioneering remote support and the application of artificial intelligence and advanced analytics in our operations.

We are open and honest in our relationships. Sharing ideas and aspirations, we have the courage to always do the right thing for our people, partners, customers and communities.

About this report

This Annual Report 2015 is a summary of Woodside's operations and activities for the 12-month period ended 31 December 2015 and financial position as at 31 December 2015. Woodside Petroleum Ltd (ABN 55 004 898 962) is the parent company of the Woodside group of companies. In this report, unless otherwise stated, references to Woodside and the Group, the company, we, us and our refer to Woodside Petroleum Ltd and its controlled entities, as a whole. The text does not distinguish between the activities of the parent company and those of its controlled entities.

References in this report to a year are to the calendar and financial year ended 31 December 2015 unless otherwise stated.

All dollar figures are expressed in US currency, Woodside share, unless otherwise stated. Woodside is continuing efforts to reduce its environmental footprint associated with the production of the Annual Report. Printed copies of the Annual Report will only be posted to shareholders who have elected to receive a printed copy.

The Annual Report is also printed on an environmentally responsible paper manufactured under ISO 14001 environmental management standards, using elemental chlorine-free pulps from sustainable, well managed forests.

CONTENTS

Report objectives

This report meets our compliance and governance requirements, and is designed to provide easy-to-read information on how Woodside performed in 2015 for our stakeholders, including shareholders, staff, customers and the community.

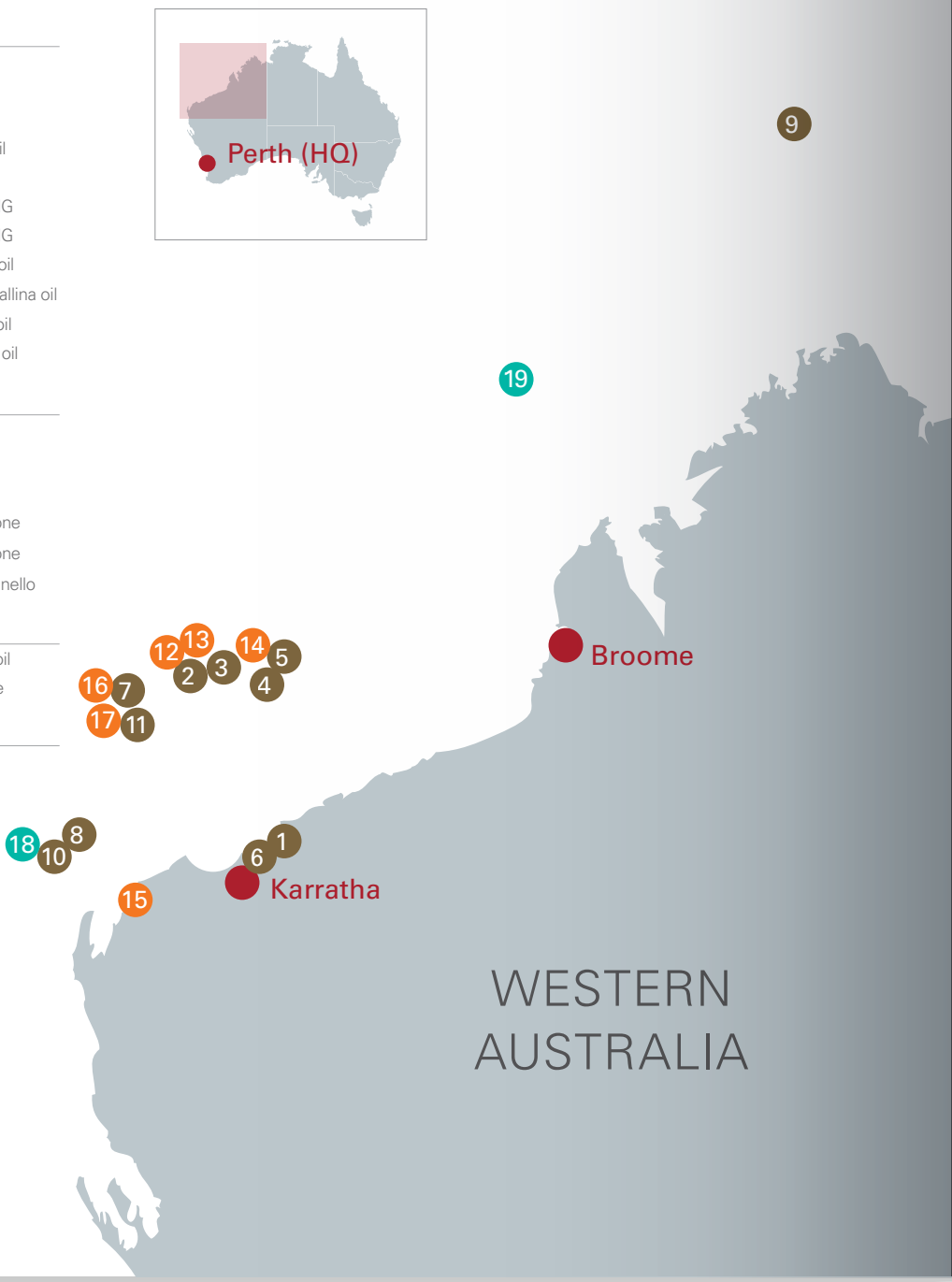
We aim to build awareness of our operations and demonstrate how we delivered on our mission and vision while maintaining our values and commitment to sustainable development.

OUR AREAS OF ACTIVITY

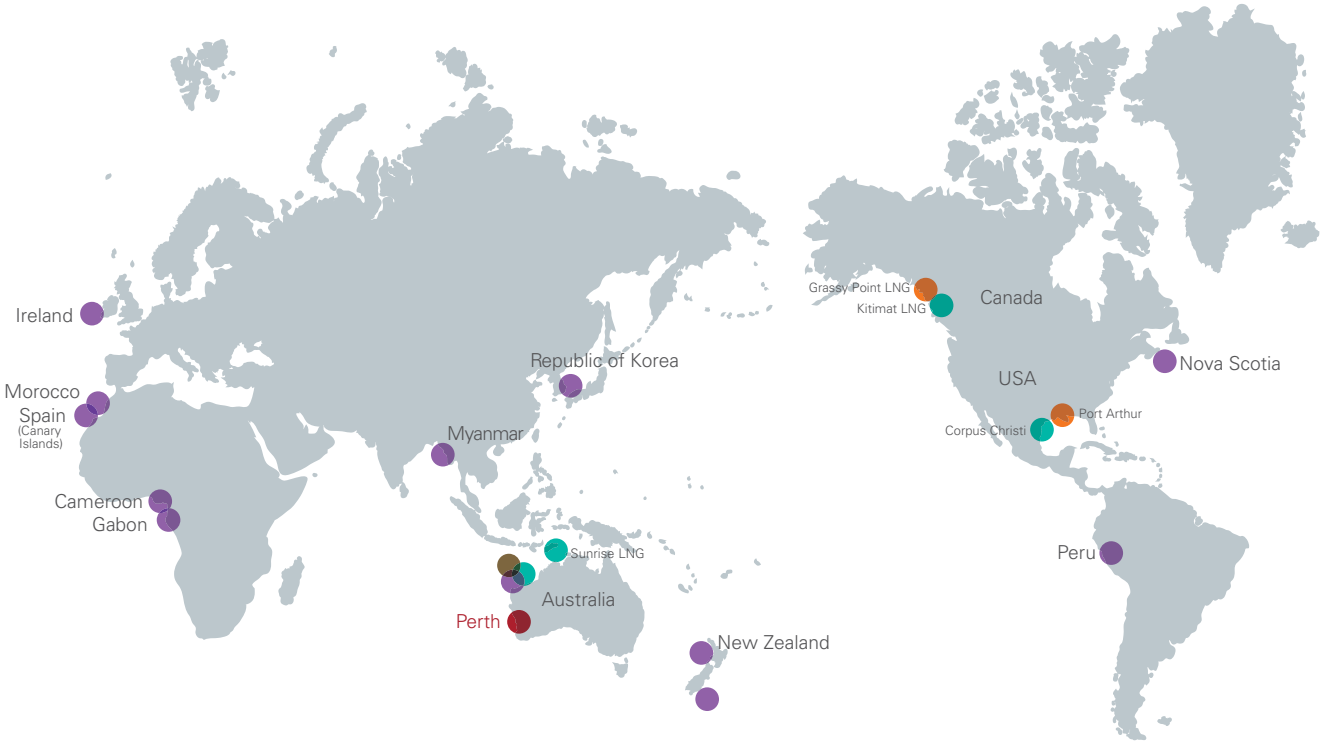
Our Australian business

	Producing assets	
1	Karratha Gas Plant	NWS
2	Goodwyn A platform	NWS
3	North Rankin Complex	NWS
4	Okha FPSO	NWS oil
5	Angel platform	NWS
6	Pluto LNG Plant	Pluto LNG
7	Pluto LNG platform	Pluto LNG
8	Ngujima-Yin FPSO	Vincent oil
9	Northern Endeavour FPSO*	Laminaria-Corallina oil
10	Nganhurra FPSO	Enfield oil
11	Armada Claire FPSO	Balnaves oil
	Projects	
12	Greater Western Flank Phase 1	NWS
13	Greater Western Flank Phase 2	NWS
14	Persephone	NWS
15	Wheatstone LNG Plant (non-operated)	Wheatstone
16	Wheatstone LNG Platform (non-operated)	Wheatstone
17	Julimar	Julimar, Brunello
	Developments	
18	Greater Enfield Oil	Enfield oil
19	Browse FLNG	Browse
	Woodside offices and representative offices	

* In September 2015, Woodside entered into a conditional agreement to sell our interests in the Laminaria-Corallina Joint Venture, including the Northern Endeavour FPSO. For further information refer to page 27.



Our global business



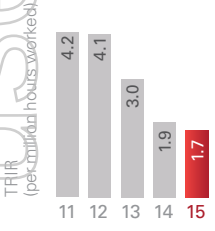
- Woodside headquarters
- Exploration acreage
- Developments and projects
- Business opportunities
- Producing assets

PERFORMANCE SUMMARY

In 2015, we attained a 10% improvement in personal safety performance, and achieved a Proved plus Probable (2P) annual total reserves replacement ratio of 276%. We delivered annual production of 92.2 MMboe, our second highest annual result, whilst reducing our break-even cash cost of sales to US$11 per boe, representing a 22% reduction from 2014.

Personal safety

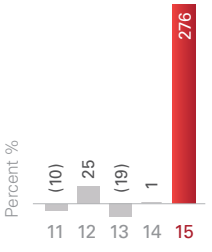
10%
Improvement



Our total recordable injury rate (TRIR) was a 10% improvement on 2014. It has significantly improved over the past four years, demonstrating solid progress towards our goal of global top-quartile health and safety performance by 2017.

Reserves replacement

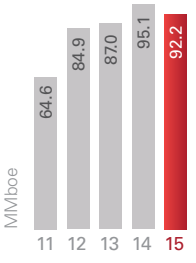
↑ 276%



In 2015, we achieved a Proved plus Probable (2P) annual total reserves replacement ratio of 276%, largely through acquisitions.

Production

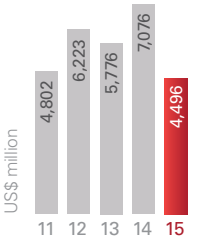
↓ 3%



In 2015, we delivered annual production of 92.2 MMboe, our second highest annual result. This was 3% lower than 2014 due to the planned Pluto turnaround and natural field decline.

Sales revenue

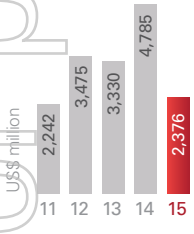
↓ 36%



We experienced a 36% decrease in sales revenue. This reflected lower realised prices across the portfolio. During 2015, the average price of Brent oil was US$53.60, 46% lower than the average Brent price in 2014.

Operating cash flow

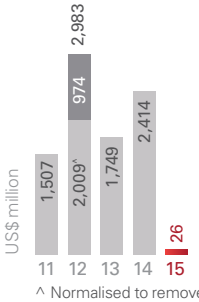
↓ 50%



Operating cash flow decreased by 50%, largely attributable to lower commodity prices.

Reported NPAT

↓ 99%

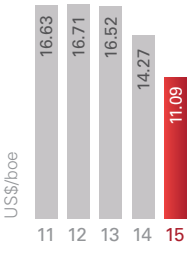


^ Normalised to remove Browse partial equity sale

Delivered reported NPAT of US$26 million, a decrease of 99% compared to 2014. This was due to lower oil prices impacting revenue and impairments driven by lower near-term and long-term forward price assumptions.

Break-even cash cost of sales

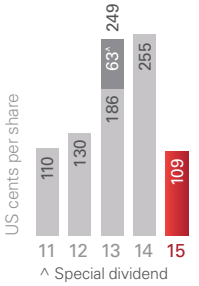
↓ 22%



Our break-even cash cost of sales per boe has reduced from US$14.27 in 2014 to US$11.09 in 2015, representing a 22% reduction. This cost reduction is inclusive of royalties and excise, and the impact of a weaker Australian dollar.

Dividends per share

↓ 57%



^ Special dividend

NPAT adjusted for special items of US$1.126 billion was used for calculating the full-year dividend of US109 cents per share.

Additional summary charts can be found on page **112**.

Results for the year

		2014	2015	% change
Reported net profit after tax	(US$ million)	2,414	26	(99)
NPAT adjusted for one-off non-cash items[1]	(US$ million)	2,617	1,126	(57)
Sales revenue	(US$ million)	7,076	4,496	(36)
Cash flow from operating activities	(US$ million)	4,785	2,376	(50)
Reported earnings per share	(US cents)	293	3	(99)
Total recordable injury rate	(TRIR)	1.90	1.71	10
Ten-year total shareholder return[2] (TSR)	(TSR, %)	10.6	2.5	(76)
Ten-year TSR[2] quartile ranking[3]	(Quartile)	2nd	2nd	n.m[4]
Production	(MMboe)	95.1	92.2	(3)
Proved (1P) reserves	(MMboe)	1,048	1,150	10
Proved plus Probable (2P) reserves	(MMboe)	1,339	1,508	13
Contingent resources	(MMboe)	1,743	4,398	152

1. *Woodside's financial reporting complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The NPAT adjusted for special items (non-IFRS) is unaudited but is derived from auditor reviewed accounts by removing the impact of non-recurring items (impairments, deferred tax asset derecognition and onerous lease costs) from the reported (IFRS) auditor-reviewed profit. Woodside believes the non-IFRS profit reflects a more meaningful measure of the company's underlying performance.*
2. *Source: Bloomberg, TSR is the compounded annual return over the specified period.*
3. *Against Woodside peer group see page **63**.*
4. *Not meaningful.*

KEY ACHIEVEMENTS 2015

Achieved a total recordable injury rate of 1.71, sustained progress towards global top-quartile performance.

Achieved 92.2 MMboe of annual production, our second highest result.

Acquired Wheatstone, Balnaves and Kitimat interests, which increased 2P Developed and Undeveloped Reserves (19.1%, 264.8 MMboe) and 2C Contingent resources (151%, 2,632 MMboe).

Completed capacity enhancement activities at Pluto LNG and North West Shelf (NWS) Project, increasing expected annual production capacity.

Discovered additional 2C Contingent resources of 68 MMboe (net) for Pluto with the Pyxis-1 exploration well.

Commenced production from the Greater Western Flank Phase 1 Project.

Approved the US$2.0 billion (100% project) Greater Western Flank Phase 2 Project.

Entered front-end engineering and design (FEED) for Browse FLNG Project.

Completed the Xena Phase 1 Project ahead of schedule and commenced production.

Discovered gas in Block A-6 in the Rakhine Basin, located offshore Myanmar, substantially de-risking the petroleum system and identified leads in the block and our adjacent acreage.

Entered FEED for the Greater Enfield Development.

Raised $4.1 billion in bond and bank markets, bringing our pre-tax portfolio cost of debt at year end to a competitive 2.9%.

Completed the planned Pluto turnaround ten days (30%) ahead of original plan.

Completed onshore and offshore NWS maintenance turnaround activities, with system availability returned to planned levels seven days ahead of schedule.

Achieved record continuous LNG production runtime of 125 days at the NWS Project's Karratha Gas Plant.

Completed in excess of 6,800 km^2 of 3D seismic data acquisition over Myanmar acreage.

Delivered annual productivity program benefits of >US$700 million.

CHAIRMAN'S REPORT

Against a backdrop of oil price uncertainty, Woodside continues to maintain a strong balance sheet and operating cash flow.

Michael Chaney AO
Chairman

Global oil markets underwent a dramatic change in 2015. Oil prices reached an 11-year low in December, and market uncertainty presented challenges to oil and gas companies around the globe.

A strong balance sheet

In this constrained business environment, your company managed to deliver solid results for 2015 – Net profit after tax (NPAT) prior to the deduction of one-off non-cash items of US$1,126 million, a statutory NPAT of US$26 million and cash flow from operations of US$2,376 million. At the same time, we raised US$4.1 billion in new and refinanced debt facilities.

These results build on a strong track record of achievement. Since 2011, we have increased Contingent resources by 106%, reduced break-even cash costs of sales by 33% and increased production by 43%.

Today, compared to five years ago, we are a leaner organisation with more assets, development opportunities and almost double the acreage in our exploration portfolio.

Importantly, our strong balance sheet has enabled us to pay over $7 billion in dividends to our shareholders over the past five years.

This year, we have elected to maintain our 80% dividend payout ratio and we have declared a fully franked dividend of 109 US cents per share based on the adjusted profit described above.

Consistent with our commitment to a strong balance sheet and retaining flexibility during this time of oil price weakness, the 2015 final dividend will be fully underwritten via the reactivation of the Dividend Reinvestment Plan (DRP). Activating the DRP at this time is prudent financial management, as it enables us to balance returns to our shareholders, with the preservation of cash and maintenance of balance sheet flexibility.

This financial discipline, combined with a robust business model, enabled us to once again make good progress on our growth strategy during 2015.

Growth opportunities

Our largest development opportunity, the proposed Browse Floating LNG (FLNG) development off the coast of Western Australia, entered front-end engineering and design during the middle of the year.

The project team is working hard to reduce Browse costs, targeting an economically robust project in the forward price environment.

We finalised acquisition of the Kitimat, Balnaves and Wheatstone interests in April. In Australia, Wheatstone and Balnaves provide immediate and near-term production and increase our Proved and Probable reserves by 265 MMboe.

In Canada, Kitimat provides long-term growth options and a world-class Contingent resource (2C) of 2,632 MMboe net Woodside share.

Throughout the year, Woodside continued to engage with the governments of Australia and Timor-Leste on the Sunrise development opportunity. We remain committed to the development, but we do need government alignment to ensure certainty for future investment.

Early in 2016, we announced the important discovery of gas in the Shwe Yee Htun-1 well drilled by Woodside in the Rakhine Basin offshore Myanmar. This discovery opens up an exciting new exploration province in which your company holds significant interests.

Oil price

We continue to pursue our key growth opportunities, but we are also prepared for ongoing oil price uncertainty.

The rise of North American "unconventional oil", the Organization of Petroleum Exporting Countries' decision to defend market share and increase production and weaker global growth have all contributed to an oil market that is likely to remain oversupplied through most of 2016.

Lower oil prices contributed to demand growth of 1.7 million barrels per day in 2015, but demand growth alone has not been strong enough to rebalance oil markets.

While the major energy research consultancies are predicting an oil price recovery by 2020, Woodside is taking a conservative view. Our focus remains on providing superior shareholder returns through the commodities cycle.

The company is using the lower price environment to drive down costs, enabling cost competitive development opportunities.

Following the dramatic fall in oil prices during 2015, we took a decision after the close of the year to lower our short and long-term oil price assumptions. This resulted in a diminution in the assessed value of the Wheatstone and Balnaves assets, as reported in our annual accounts.

In this environment, we also remain disciplined as we look for potential acquisitions around the globe. In September, we submitted a proposal to the board of Oil Search Limited to merge our two companies and create a regional oil and gas champion. The proposal would, in our view, have been to the significant benefit to the shareholders of both companies.

We were disappointed that the Oil Search Board declined to engage in any discussions of the proposal, which we withdrew in December.

A changing LNG market

Alongside market uncertainty, we are in the midst of a rapidly changing LNG market. This poses opportunities and challenges for Woodside. For a start, there is increasing supply competition in this market, providing customers with more choices in terms of geography, pricing and product. In future, we can expect to see the first-ever LNG developments in Canada, competing with US, Australia, Africa and the Middle East.

Secondly, we are seeing a change in the number and location of buyers. Seven countries made up 90 per cent of demand in 2005, but about 25 countries will make up 90 per cent of demand by 2020. Globally, concerns about climate change and air quality are also shaping demand for LNG. During the past year, we have seen numerous governments around the world adopt more stringent clean energy policies. As such, we believe natural gas will continue to have a significant role to play in the future energy mix – it is the cleanest burning fossil fuel, it is easily transportable and reliable, and it complements renewables to provide largescale uninterrupted power.

With these factors in mind, Woodside continues its relentless focus on productivity and reliability initiatives.

We are also enhancing our marketing and trading capabilities to reflect the increasing flexibility in the LNG market.

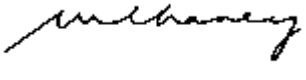
Woodside's track record of 25 years' experience as a safe and reliable LNG supplier to Asia's growing economies means we are well positioned to supply the region and beyond with LNG into the future.

Board changes

After 11 years of service on Woodside's Board of Directors, Dr Andrew Jamieson will retire at our Annual General Meeting in April. Dr Jamieson, with his wealth of international engineering, oil and gas experience, has made a substantial contribution to the Board, and we are indebted to him for his efforts. Following Dr Jamieson's retirement, Ms Melinda Cilento will be appointed chair of the Human Resources & Compensation Committee.

Woodside's strong performance in 2015 is a testament to our people, led by Chief Executive Officer Peter Coleman. On behalf of the Board of Directors, I thank all our staff for their hard work and dedication to the company.

We look forward to continuing our progress in 2016.



Michael Chaney AO
Chairman

17 February 2016

CHIEF EXECUTIVE OFFICER'S REPORT

It is clear that our strategy, our assets and our people have performed well amid the pressures of the lower oil price environment.

Peter Coleman
Chief Executive Officer and Managing Director

2015 Key performance highlights

- Achieved a total recordable injury rate (TRIR) of 1.71, a 10% improvement from 2014.
- Achieved 92.2 MMboe of annual production, our second highest result on record.
- Acquired Wheatstone, Balnaves and Kitimat interests, which increased 2P Developed and Undeveloped Reserves (19.1%, 264.8 MMboe) and 2C Contingent resources (151%, 2,632 MMboe).
- Completed the Xena Phase 1 project ahead of schedule and commenced production in June 2015. The Phase 1 project accesses net reserves (2P) of 197 Bcf dry gas and 2.3 MMbbl of condensate.
- Entered front-end engineering and design (FEED) for Browse.
- Discovered additional 2C Contingent resources of 68 MMboe (net) with the Pyxis-1 exploration well.
- Commenced production from the Greater Western Flank Phase 1 Project in December 2015.
- Approved the US$2.0 billion (100% project) Greater Western Flank Phase 2 Project off the north-west coast of Australia.
- Discovered gas in Block A-6 in the Rakhine Basin, located offshore Myanmar.
- Entered FEED for the Greater Enfield Development.
- Raised US$4.1 billion in bond and bank markets, reducing our pre-tax portfolio cost of debt.
- Delivered annual productivity program benefits of >US$700 million.

Future objectives

- Achieve global top-quartile health and safety performance by 2017.
- Maintain a strong balance sheet, low cost of operations and capital discipline enabling the delivery of superior shareholder returns.
- Operate according to a business plan that reflects low prices.
- Work with the Browse Joint Venture participants targeting a globally competitive, economically robust project.
- Progress our projects:
  - Greater Western Flank Phase 1 Project, which achieved first gas in 2015.
  - Persephone Project, scheduled for first gas in the first half of 2018.
  - Wheatstone Project, with first gas expected in mid-2017[1].
  - Greater Western Flank Phase 2 Project, scheduled for first gas in the second half of 2019.
- Deliver value adding growth organically and inorganically.
- Enhance our competitive advantage through leveraging technology to deliver sustainable growth through cost reductions and commercialisation of stranded resources.
- Expand our marketing capabilities through access to new markets and low cost shipping.

As we look back over our performance in 2015, it is clear that our strategy, our assets and our people performed well amid the pressures of the significantly lower oil price environment. The resilience of our business model was apparent as we made measured progress across the value chain, not only meeting key objectives for the year, but also improving the efficiency with which we did so.

Reported Profit for the year was US$26 million, driven by the sharp fall in commodity prices and asset impairments. Impairments are mostly driven by the collapse in near-term crude oil prices and an approximate 20% reduction in our long-term pricing assumptions for the purpose of determining asset values. Despite the economic climate, our business is resilient. Solid cash flows were generated through our strong operating performance and our low cost of production. Furthermore, we maintained strong levels of liquidity, with negligible debt maturities in 2016 and 2017, and have low levels of committed capital expenditure. We continue to execute our strategy at a pace appropriate for the current uncertain environment.

Operational excellence is central to how we deliver value for our shareholders. Production of 92.2 MMboe is our second highest production result on record – achieved through our relentless drive to improve the reliability of our assets. In December, production commenced from the Greater Western Flank Phase 1 (GWF-1) Project to maintain current levels of output from the North West Shelf's (NWS) Karratha Gas Plant. We also made a final investment decision on the Greater Western Flank Phase 2 (GWF-2) Project. This is the fourth major gas development for the NWS Project in the past seven years, demonstrating a commitment to maximising value from this

1. Source: Chevron.

asset. We are also pursuing third-party gas arrangements for the NWS.

Significant other achievements included additional production from our Vincent field, record continuous runtime of 125 days at our Karratha Gas Plant, and enhancements at Pluto that have production exceeding the expected annual capacity of 4.3 mtpa.

Our **productivity program** has delivered >US$700 million in benefits in 2015 and >US$1.2 billion in cumulative benefits since it began two years ago. Initiatives aimed at not only reducing cost but driving improvements and achieving efficiencies have enabled us to meet our commitments with reduced operating expenditure. This contributed to our break-even cash cost of sales dropping for the second consecutive year to around US$11 per boe. All of this was done while reducing the size of our workforce by almost 10%.

Disciplined **capital management** is a constant in our business and was especially important in 2015. In an environment of low commodity prices, we maintained strong levels of liquidity with US$1.7 billion in cash and undrawn facilities at 31 December 2015. Our average term to maturity is 4.7 years, and we have negligible debt maturities in 2016 and 2017. Our debt maturing in 2018 to 2020 comprises more than 50% bilateral evergreen facilities which contain annual options to extend the maturity date. The performance of our assets allowed us to generate strong operating cash flow of US$2.376 billion. Our gearing of 23% is within our 10% to 30% target range across the cycle.

We took advantage of market conditions to raise US$4.1 billion in bond and bank markets, bringing our pre-tax portfolio cost of debt to a competitive 2.9% at year end. Our credit rating is unchanged at BBB+ for Standard & Poor's and Baa1 for Moody's, albeit the Moody's rating is currently under review, reflecting the broader energy sector conditions.

The **resilience** demonstrated by our people is something of which I am very proud. In March, we were forced to temporarily shut-in production at Pluto after a submersible rig on contract to another party drifted near the Pluto flow lines. The response across the business to understand and assess risks and damage was a phenomenal effort, allowing us to quickly and safely restart production. An electrical incident at the Karratha Gas Plant in May tested the ingenuity of our engineers, who pulled out all the stops and came up with innovative solutions that allowed us to restart production in a timely manner. Despite these challenges, we delivered at the upper end of our 2015 production range.

Our progress towards achieving top-quartile **health and safety** performance remains on track, with a reduction in our total recordable injury rate, down from 1.9 in 2014 to 1.71. We met our target for process safety, recording fewer than three Tier 2 incidents, maintaining the high standard set the previous year. We were injury free in each of our two major maintenance turnarounds of 2015, both of which were also completed ahead of schedule. We were pleased with our environmental performance, with a reduction in flared gas intensity. This is a key focus in our response to global efforts to reduce greenhouse gas emissions and reflects our commitment to developing resources responsibly.

We made steady progress on efforts to **grow our portfolio**, focusing on opportunities that fit well with our capabilities and strategic aims, while maintaining a disciplined approach to investment decision making. Our development pipeline includes Wheatstone, Julimar, GWF-2, Greater Enfield and Browse. At Kitimat, we drilled four appraisal wells in Canada's Liard Basin – important steps as we work to fully understand the potential of a world-class resource.

During 2015, we undertook a range of exploration activities, with successful results. The Pyxis-1 gas discovery off the coast of Western Australia increased net contingent resources by 68 MMboe with tieback potential to existing Pluto LNG infrastructure. Then, at year end, we announced the Shwe Yee Htun-1 gas discovery in offshore Myanmar. This discovery of gas and reservoir-quality rock in the deepwater Rakhine Basin substantially de-risks identified leads in the block and our adjacent acreage. Woodside signed production-sharing contracts for four other blocks offshore Myanmar which were awarded in the 2013 bid round.

Our biennial staff survey revealed a marked rise in **engagement and enablement** levels, with engagement surpassing the oil and gas industry benchmark. Responses showed that our focus on building a values-led, high-performance culture gained good traction, and there was strong belief that Woodside was headed in a clear and promising direction.

This was amplified by our actions. Our people worked hard to deliver improved outcomes and innovative solutions that aligned with our ambitions. Efficiency gains were achieved not only through structured change to enhance organisational agility, but through an ability to get things done and done well, regardless of the challenges.

In keeping with efforts to drive sustainable success, we embraced science and technology as a way of leveraging our **distinctive capabilities**. This included the introduction of data analytics and a cognitive computing system, allowing us easier access to 30 years of Woodside knowledge and experience and enabling data-driven decision making. Our FutureLab program inspires connected thinking and collaborative innovation with industry experts and researchers.

We also continued to attract graduates at levels comparable to that of the previous year, reasserting our commitment to developing talent from within, and we worked to improve the diversity of our workforce. Pleasingly, 49% of our graduate intake were women, and the proportion of women in our total workforce increased to 28% in 2015.

Outlook

Woodside's progress is steady and sure, a reflection of our robust and resilient business model. We maintain firm focus on our long-term vision to become a global leader, drawing on a strategy that is serving us well.

We continue to seek growth opportunities, both organic and inorganic, making disciplined decisions about what we choose to pursue and when we do so. Keen to enhance our competitive advantage, we are embracing technologies that leverage our experience and inspire innovation, while our well-established productivity program drives further efficiencies and a commitment to continuous improvement.

Woodside and its people are mindful of the challenges of the lower oil price environment but unwavering in their commitment to delivering high-value outcomes in support of sustainable success.

Peter Coleman
Chief Executive Officer and Managing Director

17 February 2016

WOODSIDE EXECUTIVES

Peter Coleman

BEng, MBA, FATSE

Chief Executive Officer and Managing Director

Peter was appointed as Chief Executive Officer and Managing Director in May 2011, and has over 30 years' experience in the global oil and gas industry.

Peter is the Chairman of the Australian-Korea Foundation, a Fellow of the Australian Academy of Technological Sciences and Engineering and, in 2012, was awarded the honorary title of Adjunct Professor in Corporate Strategy by the University of Western Australia. In 2013, he received the Distinguished Alumni Lifetime Achievement Award from Monash University.

In 2015, Peter was appointed Chair of the Advisory Group on Australia-Africa Relations.

Peter began his career at Esso Australia (later becoming part of the ExxonMobil group) and stayed with ExxonMobil until joining Woodside.

Lawrie Tremaine

BBus, FCPA

Executive Vice President Finance and Commercial and Chief Financial Officer

Lawrie was appointed as Chief Financial Officer in 2010.

He joined Woodside in 2006 and has over 30 years of finance leadership experience, predominantly in the resource and minerals processing industry.

Lawrie is responsible for a range of functions including finance, investor relations, commercial, contracting and procurement, strategic planning and performance excellence.

Prior to joining Woodside, Lawrie worked for Alcoa for 17 years. He is a National Executive Member of the Group of 100.

Michael Utsler

BSc (Petroleum Engineering)

Chief Operations Officer

Michael was appointed as Chief Operations Officer in 2013, following an extensive career in upstream oil and gas spanning more than 35 years.

He is responsible for Woodside's producing facilities, global logistics, global drilling and completions; and stewardship of programs in health, safety, environment, quality, security and crisis management.

Prior to joining Woodside, Michael held the position of President for the BP-Gulf Coast restoration organisation, leading the Deepwater Horizon response effort.

Phil Loader

BSc (Geology), MBA, MSc, DIC

Executive Vice President Global Exploration

Phil was appointed as Executive Vice President Global Exploration in 2013, following an extensive career in the upstream sector spanning over 30 years.

Phil is responsible for the company's global exploration activities.

Prior to joining Woodside, Phil's roles included Senior Vice President Exploration at Mubadala Petroleum in the United Arab Emirates and Vice President Exploration at Anadarko Petroleum, and he was also a non-executive chairman of Chariot Oil and Gas.

Dr Greg Roder

BSc (Hons), PhD, MBL

Executive Vice President Business Development and Growth

Greg was appointed as Executive Vice President Business Development and Growth in 2011. He has over 35 years' experience in energy resources, infrastructure investment, funds management, capital markets and operational asset management.

Greg leads Woodside's strategic business growth, particularly through corporate and asset transactions.

Prior to joining Woodside, Greg held leadership positions at ExxonMobil, Macquarie Bank, Standard Bank of South Africa and AMP Capital Investors.

Reinhardt Matisons

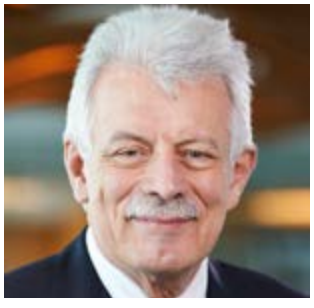
BEng, MBA, MIE Aust, CPEng, CPA

Executive Vice President Marketing, Trading and Shipping

Reinhardt was appointed as Executive Vice President Marketing, Trading and Shipping in 2014. He has over 30 years' experience in the energy industry.

In his current position, he is accountable for the marketing, trading and shipping function. Reinhardt joined Woodside in 1996 and has held various marketing and commercial roles.

Prior to this, he held senior leadership roles with Poten & Partners, Alinta Gas, Western Power and the State Energy Commission of Western Australia.



Dr Robert Edwardes

BSc (Eng), PhD

Executive Vice President Development

Robert was appointed as Executive Vice President Development in 2012. He has over 35 years of resources industry experience, spanning the full breadth of operations and projects.

In his current role, he is accountable for front-end planning and execution of onshore and offshore capital projects, reservoir management, engineering and subsea.

Prior to joining Woodside, Robert's roles included Managing Director of Worley Parsons (US and Latin America) and Project Director of the Kizomba deepwater oil development in Angola with ExxonMobil.

Michael Abbott

BJuris, LLB, BA, MBA

Senior Vice President Corporate and Legal and General Counsel

Michael was appointed as Senior Vice President Corporate and Legal in 2014. He has over 25 years of legal experience, with more than ten years of senior leadership experience in the oil and gas industry.

Michael is accountable for legal, company secretariat, risk, compliance and corporate and government affairs.

Michael joined Woodside in 2005 and has held a variety of roles including Mergers and Acquisitions lawyer, head of the Procurement Legal Team and Vice President Legal and General Counsel.

David McLoughlin

BA (Psychology), FAHR

Senior Vice President People and Global Capability

David was appointed Senior Vice President People and Global Capability in January 2016. He joined Woodside in 2014 and has over 20 years' experience in mining, minerals and engineering in Australia, South-East Asia and the Americas.

David is accountable for building executive leadership, maximising employee performance and managing change within the organisation.

Prior to Woodside, David held various senior roles with MMG, GlencoreXstrata, Xstrata Copper, Thiess and Rio Tinto.

Shaun Gregory

BSc (Hons), MBT

Senior Vice President and Chief Technology Officer

Shaun was appointed as Senior Vice President and Chief Technology Officer in January 2016, and has worked in the oil and gas industry for over 25 years.

Shaun leads the company's efforts in advancing science and technology and understanding the business climate and energy outlook to support decision making. He joined Woodside in 1996 and has held a variety of roles in areas including geophysics, mergers and acquisitions, corporate strategy, exploration, and new ventures.

OPERATING AND FINANCIAL REVIEW

OPERATING AND FINANCIAL REVIEW HIGHLIGHTS

Financial position

~$11 per boe

Break-even cash cost of sales

Our break-even cash cost of sales is ~US$11 per boe, representing a 33% reduction over two years. We achieved a 7% decrease in gas unit production costs and a 17% reduction in oil unit production costs. This reflects our increased focus on cost efficiencies and reliability.

Read more on page **17**.

Liquidity

$1.7 billion

In cash and undrawn facilities as at 31 December

At year end, our portfolio cost of debt remains at a very competitive 2.9% and we maintain a strong liquidity position with available funds of US$1,722 million. Our average term to maturity is 4.7 years, and we have negligible maturities in 2016 and 2017. Our gearing is 23%, within our target range of 10% to 30%.

Read more on page **17**.

Productivity

>$700 million

In benefits achieved in 2015

More than half of the benefits came from increased production volumes through improvements in reliability and capacity. The balance was achieved through reduction to our operating expenditure and reduction to our capital expenditure. This includes savings relating to a reduction of over 650 full-time equivalents.

Read more on page **17**.

North West Shelf (NWS) Project

16.7 mtpa

Increased production capacity

North West Shelf's Karratha Gas Plant increased average annual production capacity from 16.3 to 16.7 million tonnes of LNG following system improvements and debottlenecking.

Read more on page **22**.

Pluto LNG (Pluto)

96.9%

Reliability

Pluto achieved top-quartile LNG reliability, averaging 96.9% and exceeded its production targets. Completed the first major planned Pluto LNG turnaround ten days ahead of schedule. The turnaround execution was outstanding across several areas, including health and safety performance, quality, and cost savings.

Read more on page **24**.

Australia Oil

9.8 MMbbl

Production increased by 17% from 2014

The Vincent Phase IV side track came online in June 2015 and contributed 1.7 MMbbl of production for the year.

Read more on page **26**.

Environment

8%

Decrease in flared gas intensity

The year saw an 8% reduction in flared gas intensity through improvements to facility start-up processes and high reliability in facility operation.

Read more on page **34**.

Our people

5%

Increase in graduate intake

Consistent with our strategy of growing our culture for a long-term sustainable future, our 2016 intake of 108 graduates is a 5% increase on 2015. Women represent 49% of this intake.

Read more on page **30**.

Health, safety, security and emergency management

0

Tier 1 process safety events

We recorded zero Tier 1 process safety events. This result reflects our focus on performance excellence and process safety management.

Read more on page **32**.

Reserves

12.7%

Increased 2P Developed and Undeveloped reserves

Woodside's Proved plus Probable (2P) Developed and Undeveloped reserves life increased to 15.7 years, up on the 2014 result of 13.5 years. This was underpinned by the successful acquisition of interests in Wheatstone.

Read more on page **38**.

Resources

152%

Increased 2C Contingent resources

Woodside's contingent resources (2C) increased 152% from 2014, largely due to the acquisition of interests in Kitimat LNG and the Pyxis-1 gas discovery.

Read more on page **38**.

Exploration

2

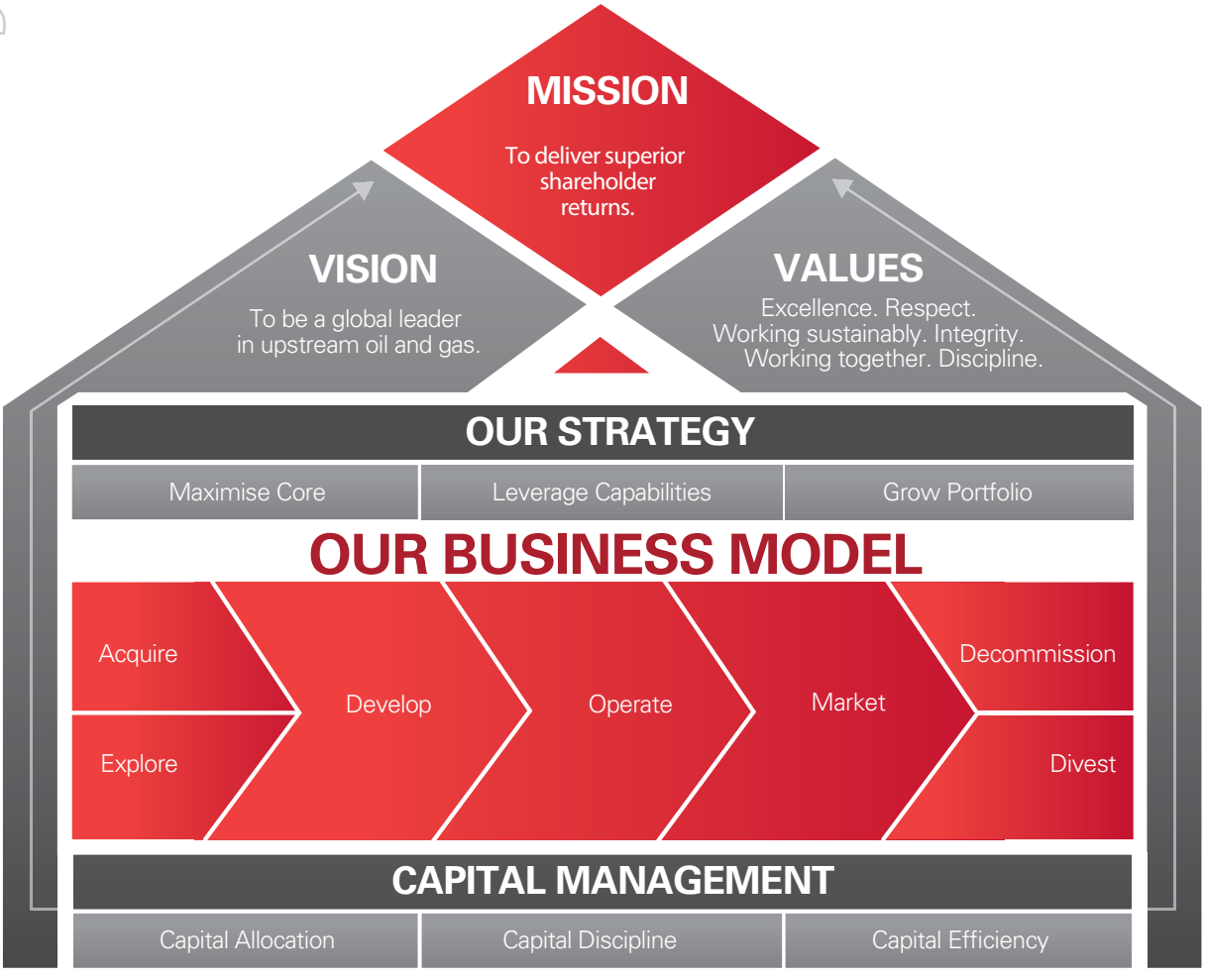
Discoveries

Discovered gas at Pyxis-1, offshore Western Australia, resulting in the addition of 68 MMboe of net Contingent resources (2C) for Pluto. Discovered gas at the Shwe Yee Htun-1 exploration well in Block A-6 in the Rakhine Basin, located offshore Myanmar.

Read more on page **42**.

CREATING SUSTAINABLE VALUE: OUR BUSINESS MODEL

Our primary focus is on the delivery of value for our shareholders. We offer long-term investment opportunities and superior returns to our shareholders through world-class asset and capital management, value-adding growth and dividends.



How we create value

Woodside is an Australian-based international oil and gas company guided by our mission, vision, values and strategy. We seek to create value for our shareholders across the exploration and production life cycle through a disciplined approach to capital management and a focus on working sustainably.

Our strategy

Maximise our core

We create near-term value by maximising operational effectiveness of producing assets and developing contingent resources in the most cost-effective way.

Leverage our capabilities

Woodside is building distinctive capabilities across the oil and gas value chain and has a proven track record in the design, construction and operation of world-class LNG plants, FPSO operations, subsea technology, seismic data acquisition and processing, and deepwater drilling.

By leveraging our capabilities across our business life cycle and by applying the latest technologies, market experience and relationships, we are able to unlock and extract value through opportunities that would not otherwise present themselves.

Grow our portfolio

We are growing and rebalancing our exploration portfolio, with a focus on increasing our exposure to emerging petroleum provinces, while also concentrating on aggregating positions around our existing focus areas in Australia and the Asia-Pacific region, the Atlantic margins and Latin America and Sub-Saharan Africa.

We are also seeking to grow our portfolio through corporate and asset acquisitions, maintaining a disciplined approach to ensure that we continue to increase shareholder value and appropriately manage risk.

Our business model

The way we find, develop and operate our portfolio of world-class assets; the way we market the hydrocarbons we produce; and the legacy we leave at the end of these assets' lives enables us to create value and deliver sustainable shareholder returns.

Through productivity improvements, cost reductions and prudent growth, we preserve and enhance value from our portfolio. We continually innovate to discover new technical solutions and learn valuable lessons.

With a strong focus on protecting our people, the environment and the communities in which we operate, we are committed to finding safer, smarter and more sustainable ways to run our business.

Acquire and explore

We seek to grow our portfolio through exploration and corporate and asset acquisitions, maintaining a disciplined approach to increasing shareholder value and appropriately managing risk.

Our exploration division provides growth opportunities to deliver on our strategy by pursuing high-impact exploration activities in new and emerging petroleum provinces in our three focus areas around the world.

Our business development process follows the same investment criteria as our internal development opportunities and looks for material positions in world-class assets which complement our existing portfolio.

Develop

We are a world-class developer of oil and gas resources with a 30-year history of safely and successfully delivering world-class LNG and oil projects. We have rigorous investment assessment criteria and only approve investment in opportunities that, after prudent assessment, offer attractive returns exceeding our cost of capital.

We are in the business of creating value-adding development solutions, which we do through harnessing the technical and business skills from across the company. During the development phase, we maximise value by planning the most efficient configuration for getting products to market.

We work closely with our customers, joint venture participants, governments and communities to realise the opportunities across all phases of the development process. Once the value of the resource is confirmed, and approvals have been received, the development moves into project delivery and construction.

Operate

Our dedication to achieving outstanding operating excellence and sustaining a safe, reliable and low-cost operating environment is underpinned by our experience in operating some of the world's premier oil and gas facilities.

Our operations are characterised by strong safety and environmental performance in remote and challenging locations. By adopting a continuous improvement mindset and an efficient, cost-competitive operating model, we are able to increase the life of our equipment, optimise production and maximise value.

With a focus on using leading-edge technology and unlocking collective intelligence through data analytics and cognitive computing, we are able to take advantage of opportunities that are at the forefront of the industry and gain valuable productivity benefits.

Market and trade

Our marketing and trading capabilities have long been central to our role as a leading supplier of energy to the Asia-Pacific region. Our valuable relationships with customers in major energy markets have been maintained through a track record of reliable delivery and expertise across contracting, marketing and trading.

While the majority of our contracts are long-term, we are pursuing near-term value accretive arrangements through LNG spot and mid-term sales and LNG shipping transactions.

Our marketing and trading strategy is to continue to build a diverse supply portfolio, underpinned by reliable Australian LNG and supplemented by future globally sourced volumes to pursue additional long-term sales arrangements.

Decommission and divest

As we look towards the end-of-field-life of our oil and gas assets, we aim to bring forward optimal value wherever we can, including the divestment of late life assets. In the event that we are required to decommission our facilities, we integrate closure planning throughout an asset's life cycle, from the earliest stages of project development, through to the end-of-field-life.

By working together with our partners, stakeholders and technical experts, we are able to identify the most sustainable and beneficial post-closure options that minimise financial, social and environmental impact. Our approach helps us maintain our reputation as a partner of choice and uphold our licence to operate.

Capital management

As we operate in a commodity market, we are subject to the fluctuations in commodity prices. Consequently, we need to maintain a flexible approach to capital management. The overall level of investment in the different areas of our business and the expenditure focus are adjusted to reflect the external environment.

Capital allocation

Our priorities for the allocation of capital are:

- Debt service; to ensure we continue to have access to premium debt markets at an acceptable cost to support our growth activities. Our gearing target is 25% – a range of 10% to 30% through the cycle is built into all investment plans. We target maintaining an investment-grade credit rating and will reactivate our Dividend Reinvestment Plan (DRP) if necessary to maintain it.
- Capital expenditure to sustain and grow our business. We seek to invest in world-class low-cost assets that are within the first two-thirds of their life cycle and are located in our three exploration focus areas. We aim to limit our equity exposure to future complex, capital-intensive projects to between 25% and 40%.
- Dividend payments; governed by our Dividend Policy, which specifies we will pay a minimum of 50% of underlying net profit after tax in dividends. We currently pay an 80% dividend payout ratio and target maintaining this for the foreseeable future subject to market and business conditions.
- Returning surplus cash to investors via either special dividends or stock buy-backs.

Capital discipline

Our focus is on value growth. We achieve this through good investment decision making and active portfolio management. We adopt a traditional discounted cash flow (DCF) approach to our investment decisions whether they be acquisitions, developments, divestments or other activities. Our investment criteria are designed to add value through our investment decisions delivering returns on invested capital that exceed our cost of capital. The assumptions we use are set independently of project decisions.

We apply a suite of target metrics with the aim of our investment decisions delivering superior shareholder returns. We also test the robustness of our investments against a range of low-outcome scenarios with the expectation of a positive net present value. We set higher target metrics for investments with increased complexity and risk and seek to preserve any upside potential.

Capital efficiency

We seek to develop and own low-cost world-class assets. Our approach is to drive down the unit development cost of our projects to maximise competitiveness and value while not compromising on our commitments to health, safety, the environment and the communities in which we operate. Through good oilfield development planning, project execution and through the use of technology, we identify the optimum solutions enabling us to maximise the value of our operations and developments.

FINANCIAL POSITION

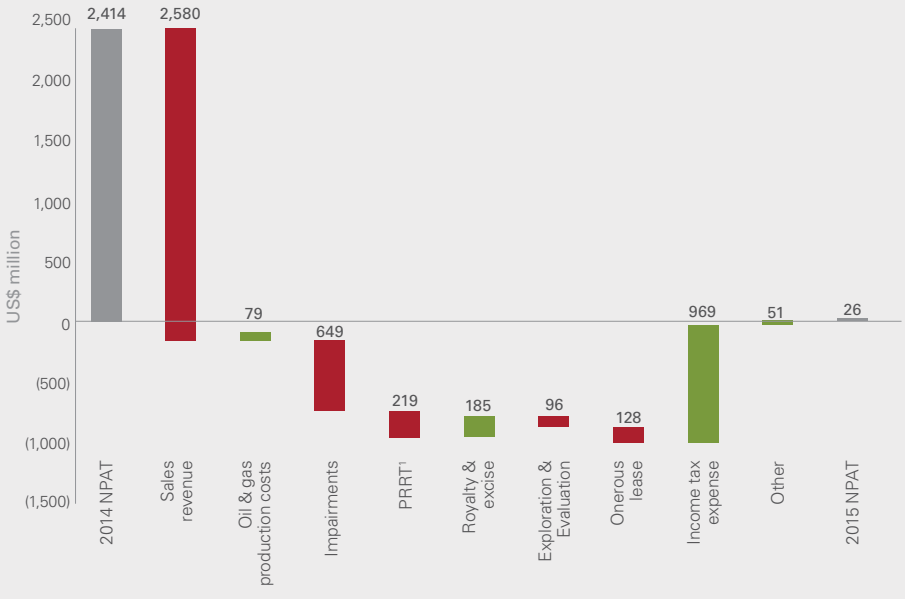
Low oil price impacted profits and resulted in impairment charges, but low operating cash costs mean that we continue to generate significant cash, and the balance sheet remains strong.

Key metrics

US$ million unless stated otherwise		2014	2015
Operating revenue		7,435	5,030
EBITDA[1]		5,568	3,063
Impairments		434	1,083
EBIT		3,672	441
Reported NPAT		2,414	26
NPAT adjusted for one-off non-cash items[2]		2,617	1,126
Net cash from operating activities		4,785	2,376
Capital expenditure		561	5,567
Exploration expenditure		410	436
Free cash flow		4,168	(3,080)
Net debt		(682)	4,319
Key ratios			
Gearing	%	(4.5)	23.3
Earnings	US cps	293	3
Adjusted earnings	US cps	318	137
Return on equity	%	15.3	0.2
Effective income tax rate	%	30.1	49.8
Sales volumes			
Gas	MMboe	72.4	71.7
Liquids	MMbbl	20.8	21.0

1. EBITDA excludes impairment and amortisation of permit acquisition costs.
2. Removes the impacts of impairments, deferred tax asset de-recognition and onerous lease.

2015 reported net profit after tax (NPAT) versus 2014



2015 NPAT was lower than in 2014 largely due to lower prices impacting revenue and impairments predominantly associated with lower short and long-term oil price assumptions.

1. Petroleum Resource Rent Tax.

Key differences relative to 2014

Revenue

Decreased by US$2,580 million to US$4,496 million driven by price and volume reductions and other variances.

Price: The impact of lower realised prices was an unfavourable US$2,393 million:

- NWS LNG realised prices declined in line with reduced Japan Customs-cleared Crude (JCC) pricing.
- Pluto LNG realised prices decreased due to a 40% decline in JCC, partially offset by a price review effective for the full-year 2015 compared to part-year 2014.
- Realised prices for oil, condensate, and LPG were lower due to a 46% decline in average Dated Brent prices.

Average realised prices

All in US$/boe	2014	2015	% Variance	US$m impact
Pipeline natural gas	28	22	(21)	(15)
NWS LNG	73	45	(38)	(636)
Pluto LNG	81	59	(27)	(776)
Condensate	97	50	(48)	(395)
LPG	100	50	(50)	(33)
Oil	101	52	(49)	(538)
Volume weighted average realised prices	76	49	(36)	(2,393)
JCC (lagged 3 months)	111	66	(40)	-
Brent average price	99	54	(46)	-

Volume: 2015 annual sales of 92.7 MMboe were 0.5 MMboe lower than the record result achieved in 2014. Lower volumes reduced revenue by $120 million.

Other variances: A decrease of US$67 million predominantly related to foreign exchange movements on North West Shelf pipeline gas.

Oil and gas production costs

Oil and gas production costs decreased by US$79 million to US$630 million in 2015 predominantly driven by cost reduction initiatives and favourable exchange rates.

Impairments

Increased by US$649 million largely as a result of forward price assumptions that are approximately 20% lower than in 2014. The Laminaria-Corallina write back is due to the value attributed to the sale of this asset.

US$ million	2014	2015
Enfield	179	18
Stybarrow	60	-
Balnaves	-	10
Laminaria-Corallina	64	(95)
Vincent	90	85
NWS Oil	41	200
Wheatstone	-	865
Total	434	1,083

PRRT

PRRT increased US$219 million due to the derecognition of a deferred tax asset associated with Pluto, partially offset by lower revenue.

Royalty and excise

The decrease of US$185 million was due to lower realised prices.

Exploration and evaluation

The US$96 million increase was primarily due to the write-off of unsuccessful wells, namely Anhalt and Malaguti in Australia, Hongge in the Republic of Korea and Cheetah in Cameroon.

Onerous lease

A US$128 million provision was recognised in 2015 reflecting the shortfall in value between the look forward value of the Balnaves asset and the lease obligations. The provision arises due to the lower performance expectations of the asset and lower oil prices.

Income tax expense

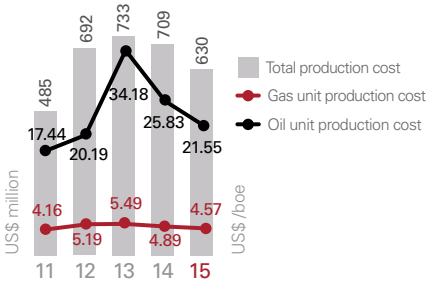
Income tax expense reduced US$969 million due to lower pre-tax profit.

Other

The decrease is predominantly due to general administrative and other costs reducing by US$113 million, partially offset by other items.

Unit production costs

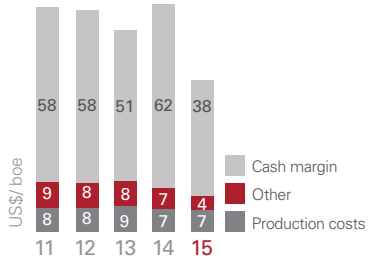
We achieved an overall 8% reduction in unit production costs relative to 2014, with a 7% decrease in gas unit production costs and a 17% reduction in oil unit production costs. Since 2013, the total production cost reduction has been 14%.



Cash margins and cash break-even

Cash margins have decreased with lower realised pricing across the portfolio.

Our break-even cash cost of sales has reduced from US$16.52 per boe in 2013 to US$11.09 per boe in 2015, representing a 33% reduction over two years. These savings are inclusive of reductions in royalties and excise, and the impact of a weaker Australian dollar.



Investment

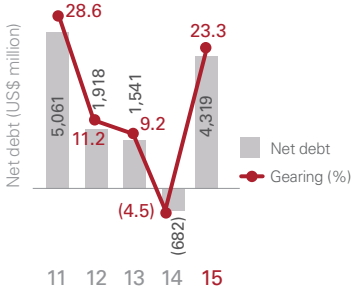
In 2015, we invested US$6,003 million in our business, comprising:

- US$4,873 million on the acquisition and development costs of Wheatstone, Kitimat LNG and Balnaves oil;
- US$694 million on our pre-existing assets (up from US$561 million in 2014). Expenditure increased largely due to Vincent Phase IV side track; and
- US$436 million in exploration (up from US$410 million in 2014). Expenditure increased during 2015 due to higher drilling activity.

Investment expenditure outlook is on page **19**.

Balance sheet and liquidity

Net debt has increased to US$4,319 million at 31 December 2015 following the funding of the acquisition and investment expenditure. Gearing has increased to 23% but remains well within our target range of 10% to 30%.

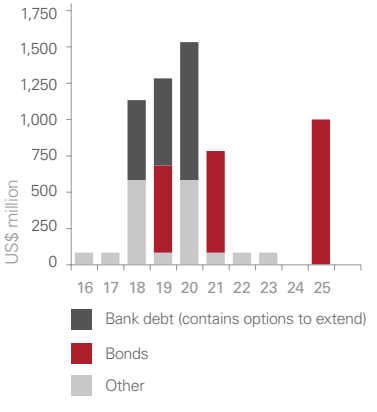


With strong support from bank and debt capital markets, we raised new debt and refinanced a significant portion of our exisiting debt portfolio. US$4,100 million in new and refinanced facilities were raised during the year comprising:

- US$1,000 million US 144A ten-year corporate bond;
- US$1,000 million syndicated loan facility;
- US$2,100 million in revolving bilateral debt facility agreements.

Refer to page **91** of the Financial Report for further details on our debt facilities.

Our debt maturities have been extended with an average term to maturity of 4.7 years and negligible maturities in 2016 and 2017. Over 50% of debt maturing in 2018 to 2020 comprises bi-lateral evergreen facilities which contain annual options to extend the maturity date.



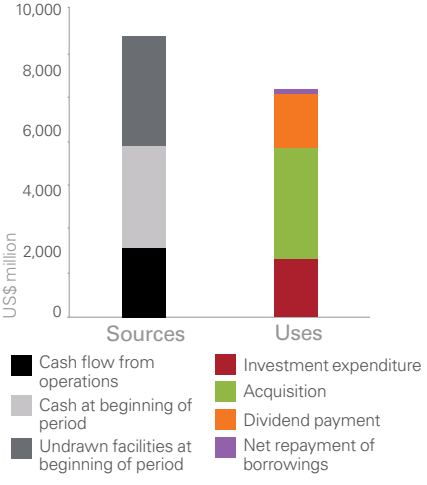
At year end, our portfolio cost of debt remains at a very competitive 2.9%, and we maintain a strong liquidity position with available funds of US$1,722 million comprising cash of US$122 million and undrawn debt facilities of US$1,600 million.

Our BBB+ rating has been affirmed by Standard & Poor's (negative outlook) and our Baa1 rating by Moody's is currently under review.

The Board has approved reactivation of the Dividend Reinvestment plan (DRP) for the 2015 Final Dividend. This will further support our balance sheet.

Sources and uses of cash

We entered the year in a strong position with US$6.8 billion of available liquidity in January 2015. With the addition of US$2.4 billion of operating cash flow we were able to comfortably fund our asset acquisitions and investment expenditure requirements.



NPAT sensitivities

For 2016, a US$1 movement in the Brent oil price is expected to impact NPAT by US$22 million, and a US$0.01 decrease in the AUD/USD exchange rate is expected to increase NPAT by US$4 million.

Productivity progress

In 2014, Woodside announced a multi-year program to improve productivity across the company. By year end 2015, 56% of our major improvement projects were completed, and thousands of smaller improvements were delivered. These initiatives delivered >US$700 million in 2015.

More than half of the benefits came from increased production volumes through reliability and capacity improvements relative to our average performance for 2010 to 2013.

The balance was achieved through reduction to our operating expenditure relative to our 2013 actual spend and reduction to our capital expenditure relative to our 2013 forward plans. These savings are inclusive of the reduction of over 650 full-time equivalents relative to our 2013 baseline. Benefits were achieved in contracting savings, efficiency improvements and rigorous scope challenge, with significant sustainable benefits. For example, the Engineering Standards project is expected to deliver ongoing capital expenditure benefits.

The program delivered a step-change in our productivity and will continue in 2016, when the remaining major improvement projects will be completed.

STRATEGY AND OUTLOOK

Strategic direction

Our vision is to become a global leader in upstream oil and gas and deliver superior shareholder returns.

Upstream oil and gas is a cyclical business. A resilient low-cost operating core and healthy financial position are essential to endure price cycles and sustain long-term growth. Despite a challenging year of low oil and gas prices, we are well placed at this point of the cycle due to a strong balance sheet and operating cash flow.

Maximise our core

In early 2014, Woodside proactively embarked on a program to lower its costs, improve production and improve operational efficiency. This program has improved our resilience to a low oil price environment and is driving cultural change. Our break-even cash cost of sales has been reduced to $11.09 per boe.

We achieved strong safety and reliability performance in 2015. Our full-year total recordable injury rate is an historic low of 1.71 per million man hours (a 10% reduction from 2014), and we are on track to achieve global top-quartile performance by 2017. We achieved full-year production of 92.2 MMboe, our second highest result on record. Excellent operations performance and revised turnaround strategies are improving Woodside's production outlook.

The productivity program delivered >US$700 million in benefits in 2015. Around half of this has been achieved through improvements in operating reliability and turnaround efficiency; the other half through cost savings. We have improved cost control through internal initiatives, and vendor and category management.

Woodside's outstanding performance in 2015 was delivered alongside a 20% improvement in organisational efficiencies which included staff reductions. The Woodside team is more engaged and more productive. Since 2013, Woodside has substantially improved employee engagement and enablement and is performing at the top end of industry benchmarks.

Leverage our capabilities

Our near-shore liquefaction and modular liquefaction technologies and a range of subsea and seismic data processing technologies are delivering value to our exploration and development investments. Our emerging remote operations and analytics capabilities are lowering operating costs and improving maintenance outcomes.

We continue to build capabilities in marketing, trading and shipping as we transition from a point-to-point to a portfolio-based seller. Corpus Christi Liquefaction LLC reached a final investment decision on 13 May 2015, satisfying conditions precedent to Woodside's 20-year LNG sales and purchase agreement. Our customer portfolio is expanding in response to an evolving LNG market.

Grow our portfolio

One of our main priorities is to unlock value from the Browse resources using floating LNG (FLNG) technology. On 30 June 2015, we entered the front-end engineering and design phase for the proposed Browse FLNG Development.

Our exploration strategy continues to transition from acreage acquisition to execution. We progressed a range of exploration activities across our portfolio, resulting in discoveries at Pyxis-1 in Australia and Shwe Yee Htun-1 in Myanmar. The latter has substantially de-risked the petroleum system and identified leads in the block and adjacent acreage.

Our acquired interests in the Australian Wheatstone and Balnaves oil projects added significant reserves as well as immediate and near-term production to our portfolio.

Wheatstone is a world-class asset with 8.9 mtpa (1.16 mtpa Woodside share) LNG production capacity. Kitimat LNG offers a ground floor entry position into one of the most advanced LNG opportunities in Western Canada. These assets will provide value-enhancing opportunities and leverage our subsea, floating production storage and offloading operations and LNG capabilities. We continue to evaluate further acquisition opportunities that meet our target investment criteria.

Outlook

Market outlook

The LNG market has been impacted by effects of world economic growth, energy demand, timing for new LNG supply, and volatility in oil price due to oil-linked LNG pricing. Price trends in the short-term market reflect a supply overhang. Key uncertainties for LNG in the medium term include the potential restart of some nuclear reactors in Japan and the ramp-up timing of new supply from Australia and the United States of America (USA). There is a risk of delay for some projects under construction and final investments decisions (FIDs) for incremental supply, with the potential for a supply gap to emerge from around 2022.

For more information on LNG marketing, please refer to page **28**.

Production range

Woodside's production target range for 2016 is 86 to 93 MMboe, comprising a product split of approximately 42% Pluto LNG, 25% NWS LNG, 14% NWS domestic gas, 18% condensate, oil and LPG and 1% Canadian pipeline natural gas.

Exploration activities

In 2016, our planned drilling and seismic activities include:

- one well and a side track in the Beagle Basin offshore north-west of Australia;
- one well in Myanmar (AD-7); and
- seismic surveys in Gabon, Ireland and Myanmar.

Our focus in 2016 is to continue to grow and high-grade our global exploration portfolio with an emphasis on emerging petroleum provinces such as Myanmar, that offer materiality and can deliver future growth opportunities (see *Chart 1*).

To read more about our exploration growth, go to page **42**.

Development activities

Our committed projects include (see *Chart 2*):

- North West Shelf (NWS) Project, namely Greater Western Flank Phase 1 (GWF-1), Persephone and Greater Western Flank Phase 2 (GWF-2) projects; and
- Wheatstone, namely the Wheatstone Project (non-operated) and the Julimar Project (Woodside operated).

To read more about Wheatstone and the Julimar Project, go to page **44**.

Our uncommitted (pre-FID) projects are (see *Chart 2*):

- Browse, Greater Enfield, NWS Lambert Deep, Kitimat and Sunrise.

The NWS Project participants approved the GWF-2 project, a subsea tieback to the Goodwyn A platform, in December 2015. Drilling has commenced on the Persephone project, a subsea tieback to the North Rankin Complex. The project remains on target to achieve start-up in 2018.

The Browse FLNG Development entered the front-end engineering and design (FEED) phase in mid-2015. Work continues to support a FID.

To read more about Browse, go to page **46**.

Woodside remains committed to developing Greater Sunrise once government alignment is established between Australia and Timor-Leste on fiscal terms.

Investment expenditure

Woodside's total investment expenditure in 2016 is expected to be approximately US$2.05 billion (see *Chart 3*), of which ~US$1.5 billion is committed.

The 2016 expenditure relates to:

- Wheatstone, (~US$760 million) and Kitimat (~US$140 million);
- Pluto, (~US$230 million) allocated to well developments and sustaining capital expenditure;
- NWS, (~US$290 million) allocated to Persephone, GWF-2, Karratha life extension and sustaining capital expenditure;
- exploration, (~US$350 million) which will be allocated approximately one half to drilling, one quarter to seismic and lease acquisition costs and one quarter to general permit activity; and
- other, (~US$280 million) mostly allocated to Browse FLNG FEED and Greater Enfield FEED, both pre-FID expenditure.

The above figures include Woodside's share of sustaining capital expenditure[1] and restoration costs in 2016 which is expected to be:

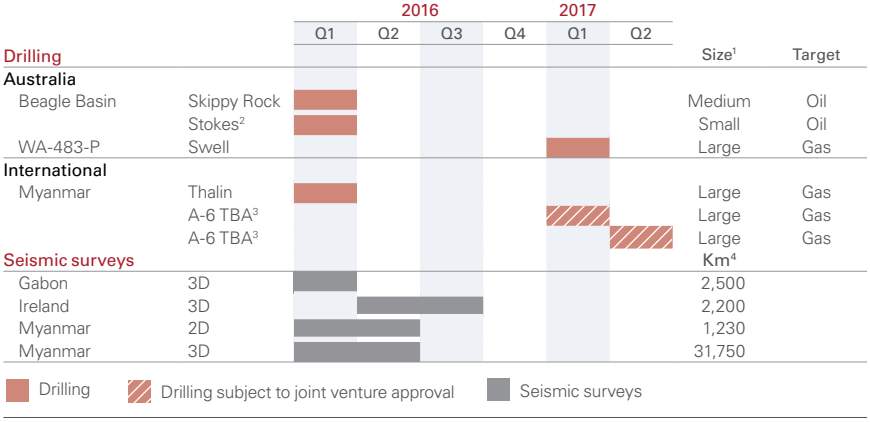
- NWS (~US$30 million) combined onshore and offshore;
- Australia Oil (~US$30 million); and
- Pluto (~US$25 million) combined onshore and offshore.

1. Sustaining capital expenditure is capital which does not develop additional reserves.

Sources and uses of cash in 2016

Our cash flow from operations is expected to exceed our committed investment expenditure of US$1.5 billion in 2016, notwithstanding current oil prices.

Chart 1 – 2016–2017 planned drilling and seismic activities



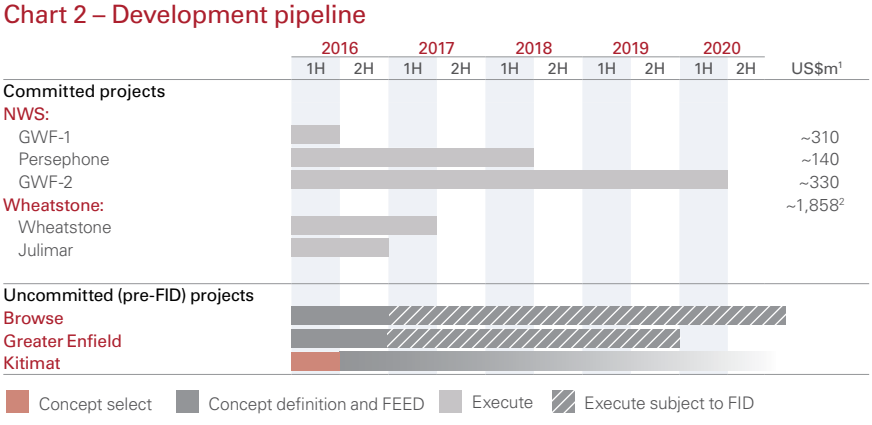
1. Target size: gross mean success volume 100%, un-risked. Small <20 MMboe, Medium >20 MMboe and <100 MMboe and Large >100 MMboe.

2. The Stokes prospect will be drilled via a side track from the Skippy Rock well.

3. Myamar A-6 wells in 2017 are subject to joint venture approval.

4. 2D seismic is in line km. 3D seismic is in sq km.

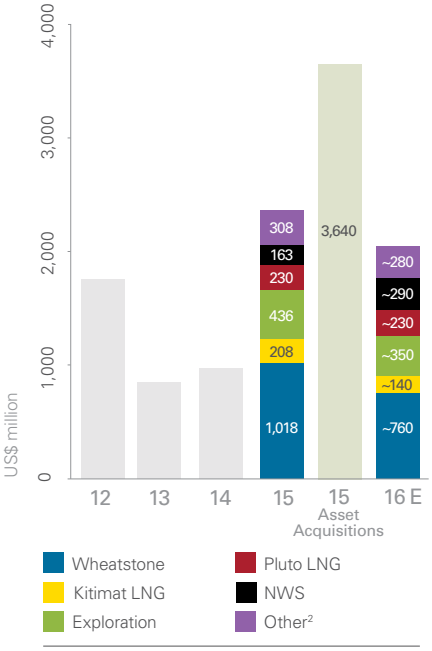
Chart 2 – Development pipeline



1. Total project cost – Woodside share.

2. Development expenditure post 'acquisiton and working capital adjustment'.

Chart 3 – Woodside's investment expenditure outlook[1]



1. Chart includes capital, exploration and restoration expenditure and excludes capitalised interest.

2. Other includes Australia Oil, Browse, International, Sunrise, Corporate and restoration expenditure.

3. All figures are Woodside share.

RISKS

Our approach to risk management focuses on enhancing opportunities, reducing threats to our existing and potential business and sustaining a competitive advantage.

Woodside's risk management process (*Figure 1*) is aligned to ISO 31000, the international standard for risk management. It is part of our overall management system and sets out clearly defined criteria to evaluate and report on material risk across our organisation. We systematically assess the consequence of risk in areas such as health and safety, environment, finance, legal and compliance, reputation and brand, and social and cultural impacts.

A range of material risks with the potential to adversely impact Woodside are summarised below. These risks are not listed in order of significance, nor are they all encompassing. Rather, they reflect the most significant risks identified at a whole-of-entity level.

Market conditions

External market conditions, including volatility in commodity prices and demand for our products, may impact our future financial performance.

Commodity prices are variable and are impacted in part by global economic factors beyond Woodside's control. Adverse commodity prices, which could have a material effect on our business, are managed in a number of ways. For example, any reductions in global LNG prices are managed through our diversified portfolio of long-term sale and purchase agreements. In practical terms, this provides some downside price protection. Woodside mitigates the uncertainty associated with product demand by selling LNG under long-term 'take or pay' sale agreements, in addition to the spot market.

We are also exposed to fluctuations in currency exchange rates and, as a result, Woodside's financial results can be negatively impacted. The extent of this risk is reduced by Woodside's financial results, debt and the majority of revenue being in US dollars. The remaining exposure is principally to Australian dollar and third currency expenditure. Our exposure to volatility in the Australian dollar is partially mitigated by our pipeline gas revenue, which is priced in Australian dollars. The impact of currency volatility becomes more pronounced when Woodside is undertaking new domestic, onshore developments. Our current exposure to these new projects is low. Woodside generally considers that active commodity and currency hedging does not provide value to our shareholders, but does consider the appropriateness of such hedging from time to time and in specific circumstances. Any hedging activity is only undertaken in accordance with limits approved by the Woodside Board.

The overall exposure to fluctuations in currency exchange rates is low. For the estimated impact of a change in oil price or exchange rates on NPAT, see the *Financial Position* on page **16**.

Production

Safety and reliability in production and delivery of hydrocarbon products influences our ability to achieve superior shareholder returns.

A sustained and unplanned interruption to Woodside's production could significantly impact our financial performance and delay future growth. Such an event could occur for a number of reasons, including loss of facility integrity, sub-optimal reservoir performance, critical process failures, removal of our licence to operate or a significant weather event. Further, offshore and marine-related activities introduce additional complexity and risk into the way we operate, which require specific management. These activities also have the potential to interrupt our ability to produce hydrocarbons.

Our extensive framework of controls enables the management of such risks. This includes our overall production processes, inspection and maintenance procedures, performance standards, marine assurance processes and our focus on compliance with legal and regulatory obligations. This framework is complemented by the ongoing engagement we have with regulators.

Additionally, our facilities are designed and operated consistent with the overall environmental and climatic conditions applicable to each facility.

Information technology

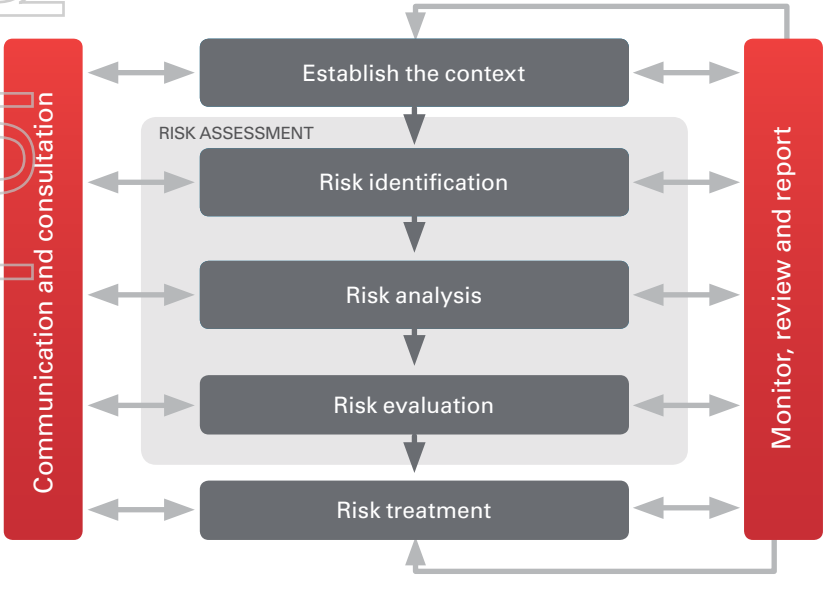
Our business relies on a variety of information technology systems. A cyber security attack has the potential to disrupt our business activities. Our exposure to cyber security risk is managed by an appropriate control framework and the continuing focus on system control improvements, supported by an established and embedded security strategy across the organisation.

Loss of containment

A loss of hydrocarbon containment from a Woodside-operated facility or well could result in harm to personnel, or environmental, social, reputation and financial loss.

Figure 1 displays the Woodside risk management process. It applies clearly defined criteria to evaluate and report on risk and considers the potential impact of risk across six categories of consequence.

Figure 1 – Woodside risk management process



This risk is addressed by an extensive control framework designed to prevent the loss of hydrocarbon containment in the first instance, and by maintaining an appropriate capability to minimise the impact of an event should it occur. Our specialised oil spill contingency and response teams further enhance our emergency response capabilities.

Exploration

Our ability to identify, acquire and commercialise hydrocarbons will be an ongoing contributor to our success. However, there is a risk that Woodside's exploration activities may be unsuccessful, thereby reducing or limiting future growth.

Our overall exposure to exploration risk is addressed by a comprehensive exploration strategy and a rigorous and disciplined review of opportunities, complemented by the company's capabilities in geosciences and deepwater exploration.

Commercial transactions

Commercial transactions undertaken with the objective of growing Woodside's portfolio are associated with a number of risks.

These include the risk of sub-optimal commercial outcomes which fail to deliver the value to Woodside anticipated from the transaction; the imposition of unfavourable conditions, obligations or liabilities which affect the value of the transaction; or the eventual operational performance of any acquired asset not meeting our expectations. Our commercial processes are designed to reduce the likelihood of these risks materialising as a result of a commercial transaction. We focus on maintaining a disciplined approach to ensure that we continue to increase shareholder value and appropriately manage risk.

Commercialisation of hydrocarbons

Woodside's focus is on ensuring efficient and cost-competitive commercialisation of hydrocarbons to deliver superior shareholder returns.

A failure to do so may occur as a result of choosing a sub-optimal development option or failing to execute a project in a way that achieves our objectives in cost, schedule and quality. If we are unsuccessful in managing cost and productivity, the value we can secure from future developments will be reduced. Creating effective commercial arrangements with a range of partners, stakeholders and contractors is an important mechanism to offset this risk. Our historic and ongoing investment in robust and high-quality opportunity development and project management systems is also central to the management of such risks.

The agreement of our joint venture participants to a particular course of action is often required to commercialise hydrocarbons, and we may have limited influence or control over these decisions. We address this risk by actively engaging with our joint venture participants to promote alignment on significant decisions.

Technology

Inability to successfully develop and deliver new enabling technology solutions within our business has the potential to inhibit our future performance. We are actively pursuing strategies to reduce unit costs for developments and maturing technology solutions in new business opportunities to deliver our strategic objectives.

Government and regulatory

Our business activities are subject to extensive regulation. Unforeseen change introduced by government may adversely impact the company's financial standing.

Government action, or conversely inaction, may also negatively affect our ability to undertake future development activities or maximise value from existing assets. By increasing our global footprint, we are proactively maintaining ongoing and constructive relationships with both domestic and international governments and regulators.

Fraud and corruption

Violation of anti-bribery and corruption law may expose Woodside to fines, criminal sanctions and civil suits, as well as negatively impact our international reputation.

Our Fraud and Corruption Control Program provides a clear framework to help prevent, detect and respond to dishonest or unethical behaviour. The framework incorporates policies, programs, training, standards and guidelines that help ensure that all activities are conducted ethically, honestly and to the highest possible standard.

Climate change

Continued and increasing attention on climate change has the potential to lead to additional measures impacting financial performance. We are focusing on improving our energy efficiency, maintaining engagement with key industry and government stakeholders and modelling the impact of climate change action on our business. Failure to manage this risk has the potential to increase costs, delay future projects, and lead to poor investment decisions.

Refer to the Corporate Governance Statement 2015 available on our website and the Sustainable Development Report 2015.

Unreasonable prejudice

As permitted by sections 299(3) and 299A(3) of the *Corporations Act 2001*, we have omitted certain information from this operating and financial review in relation to our business strategy, future prospects and likely developments in our operations and the expected results of those operations in future financial years. We have done this on the basis that such information, if disclosed, would be likely to result in unreasonable prejudice to Woodside (for example, because the information is premature, commercially sensitive, confidential or could give a third party a commercial advantage). The omitted information relates to our internal budgets, forecasts and estimates, details of our business strategy, and LNG contractual pricing.

Forward looking statements

This report contains forward looking statements, including statements of current intention, statements of opinion and expectations regarding Woodside's present and future operations, possible future events and future financial prospects. Such statements are not statements of fact and may be affected by a variety of known and unknown risks, variables and changes in underlying assumptions or strategy which could cause Woodside's actual results or performance to differ materially from the results or performance expressed or implied by such statements. There can be no certainty of outcome in relation to the matters to which the statements relate, and the outcomes are not all within the control of Woodside.

Further information on some important factors that could cause actual results or performance to differ materially from those projected in such statements is contained in the "Risk" section above. Woodside makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statement. The forward looking statements in this report reflect expectations held at the date of this report. Except as required by applicable law or the Australian Securities Exchange (ASX) Listing Rules, Woodside disclaims any obligation or undertaking to publicly update any forward looking statements, or discussion of future financial prospects, whether as a result of new information or of future events.

NORTH WEST SHELF

In 2015, the North West Shelf (NWS) Project delivered value through increasing production capacity and delivery of committed projects to schedule.

2015 Key performance highlights

- Continued excellent improvement in process safety performance.
- Executed a best-in-class LNG turnaround at the Karratha Gas Plant (KGP).
- Achieved record continuous LNG production runtime at KGP.
- Produced first gas from the Greater Western Flank Phase 1 (GWF-1) Project.
- Approved the Greater Western Flank Phase 2 (GWF-2) Project.
- Increased average annual production capacity from 16.3 to 16.7 million tonnes of LNG following system improvements and debottlenecking.
- Progressed the Karratha Life Extension Program refurbishment on the domestic gas plant and fractionation units.

Future objectives

- Continue focus on performance excellence and continuous improvement to achieve efficiency improvements across our operating assets.
- Progress the Persephone and GWF-2 Projects.
- Consider a final investment decision (FID) for Lambert Deep.
- Identify and mature prospects from the Fortuna 3D marine seismic survey.
- Progress technical scopes of work and agreements with Hess Exploration Australia to support a decision to enter the front-end engineering and design (FEED) phase for the Equus Project.
- Identify and pursue potential opportunities to process stranded gas of other operators through KGP.

NWS Project

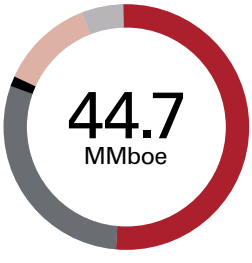
		%
Interest	NWS Venture	16.67
	Domestic Gas joint venture (JV)	50.00[1]
	Incremental Pipeline JV	16.67[1]
	China LNG JV	12.50
	Cossack, Wanaea, Lambert and Hermes (crude oil)	33.33
Operator	Woodside	
Facilities	North Rankin Complex Goodwyn A platform Angel platform Okha FPSO Karratha Gas Plant	
Location	Offshore facilities ~135 km north-west of Karratha, WA	
Water depth	80 – 130 metres	
Products	LNG, pipeline gas, condensate, crude oil and LPG	
First production	1984 (pipeline gas) 1989 (LNG)	

1. During 2015, Woodside's average share of pipeline gas production was approximately 45%. Woodside's exact share of domestic gas production depends on the quantities and aggregate rate of production.

NWS key metrics (Woodside share)

		2014	2015
Sales revenue	(US$ million)	2,986	1,788
EBITDA	(US$ million)	2,278	1,333
Net gas production	(MMboe)	37.2	36.5
Net liquids production	(MMbbl)	9.1	8.2
Proved plus Probable Developed and Undeveloped reserves	(MMboe)	462.9	416.4

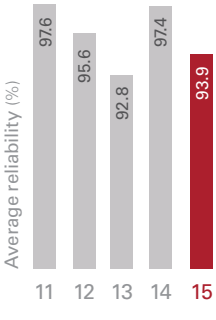
NWS production (Woodside share)



	MMboe	%
NWS LNG	22.7	51
NWS domestic gas	13.1	29
NWS LPG	0.7	2
NWS condensate	5.7	13
NWS oil	2.5	5

In 2015, NWS contributed 44.7 MMboe to Woodside's net production of 92.2 MMboe.

NWS LNG reliability



Production performance

In 2015, Woodside's share of production from the NWS Project was 44.7 MMboe, comprising 36.5 MMboe of gas (including 13.1 MMboe of pipeline gas) and 8.2 MMbbl of liquids. Pipeline gas reliability was 99.9% and production continued to meet customer demand in Western Australia.

LNG marketing

The NWS Project exported 252 cargoes (total project) of LNG in 2015, of which 36 were sold on the short and mid-term market.

In 2015, the NWS Project progressed arrangements to enable equity lifting of uncontracted LNG and pipeline gas by the NWS Project participants. The Australian Competition and Consumer Commission's authorisation for the NWS Project to jointly market pipeline gas expired on 31 December 2015. NWS Gas will continue to administer long-term contracts that were marketed by the six NWS Project participants.

Financial contribution

Woodside's share of sales revenue from the NWS Project was US$1,788 million in 2015, approximately 36% of our total operating revenue.

Unit production costs decreased to US$4.18 per boe from US$5.22 per boe in 2014, underpinned by an ongoing focus on delivering cost efficiencies and performance excellence.

NWS delivered a unit cash margin of US$30 per boe in 2015, while productivity improvements continue to be implemented to ensure that profitability remains resilient in a low oil price environment.

Operations excellence

In 2015, we continued our focus on ensuring safe and reliable production, while reducing costs and sustaining a commitment to excellence across our operations. This year, LNG reliability of 93.9% was achieved despite impacts to production from an electrical incident at the KGP in May. Discounting this incident, the underlying trend was for top-quartile LNG reliability.

Engineering and operations innovations delivered during the response and recovery from this incident not only helped to reduce production impacts but also delivered improved operational flexibility and robustness. These innovations resulted in KGP acquiring the ability to produce LNG without fractionation and for refrigerant-grade propane to be processed from Fractionation Train 3; a unit not originally designed with this capability.

Execution of a major LNG maintenance turnaround at KGP was completed ahead of schedule and, along with timely completion of offshore maintenance scopes, ensured that system availability returned to planned levels seven days ahead of schedule.

System improvements and debottlenecking delivered during the LNG turnaround resulted in KGP's annual LNG production capacity increasing from 16.3 to 16.7 million tonnes of LNG.

In 2015, the Karratha Life Extension (KLE) Program continued to plan and execute a portfolio of refurbishment scopes to extend the life of KGP, including completing activities on the domestic gas plant, stabilisation and fractionation units, and LNG trains. Preparations for a marine facilities campaign that will refurbish the LNG and LPG jetties have also commenced.

The KLE program is approximately 16% complete and is targeting completion around 2025. Through KLE, about US$50–70 million will be invested by Woodside each year to deliver safe, efficient and predictable refurbishment and life extension works at the KGP.

Efficient development of NWS reserves

Woodside's substantial experience in delivering major subsea tieback projects is enabling the NWS Project to commercialise its existing gas reserves in a timely, cost-effective and efficient manner to extend plateau production.

First gas from the A$2.5 billion (100% project) GWF-1 Project was delivered ahead of schedule in late 2015. The project is developing the Goodwyn and Tidepole fields via a subsea tieback to the existing Goodwyn A platform. Initial gas has come from the Goodwyn field, with further production from the Tidepole field expected from early 2017.

At the end of 2015, the A$1.2 billion (100% project) Persephone Project was 51% complete, having undertaken platform modifications and commenced drilling and fabrication of key subsea infrastructure. Persephone is a two-well, 7 km subsea tieback from the Persephone field to the existing North Rankin Complex. The project will access approximately 140 MMboe (100% project) to maintain offshore supply to the KGP and remains on budget and on schedule for start-up in early 2018.

In December, the NWS Project participants approved the US$2.0 billion (100% project) GWF-2 Project, which will develop approximately 317 MMboe (100% project) from the combined Keast, Dockrell, Sculptor, Rankin, Lady Nora and Pemberton fields using subsea infrastructure and a 35 km, 16" pipeline connecting to the existing Goodwyn A platform. Gas delivery will initially commence in 2H 2019 from five wells in the Lady Nora, Pemberton, Sculptor and Rankin fields, followed by the remaining three wells in the Keast and Dockrell fields in 1H 2020.

The proposed Lambert Deep development, a one-well, subsea tieback to the existing Angel platform, is continuing the FEED phase to enable a planned FID in 1H 2016.

Extending our business beyond known reserves

We are actively progressing opportunities to identify and develop hydrocarbon reserves to extend the life of the NWS Project by helping maintain offshore supply to meet onshore processing capacity.

Preliminary data from the Fortuna 3D marine seismic survey was processed, and interpretation is underway, with final data products delivered in January 2016. Evaluation of this information will be used to identify potential development, exploration and infill opportunities.

The NWS Project participants and Hess Exploration Australia executed an operational integration FEED agreement in Q1 2015 for the proposed Equus Project. Technical discussions continued on tolling of resources in the Carnarvon Basin through KGP to support a potential entry into the FEED phase for the Project in 2016.

Outlook

In 2016, we will continue to optimise production from our current assets, deliver value from remaining hydrocarbon resources in NWS acreage and maintain our focus on performance excellence and continuous improvement to achieve cost savings and deliver reliability improvements.

PLUTO LNG

The Perth-based Pluto Support Centre delivered improved operational efficiencies through our innovative approach to remote operations, maintaining high standards of health, safety and environmental management.

2015 Key performance highlights

- Achieved top-quartile LNG reliability, averaging 96.9%.
- Delivered the first major turnaround ten days ahead of schedule.
- Commenced Xena Phase 1 production.
- Started up the sixth production well in the Pluto field.
- Discovered additional gas for future tie-back with the Pyxis-1 exploration well.
- Implemented capacity enhancement modifications to the LNG train to further increase Pluto LNG capacity.

Future objectives

- Deliver safe and sustained reliable production and sales.
- Protect long-term supply.
- Increase plant utilisation through further capacity enhancements and availability improvements.

Pluto

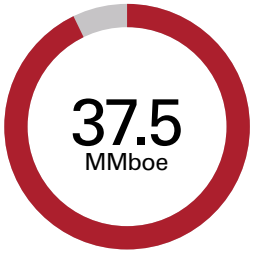
		%
Interest	WA-34-L	90
	WA-404-P	100

Operator	Woodside
Facilities	Pluto platform Pluto LNG Plant
Location	Pluto and Xena fields, 190 km north-west of Karratha, WA (the location of the gas plant)
Water depth	400 – 1,000 metres
Products	LNG and condensate
First production	2012

Pluto key metrics (Woodside share)

		2014	2015
Operating revenue	(US$ million)	3,440	2,377
EBITDA	(US$ million)	3,131	2,051
Net gas production	(MMboe)	37.3	34.8
Net liquids production	(MMbbl)	2.9	2.7
Proved plus Probable Developed and Undeveloped reserves	(MMboe)	842.4	802.7

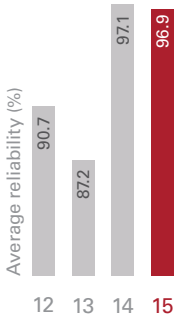
Pluto production (Woodside share)



	MMboe	%
Pluto LNG	34.8	93
Pluto condensate	2.7	7

In 2015, Pluto contributed 37.5 MMboe to Woodside's net production of 92.2 MMboe.

Pluto LNG reliability



In 2015, our focus on operational excellence delivered top-quartile LNG reliability at Pluto.

Production performance

Production results were above plan, primarily due to strong reliability and system optimisation. Woodside's share of production from Pluto LNG was 37.5 MMboe in 2015, comprising 34.8 MMboe of LNG and 2.7 MMbbl of condensate.

In June, we completed our first major turnaround on Pluto in 25 days, ten days ahead of the original schedule due to disciplined planning and technical innovations. The turnaround execution was outstanding across several areas, including health and safety performance, quality, and cost savings. The scope involved onshore plant activities to maintain the integrity of plant equipment, as well as minor capacity enhancements and offshore work to support the Xena tie-in.

The Xena Phase-1 Project was completed ahead of schedule, with production commencing in June. Xena, the sixth production well and the Pyxis discovery will support Pluto production and future growth.

The fifth Pluto production well has not performed to expectations due to mechanical issues. The well will be reinstated in 2016 by side tracking the existing well-bore.

Our focus on capacity improvements and reliability ensured that we offset the production disruption caused by the precautionary shutdown in Q1 2015, when a third-party semi-submersible drilling rig drifted near Pluto flowlines during a cyclone. Our strong operational capabilities enabled an efficient response to and recovery from this incident.

The Perth-based Pluto Support Centre delivered improved operational efficiencies through our innovative approach to remote operations while maintaining high standards of health, safety and environmental management. The operating model provides the opportunity to build capability in this emerging area and further develop processes, practices and technology for the next generation of Woodside LNG facilities.

LNG marketing

Pluto LNG delivered 66 cargoes of LNG in 2015 and, since start-up in 2012, we have delivered a total of 229 cargoes[1] (total project). In August 2015, we reached a significant milestone, loading our 200th cargo since start-up in 2012.

While the majority of volumes were sold under long and mid-term agreements with premium Japanese and Korean energy buyers, incremental value was derived from the sale of six upside cargoes on the spot market, three of which were produced as a result of the reduced turnaround time in June. Four incremental gas-up and cool-down (GUCD) services were also provided to third-party vessels. GUCDs involve loading a partial LNG cargo to a warm LNG vessel in readiness for an efficient full cargo loading.

Financial contribution

Woodside's share of revenue from Pluto was US$2,377 million, comprising US$2,067 million of LNG revenue, US$130 million condensate revenue and US$180 million from processing revenue. This represented about 47% of Woodside's total operating revenues.

1. Includes some partial cargoes.

Unit production costs were US$5.48 per boe in 2015, despite suffering from a precautionary shutdown in Q1 2015 and undergoing the first major planned turnaround in June. Pluto delivered a unit cash margin of US$50 per boe in 2015.

Conservation Agreement

Under the A$34 million Pluto LNG Conservation Agreement with the Australian Government, we continue to support initiatives that protect and promote the living culture and National Heritage values of the Burrup Peninsula in Western Australia. To date, we have spent more than A$18 million on projects related to this agreement. A key initiative in 2015 was the *Women in the Picture: Murujuga Dreaming, Art and Landscapes* scoping study.

This study identifies sites and stories related to the Burrup which are important to women today and which preserve scientific or archaeological information about women in the past. We will contribute a further A$4 million to the display and curatorship of rock art in 2016 and look forward to building upon the progress and success of projects in 2016.

Outlook

We remain focused on maintaining plant capacity and future growth. Drilling activities are planned to commence in Q2 2016 to reinstate production on the fifth production well in the Pluto field. Further development studies on the Pyxis-1 exploration well will be undertaken, including sub surface analysis and geotechnical and geophysical surveys.

In December 2015, we commenced a 4D marine seismic survey. The information acquired will be used to maximise hydrocarbon recovery and use of our existing Pluto infrastructure, with data processing to occur in 2016.

Woodside continues to drive continuous improvement initiatives following the implementation of our Pluto Support Centre.

Since start-up in 2012, Pluto LNG has delivered a step change for Woodside's equity production and revenue.

AUSTRALIA OIL

In 2015, we enhanced the value of our floating production storage and offloading (FPSO) fleet by improving reliability and productivity and continued to focus on reducing costs.

2015 Key performance highlights

- Increased productivity and efficiency through the One FPSO standardised operating model.
- Entered into a conditional agreement to sell our interests in the Laminaria-Corallina Joint Venture.
- Completed the Vincent Phase IV well.
- Entered the front-end engineering and design (FEED) phase for the proposed Greater Enfield Development.

Future objectives

- Continue the One FPSO initiative to further reduce costs and increase efficiency.
- Increase focus on productivity improvements to deliver cost savings in a lower oil price environment.
- Complete the sale of the Laminaria-Corallina assets.
- Consider a final investment decision (FID) on the Greater Enfield Development.

Australia Oil

(excludes NWS oil, Woodside share)

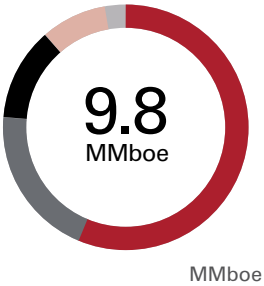
		2014	2015
Sales revenue	(US$ million)	825	510
EBITDA*	(US$ million)	505	249
Net liquids production	(MMbbl)	8.4	9.8
Proved plus Probable Developed and Undeveloped reserves	(MMboe)	33.2	27.7

Australian oil assets delivered a unit cash margin of $27 per boe in 2015.

**Excludes onerous lease costs.*

Australia Oil production

(excludes NWS oil, Woodside share)



	MMboe	%
Vincent	5.5	56
Balnaves	2.0	20
Enfield	1.2	12
Laminaria-Corrallina	0.8	9
Stybarrow	0.3	3

In 2015, Australia Oil (non-NWS) contributed 9.8 MMbbl to Woodside's net production of 92.2 MMboe, up from 8.4 MMbbl.

Vincent oil field

		%
Interest	WA-28-L	60
Operator	Woodside	
Facilities	Ngujima-Yin FPSO	
Location	45 km off the North West Cape, WA	
Water depth	350 – 400 metres	
Products	Crude oil	
First production	August 2008	

Vincent has produced 55.4 MMbbl (100% project) of oil since start-up in 2008. Annual production was 9.2 MMbbl (5.5 MMbbl Woodside share). The Vincent Phase IV in-fill well came online in June and has produced 1.7 MMbbl.

Balnaves oil field

		%
Interest	WA-49-L	65
Operator	Woodside	
Facilities	Armada Claire FPSO	
Location	~180 km north-west of Karratha, WA	
Water depth	135 metres	
Products	Crude oil	
First production	August 2014	

Balnaves has produced 3.0 MMbbl (100% project) of oil since completion of the acquisiton in April 2015 (2.0 MMbbl Woodside share). The FPSO commenced commissioning operations in 2014, and has since been integrated into Woodside's fleet under a leased operating model. Overall performance has been less than expected.

Enfield oil field

		%
Interest	WA-28-L	60
Operator	Woodside	
Facilities	Nganhurra FPSO	
Location	40 km off the North West Cape, WA	
Water depth	400 – 500 metres	
Products	Crude oil	
First production	July 2006	

Enfield has produced 76.3 MMbbl (100% project) of oil since start-up in 2006. Annual production of 2.0 MMbbl (1.2 MMbbl Woodside share) for 2015 continued to reflect reliable performance. Production was consistent with anticipated natural field decline in 2015.

Laminaria-Corallina oil fields

		%
Interest	Laminaria Corallina	59.90[1]
	AC/L5	66.67
Operator	Woodside	
Facilities	Northern Endeavour FPSO	
Location	Timor Sea, 550 km north-west of Darwin	
Water depth	340 metres	
Products	Crude oil	
First production	1999	

1. Interests on a post-unitisation basis, i.e. after agreeing to pool Woodside's interest with other field owners and to exploit the field as a single venture.

The Laminaria-Corallina oil fields have delivered over 200 MMbbl (100% project) of oil production since commencing in 1999. Lower production of 1.4 MMbbl (0.8 MMbbl Woodside share) for 2015 is consistent with anticipated natural field decline.

In September 2015, Woodside entered into a conditional agreement to sell interests in the Laminaria-Corallina Joint Venture, and the parties are working towards satisfaction of the conditions to enable closing of the transaction. The transaction is expected to be completed in 1H 2016.

Stybarrow oil field

		%
Interest	WA-32-L	50
Operator	BHP Billiton	
Facilities	Stybarrow Venture FPSO	
Location	~50 km off the North West Cape, WA	
Water depth	825 metres	
Products	Crude oil	
First production	November 2007	

Stybarrow has produced over 60 MMbbl (100% project) of oil since start-up in 2007. Production of 0.6 MMbbl (0.3 MMbbl Woodside share) in 2015 reflects natural reservoir decline. Production permanently ceased in June 2015, and decommissioning activities have commenced.

Outlook

We will continue to enhance the value of our FPSO fleet by improving reliability and productivity and continuing our focus on reducing costs. In 2016, we will continue to standardise the way we work across our FPSO fleet. The One FPSO operating model will continue to improve operational efficiencies and cost performance as we prepare for end of field activities on producing assets. Additional growth is created by understanding the value proposition of the Greater Enfield Development.

To read more about Greater Enfield, go to page 45.

INTERNATIONAL

Canada[1]

		%
Interest	Liard and Horn River Basins	50
Operator	Chevron[2]	
Facilities	Pipeline	
Location	North-east British Columbia, Canada	
Water depth	Not applicable, onshore	
Products	Natural gas	

*1. Canada reserves and resource estimates are provided on pages **38** and **39**.*
2. Woodside was operator for a six-week transitional period between April and May.

The Liard and Horn River Basins produced 0.2 MMboe (Woodside share) of natural gas into the Canadian domestic grid since the transaction was completed in April 2015. The produced gas is a result of the appraisal program being undertaken to support the Kitimat LNG Project.

See more on page 47.


Image courtesy of Chevron Canada.

Natural gas for the Kitimat LNG Project will be sourced from the Horn River and Liard Basins in British Columbia, Western Canada.

LNG MARKETING

Woodside's marketing strategy in 2015

During 2015, Woodside made good progress on its LNG marketing and trading strategy: transitioning from a point-to-point to a portfolio-based seller and bolstering trading capabilities. Our aim is to offer customers competitive and flexible supply terms, backed by our substantial existing and potential equity LNG and third-party sources. Key elements of our marketing strategy include: leveraging our strong suite of existing LNG contracts; expanding trading and shipping activities; and expanding our portfolio of supply options.

Browse marketing

Woodside is making every effort to achieve cost targets and secure LNG contracts that deliver an economically robust project. Accordingly, we enhanced our marketing efforts when Browse entered front-end engineering and design in 2015. We are engaging with key Asian and regional customers with the objective of securing Browse FLNG foundation sales.

Global LNG market

Our marketing strategy reflects a rapidly changing LNG industry, which continues to grow, evolve and diversify. Key trends for the global LNG market include:

- an expanding customer and demand base, in part facilitated by new LNG import receiving infrastructure in emerging markets, albeit with some moderation in growth rates for certain markets (e.g. China);
- ongoing evolution of the short-term LNG market, with 2015 featuring significant incremental buying activity from Middle-East importers (including new LNG buyers Egypt, Jordan and Pakistan), and changing dynamics in trade flows and price arbitrage;
- substantial growth in the size of the global LNG shipping fleet, and improved fuel efficiency of newly built vessels; and
- a broadening LNG supply base and variety of supplier business models, providing LNG buyers and suppliers with increased diversity in choice of LNG pricing structures; geographic location of supply; the number of suppliers; LNG heating value; LNG production technology (e.g. FLNG); and a mix of short, mid and long-term contracting arrangements.

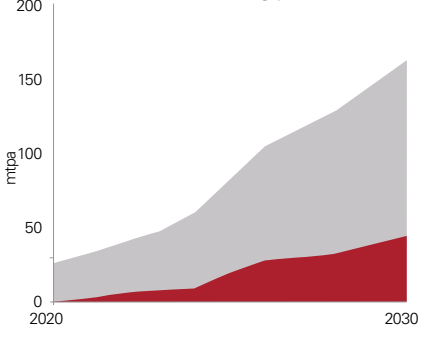
About 130[1] million tonnes of new supply currently under construction is expected to ramp up over the next five years, mostly from projects in Australia and the US. While much of this volume is already under long-term contract with buyers, it is expected to increase liquidity in the global LNG market.

Multiple sources of LNG demand growth

Diversification and growth opportunities include new LNG customers in emerging markets and in established LNG markets, where gas and power sector deregulation is occurring.

In addition, the longer-term outlook includes substantial recontracting demand from the traditional Asian LNG buyers in Japan, Korea, Taiwan (i.e. replacement of expiring contracts from legacy supply projects) and potential increased LNG import into the sizable European gas market (approximately 500 BCM per year[2]). European demand is partly as a result of expiring contracts, and also due to expected decline in indigenous natural gas production.

Asia LNG contracting potential[3]



Other Asia-Pacific uncontracted LNG demand growth

Recontracting opportunities from traditional buyers (Japan, Korea, Taiwan and China)

Dynamic short-term market activity amid lower prices

Dynamic LNG trading activity, an increased prevalence of shorter-term contracts (i.e. spot sales and contracts with a duration of less than two years) and an expanding set of participants are now established components of the global LNG market.

The 2015 calendar year featured some different trade flows and drivers compared to 2014, namely: increased buying activity out of the Middle East and India; and the reduction of the price arbitrage to shift significant quantities of Atlantic cargoes to Asia.

Short-term LNG prices traded significantly lower, on average about US$7.50/MMBtu in 2015, compared to an average of about US$14/MMBtu for 2014. The reduction in spot prices has been due to the combination of: lower oil prices; weaker short-term LNG demand, in particular due to milder weather across a number of markets and China's economic slowdown; and increased LNG supply with the ramp-up of LNG supply from Queensland and Papua New Guinea.

Industry FID support required to avoid long-term LNG shortfall

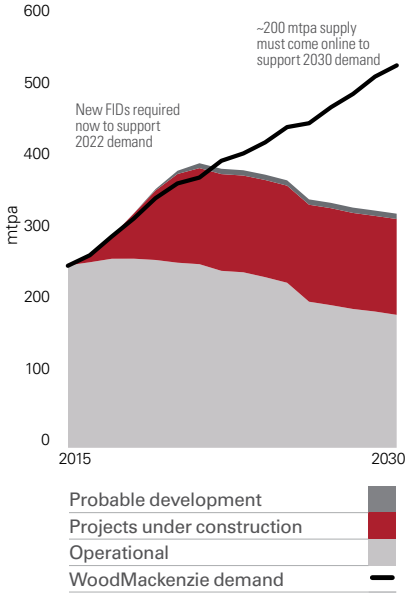
Compared to recent years, the pace of positive FIDs on LNG projects slowed in 2015, with two Greenfield[4] and two Brownfield expansion[5] projects approved, amounting to an additional aggregate capacity of about 20 mtpa.

The global supply and demand outlook indicates that existing and under construction supply is expected to be sufficient to meet demand until around 2022. Thereafter, a supply gap grows substantially to 2030, signalling the need for annual additions of around 20 mtpa through project life extensions and new supply.

Given the current lower oil price environment and review of capital expenditure budgets by oil and gas companies globally, Woodside anticipates that only the most commercial LNG projects will be sanctioned, whilst other projects will be delayed or cancelled, resulting in a more modest growth rate for the industry as a whole. Noting that the lead-time for new supply can be five to six years, achieving a positive FID in a lower oil price environment is a shared industry-wide challenge and will require support from customers, contractors, and governments.

1. WoodMackenzie, LNG Tool.
2. IHS Energy.
3 WoodMackenzie and Woodside data.
4. Cameroon GoFLNG, Corpus Christi.
5. Sabine Pass Train 5, Freeport Train 3.

Global LNG supply and demand[6]



6. WoodMackenzie (Q4 2015) and Woodside data.

Further long-term contracting opportunities across existing and emerging markets

Experienced buyers from the established markets of Japan, Korea and Taiwan are expected to secure new supply to avoid long-term shortfalls and to leverage market conditions.

Emerging markets including Thailand, India, Singapore, Indonesia, Vietnam, Pakistan, and Jordan are an important LNG demand growth sector. The importance of long-term contracts is recognised in the industry, with new importers committing to stable, secure supply in the form of long-term agreements. During 2015, Indonesia, Thailand and a number of emerging buyers in China each announced long-term supply agreements.

Europe is regarded as a market with the potential to take increasing volumes of LNG, particularly from the US. While overall gas demand growth in Europe is relatively flat, it remains the largest gas import region in the world, and is an open and flexible market with the infrastructure to accommodate further LNG supply. Woodside will seek to leverage existing end-buyer and trading relationships in this market to develop new opportunities, particularly to support on-selling and optimisation of Woodside's future US LNG volumes.

Continued LNG price diversification

The short-term LNG market features a variety of short-term pricing structures, including fixed pricing and negotiated indexation to movements in oil prices and gas hub markers. In 2015, there was an increased use in the industry of tenders (buy-side and sell-side) to execute short and medium-term sales arrangements. The Singapore Stock Exchange (SGX) also launched the SGX LNG Index Group (SLInG) as an exchange traded spot index for Asian LNG.

Long-term contracts are expected to feature an evolving set of pricing structures including indexation to oil, Henry Hub, and to a lesser extent other gas hubs such as National Balancing Point. For Woodside's core Asia-Pacific market, oil linkage is expected to remain the most prevalent index, with Henry Hub linkage growing to around 20% of the market in the period 2020–2030.

Shipping opportunities in the current market

LNG shipping capacity is expanding rapidly, with 22 vessels added to the global fleet in 2015, and a further 140+ LNG ships on order. While many of these vessels are committed to projects, a number are unallocated or speculative vessels. On the back of lower LNG prices and the LNG ship capacity ramp-up, short-term LNG ship charter rates are at their lowest levels since 2010.

Strong suite of existing LNG contracts

Woodside's portfolio currently has the majority of volumes committed under existing long-term and mid-term sales arrangements.

Through 2016, Woodside will continue to have limited exposure to spot pricing with more than 95% of expected production committed under mid and long-term contracts. There is some optionality to increase exposure if spot prices exceed term contract prices.

As some mid-term contracts (predominantly underpinned by Pluto volumes) expire in 2017, Woodside will continue to target spot exposure of less than 10% of its total expected production including targeting flexibility to choose between spot and term pricing for some volumes. Woodside is currently discussing options for roll-over and replacement of its mid-term contracts more than 12 months in advance of expiry of those contracts.

Woodside's acquisition of an interest in the Wheatstone Project added further high-quality LNG contracts with Japanese buyers to our existing suite of committed LNG.

The North West Shelf Project successfully completed price review negotiations with two key customers during 2015. Woodside's share of NWS LNG production, subject to price review in 2016, equates to approximately 1.3 mtpa. The NWS equity lifting transitional arrangements put in place in 2015 enabled Woodside to on-sell four transitional cargoes during 2015 at a premium to short-term market indexes.

Expanding trading and shipping activities

Woodside demonstrated another successful year in trading in 2015, with focus continuing on building our trading capability to support our existing projects. This includes actively seeking optionality and flexibility to enable optimisation of Woodside's current LNG portfolio, and building relationships with buyers to position for future portfolio volumes.

In general, Woodside sells LNG on a delivered basis. As such, we have entered into long-term shipping arrangements for two approximately 174,000m^3 ships, one for delivery in 2016 and one for delivery in 2017, taking advantage of the present competitive shipping market in support of further trading activities as well as underpinning long-term supply from our global portfolio.

Expanding portfolio of supply options

Woodside has a competitive and increasingly diversified LNG supply portfolio to progress incremental sales arrangements. Woodside's customer value propositions are backed by substantial existing and future Australian supply, US LNG, potential LNG from West Coast Canada, and a proven track record in LNG shipping and operations.

Historically, Woodside's LNG capacity has been launched based on foundation sales into Japan, Korea and China. However, to compete in the evolving global LNG market, and aggregate sufficient long-term sales to support Woodside's growth aspirations, a multi-market engagement strategy is being implemented. This strategy focuses on the substantial recontracting demand from traditional Asian LNG markets, LNG growth from the emerging Asia-Pacific markets and diversification opportunities into Europe, Latin America and the Middle East. Woodside's portfolio supplies will be sourced from its equity production, committed purchases and short-term trading opportunities.

OUR PEOPLE

Our Republic of Korea office supports our exploration interests in offshore Korea and our marketing and trading activities across Asia.

We continue to build a values-led, high-performance culture in support of our vision to become a global leader in upstream oil and gas.

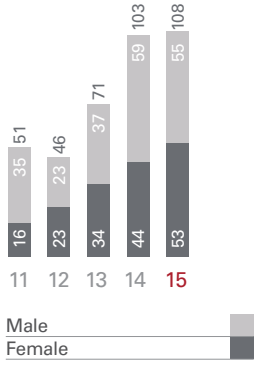
2015 Key performance highlights

- Increased engagement from 63% to 70% in the 2015 Employee Survey, above the oil and gas industry benchmark.
- Delivered efficiency gains through reshaping our organisation, reducing organisational layers and improving our managers' spans of control.
- Continued to attract high-quality graduates at levels comparable to our 2015 graduate intake; 108 for 2016 compared to 103 for 2015.
- Implemented a new international secondment program to build capability for global growth.

Future objectives

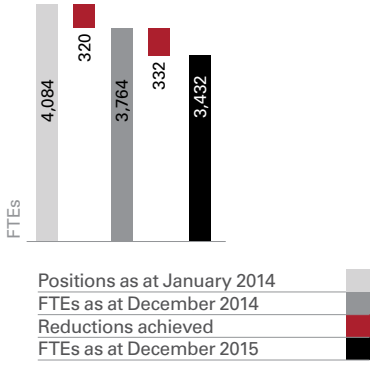
- Implement the 2016 – 2020 Reconciliation Action Plan (RAP).
- Develop and implement actions which continue to build a values-led, high-performing organisation.
- Refine our approach to executive development to strengthen our succession plans.
- Continue to implement the gender diversity strategy.

Graduate recruitment



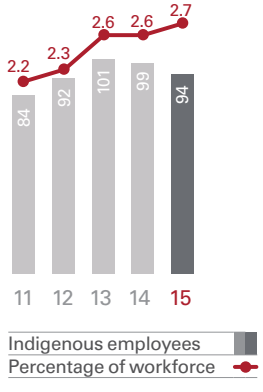
Woodside has increased its graduate intake, with a focus on sustaining a diverse workforce. We recruited 108 graduates in 2015, up from 103 in 2014.

Number of full-time equivalents (FTEs)



In 2015, FTEs reduced by 9%, a 20% cumulative reduction since the end of 2013.

Indigenous employment outcomes



The number of Indigenous employees (permanent/fixed-term) remained stable during 2015. Woodside continued supporting Indigenous pathways, with 23 participants successfully converting to Woodside employment in 2015.

Building culture and capability

The results of our 2015 Employee Survey indicated the progress made towards strengthening our culture. The results showed that we have a more engaged and enabled workforce, and continued strong commitment to Woodside's values. Our employees are experiencing good collaboration within teams and strong encouragement to innovate and improve effectiveness.

Our Leadership and Management Development framework provided guidance to leaders on building capability for leading people, results and growth. We continued to embed the principles of leader-led development, enabling our current leaders to develop our future leaders from within the business.

In 2015, we reduced spending on formal education programs, in step with our cost reduction initiatives. We are committed to developing our people, focusing on experience and relationship-based learning, and providing in-house training to ensure that we have the capability required to sustain growth. In 2015, 913 employees participated in in-house continuous improvement training. We continue to offer cross-functional rotations to provide experience-based development for employees, increasing the number of participants by 10% in 2015.

In 2015, 141 participants completed core skills development through the Woodside Production Academy. We continue to achieve a high conversion to employment rate, with 85% of the 29 trainees and apprentices who completed their programs securing employment.

Productivity progress

Our productivity program aimed to improve organisational efficiency by 10% to 20% throughout 2014 and 2015. This has been achieved through reduced organisational layers, improved spans of control and an 18% reduction in management roles. Overall, we have achieved a 20% improvement in organisational efficiency, and this will be maintained throughout 2016.

Developing a diverse workforce

In 2015, we began a three-year strategy to drive sustainable improvements in gender diversity at all levels of the workforce. Overall female representation slightly increased to 28% in 2015, comparing favourably with the average of 16% women in the Australian resources sector[1].

We continue to focus on driving gender balance through our Graduate Development Program intake and apprenticeship and traineeship schemes. In 2015, 49% of our graduate intake and 21% of our apprentice and trainee intake were female. Woodside has taken action to broaden the pool of future female talent at school and university levels with eight gender-specific scholarships awarded.

All employees, regardless of their employment type, have access to the same financial and non-financial benefits. This was confirmed in the annual remuneration review to ensure pay parity between men and women on a salary line and job level basis.

Voluntary turnover for women has fallen from 8.7% in 2014 to 4.9% in 2015 and is lower than the overall organisational turnover of 5.7%. Throughout 2015, we focused on women in mid-career and, encouragingly, the turnover in this group reduced to 3.1%.

1. Source: Workplace Gender Equality Agency 2015.

Following strong internal promotions and improved retention, women now hold 13.8% of senior management roles and 12.8% of executive positions, exceeding the annual target set in the three-year strategy.

By the end of 2015, Woodside employed 94 Indigenous people, representing 2.7% of Woodside's workforce. Turnover of Indigenous employees decreased from 14% in 2014 to 3.2% in 2015, and progress has been made in developing a pipeline of future Indigenous talent.

We have met or exceeded all targets for our Pathways Programs. Our Pathways Programs provide individuals with the opportunity to develop the skills needed for Woodside employment roles, such as mechanical fitters, electrical and instrumentation technicians, laboratory technicians, logistics and operations support, IT desktop support and business administration. There are currently 28 participants in our Pathways Programs and conversion of trainees and apprentices is at 83%. In 2015, we awarded ten additional cadetships to increase the pool of talent for Woodside's Graduate Program intake. A total of 23 scholarships were awarded, comprising ten community scholarships and 13 scholarships directly related to Woodside's future capability needs.

A new RAP has been designed and approved for 2016 to 2020, continuing Woodside's investment in opportunities for Indigenous people.

Outlook

In 2016, actions will be developed and implemented to maintain momentum in building a values-led, high-performing organisation. We will continue to implement our strategy to develop and promote from within, focusing on entry level hiring and sustaining our industry-leading Graduate Development Program.

Further information can be found in the Corporate Governance Statement 2015, available on our website.

Karratha Gas Plant process plant operator and Production Academy graduate Sandra Van Der Gaag was named Australia's 2015 Trainee of the Year.

HEALTH, SAFETY, SECURITY AND EMERGENCY MANAGEMENT

In 2015, we were awarded two APPEA Health and Safety Awards in recognition of our outstanding performance in the industry.

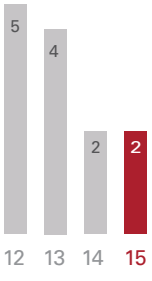
2015 Key performance highlights

- Recorded a 10% improvement in total recordable injury rate.
- Awarded two Australian Petroleum Production and Exploration Association (APPEA) Health and Safety Awards for the novel use of remote digital video inspection during the Pluto LNG turnaround.
- Joined the Voluntary Principles on Security and Human Rights Association and commenced a program to implement the principles across the business.
- Rated amongst the highest in our peer group for our Fraud and Corruption Control Program.
- Recorded no Tier 1 process safety events.

Future objectives

- Progress towards achieving global top-quartile health and safety performance in 2017.
- Focus on human factors, and excellence in leadership to continually improve our health and safety culture.
- Improve leading indicators for health risk management and support personal wellbeing programs that focus on occupational factors and mental health.
- Increase emergency management and response competencies across the organisation to ensure high levels of prevention, preparedness and response.
- Improve and embed process safety through a focus on people, plant and processes.

Tier 2 process safety events (PSEs)

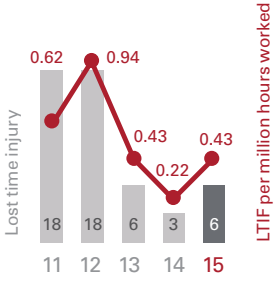


In 2012, Woodside commenced classifying PSEs in accordance with American Petroleum Institute Recommended Practice 754, to enable global benchmarking.

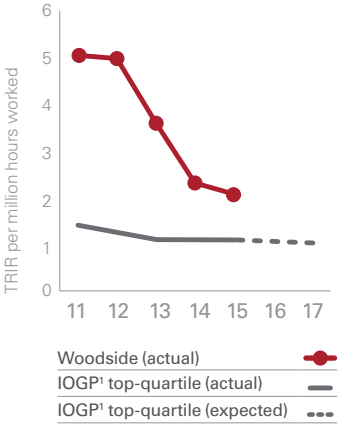
A typical Tier 1 PSE is loss of containment of hydrocarbons greater than 500 kg (in any one-hour period).

A typical Tier 2 PSE is loss of containment of hydrocarbons greater than 50 kg but less than 500 kg (in any one-hour period).

Lost time injury and lost time injury frequency (LTIF)



Total recordable injury rate (TRIR) performance



1. Woodside has benchmarked its TRIR against global top-quartile performance of the International Association of Oil and Gas Producers (IOGP).

Our approach

In 2015, we completed a major project to simplify and streamline our health, safety and environment system processes and procedures, making it easier for all employees to understand and comply with Woodside's standards.

We continued to implement our strategic health and safety roadmap, making solid progress towards delivering on our aspiration of global top-quartile health and safety performance. Focus areas in 2015 included:

- improving health risk assessment processes and tools;
- increasing emergency management and response competencies across the

organisation to ensure high levels of prevention, preparedness and response;

- improving the management of process safety within our business; and
- improving human factors awareness, understanding and engagement.

2015 performance

We demonstrated strong performance in health and safety throughout 2015.

There were no work-related fatalities, or recordable injuries with the potential for fatality. We recorded no Tier 1 process safety events, but two Tier 2 events.

The number of recordable injuries decreased by 8% and the total recordable injury rate (TRIR), which measures the number of recordable injuries per one million hours worked, decreased by 10% compared with 2014 performance.

The number of lost time injuries (LTIs) increased from three in 2014 to six in 2015. None of the injuries had the potential to result in a fatality or permanent total disability.

We were awarded two APPEA health and safety awards in September, demonstrating industry and peer recognition for our performance and delivery of continuous improvement in health and safety initiatives.

Key initiatives delivered

Human factors

We delivered a program to support our objectives in human factors. We focused on four strategic areas: setting people up to succeed through good design; guidelines that focus on human reliability on critical tasks; improvements on how we consider human factors in our investigations, and supporting materials for Woodside's Our Safety Culture framework.

Process safety

Process safety is our disciplined framework for managing the integrity of systems and processes that handle hazardous substances over the exploration and production life cycle. It relies on good design principles and good engineering, operating and maintenance practices.

We continue to execute a major project to improve the delivery of process safety management requirements. The project centres on the development of a new set of minimum requirements to ensure that wherever we operate, we apply a standardised approach to managing process safety.

Health and wellbeing

We delivered our health and wellbeing activities, complying with health regulations and licence to operate obligations, as well as maintaining and monitoring fitness for work of all staff and contractors. In 2015, we strengthened occupational health through the revision of the health risk assessments and implementation of an integrated platform to allow easier recording, monitoring and reporting of programs and results. We continue to provide a suite of programs that support employee personal wellbeing.

Stand Together for Safety

Woodside's annual Stand Together for Safety week was marked with a number of company-wide activities around the theme 'working together we keep each other safe: building the connection'. The campaign focused on visible leadership from everyone at Woodside, where all employees were encouraged to demonstrate a commitment to Woodside's health and safety goals, increase their awareness of the processes and tools and participate in activities that build relationships within and between teams.

Security and emergency management

In a dynamic domestic and international security environment, Woodside's security and emergency management team worked to ensure that the company's people, assets and operations globally remain protected from existing and emerging security threats. In response to Woodside's global growth initiatives, Woodside joined the Voluntary Principles on Security and Human Rights Association and commenced a program to implement the principles across the business.

To complement the existing emergency and crisis management framework, a new oil spill preparedness capability was established in 2015, enabling continuous improvements of Woodside's oil spill preparedness capabilities both in Australia and internationally. The overall emergency preparedness framework includes an extensive training and exercise program to ensure that Woodside is able to respond to and is resilient to foreseen and unforeseen events on a global level.

Woodside's Fraud and Corruption Control Program was maintained, and further improvements made, including an increase in the number of third-party audits and refinements to the due diligence process for new opportunities in locations including Myanmar and East and West Africa. Woodside's Fraud and Corruption Control Program was rated among the highest in its peers by the Dow Jones Sustainability Index.

Outlook

In 2016, we will continue to embed the key elements of our health and safety strategy, including leadership and engagement, process safety, contractor management and health and wellbeing, in order to consistently deliver outstanding health and safety performance in all areas of our business.

Additionally, we will apply continuous improvement initiatives to protect Woodside's people and assets in all national and international locations as we progress to global top-quartile performance in 2017.

CASE STUDY

Adapting technology to eliminate high-risk activities

Planning for the Pluto turnaround in 2015 identified a large number of pressure vessels needing internal inspection to ensure that they conformed to Woodside's performance standard and complied with State and Commonwealth regulations. Fifty vessels were expected to require manned confined space entries, a recognised high-risk oil and gas industry activity.

The use of remote digital video inspection (RDVI) alongside non-intrusive inspection (NII) techniques was recommended to internally inspect pressure vessels. RDVI had been previously trialled by Woodside for one-off inspections.

RDVI uses robotics and cameras to deliver clear and concise visual inspection data and eliminates the need for confined space entry. NII uses ultrasonic testing, liquid penetrant and radiography techniques conducted from outside a vessel without breaking containment or requiring vessel entry.

Using RDVI, coupled with NII, during a major facility turnaround, was a step forward in reducing the number of manned entries to check the condition of pressure containing equipment, essential to maintaining asset integrity and minimising process safety risk.

The initiative removed the need for 36 manned confined space entries, reduced inspection activities by four days, cut up to ten days from the typical 35-day turnaround saving approximately A$4.5 million.

This innovative RDVI and NII process to internally inspect pressure equipment has been integrated into Woodside's engineering standards for future inspections of this type.

The initiative was recognised by industry through receipt of the 2015 APPEA Health and Safety Award and also of the Delegates' Choice Award for Health and Safety.

ENVIRONMENT

Woodside's future success depends on our continued capacity to demonstrate strong environmental performance across our global portfolio.

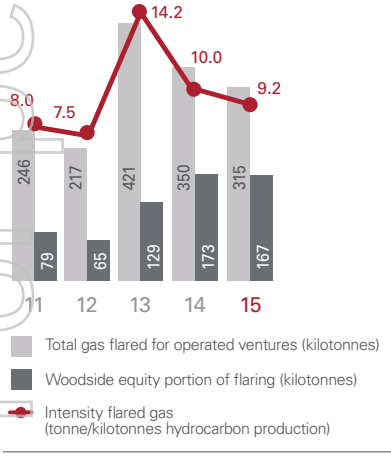
2015 Key performance highlights

- Reduced flaring intensity by 8% attributable to continuous improvement initiatives and high reliability in facility operation.
- Awarded the Australian Petroleum Production and Exploration Association (APPEA) Environment Excellence Award.
- Commenced our largest field-based produced water and sedimentation study adjacent to three offshore facilities.

Future objectives

- Deliver global top-quartile environmental performance to support our Australian and global activities.
- Improve energy and flare efficiency to reduce greenhouse gas emissions.
- Partner with leading international environment organisations to improve understanding of new environments.
- Embrace technology developments and increase transparency in scientific data collection.
- Embed a high-performance environmental culture for all employees and contractors.

Flared gas and intensity[1]



1. Excludes commissioning.

The intensity of flared gas in 2015 showed a decline from the peak in 2013 due to improved plant performance.

Our approach

Woodside's approach to environmental management is outlined in our Health, Safety, Environment and Quality Policy and the mandatory environmental operating standards that apply to all facilities and operations. We continue to manage environment risk and make decisions based on robust science delivered in part through our partnerships with researchers and stakeholders. We remain focused on environmental excellence wherever we operate, supported by visible leadership in environmental management.

Environmental performance

During 2015, we achieved an 8% reduction in flared gas intensity and recorded a 2% increase in total greenhouse gas emissions. We had no significant environmental incidents.

Environmental excellence

In 2015, Woodside was awarded the Annual APPEA Conference Environment Excellence Award for our overall approach to environmental management. The award demonstrates industry and peer recognition of our consistent approach to strategic environmental planning, leadership and culture, risk management, science-based decision making and community engagement. Woodside also won the annual APPEA Health Safety and Environment Conference Environment Delegates' Choice Award, held in Perth for our work associated with avoiding marine biofouling.

Global biodiversity

Environmental collaboration, partnerships and transparency are key to our future success. In 2015, we partnered with some of the world's leading environmental organisations to better understand the global environments where we have interests. This includes formalising relationships with the World Oceans Council and Fauna and Flora International.

During 2015, extensive environment studies and approvals were undertaken to support our activities in Australia, Korea, Myanmar, Canada, Ireland and Morocco. This included finalising a study to understand the seasonality of cetacean visitation to the offshore waters of Ireland to assist the Irish Government's strategic environmental assessment of offshore waters.

Climate change

We accept the Intergovernmental Panel on Climate Change's assessment of climate change science and believe that natural gas has a major role to play in containing global average temperatures. Achieving this requires stable regulatory frameworks capable of achieving current and future emissions reduction targets.

Outlook

In 2016, we will continue to minimise our impacts on land, sea, air and wildlife with a focus on improving energy and flare efficiency to reduce greenhouse gas emissions.

Woodside will expand our partnerships with leading scientific organisations to collect robust science to support the management of environment risks associated with our activities and position ourselves as a partner of choice across our growing global portfolio.

Further information on environmental management will be available in our Sustainable Development Report 2015.

Woodside's Environment team accepts the 2015 APPEA HSE Conference Environment Delegates' Choice Award.

COMMUNITIES

2015 Key performance highlights

- Contributed A$13.9 million worth of social investment to our host communities, equating to 0.5% of a three-year averaged profit before tax from 2013 to 2015.
- Contributed A$2 million towards eight early childhood development initiatives through the Woodside Development Fund, including our first international initiative in Myanmar.
- Achieved 68 of the 82 measurable goals in our 2011–2015 Reconciliation Action Plan (RAP), with results exceeding expectations for 11 of these.
- Exceeded our RAP target, signing 163 new contracts with Indigenous businesses, against a target of 50.

Future objectives

- Continue to engage with a broad range of stakeholders to understand their interests and concerns.
- Implement a 2016 sustainable social contribution strategy to support business and community outcomes.
- Maintain and report on outcomes achieved through the Woodside Development Fund.
- Implement 2016–2020 RAP to support business and Indigenous community outcomes.

Early childhood development in Myanmar is the focus of the first international contribution of Woodside's A$20 million Development Fund.

Our approach

For us, working sustainably is about doing what's right, so that we can perform to our very best. It is a core value embedded at every level of our company, across our value chain and wherever we work.

Our ability to respond to the issues and concerns of the communities where we operate is important. For us this means doing the right thing by our people, partners and broader society and keeping them safe and healthy.

The Woodside Compass values, our Code of Conduct and our policies provide the framework that supports us in carrying out our business activities in a manner that respects human rights.

We build long-lasting relationships with Indigenous communities in which we are active. We demonstrate respect and act with integrity as we generate positive economic, social and cultural outcomes.

In Australia, we maintain relationships with Aboriginal communities in the Pilbara, Kimberley and South West regions. Our 2016 - 2020 RAP will outline our commitment to increasing the participation and development of Indigenous employees and is supported by our three-year Indigenous Employment Strategy.

Our social contribution strategy focuses on developing capacity and capability in local host communities through long-term, strategic investment in the communities where we operate. Our funding focus areas are applied globally, aligning with stakeholder interests, and support our core business objectives for exploration, developments and operations.

Our performance

As a member of the London Benchmarking Group, we use its methodology to track, measure, benchmark and report on our social contribution performance.

In 2015, we contributed A$13.9 million through voluntary social contribution towards a combination of strategic partnerships (74%), the Woodside Development Fund (14%) and philanthropic activities (12%).

Our philanthropic contribution was primarily through the donation of almost 6,300 hours of our employees' time to corporate volunteering valued at A$1.2 million.

Woodside Development Fund

In 2015, we maintained our commitment to early childhood development through the Woodside Development Fund. The fund supported eight major initiatives, including two place-based collaborative initiatives. Over 50 Western Australian communities will benefit from our investment and a further 14 Australia-wide communities will benefit from leveraged funding.

We also made our first international contribution through the fund. In collaboration with Save the Children, Plan International and Pann Pyo Lett through the Myanmar Education Consortium, the fund is supporting the delivery of parenting and early childhood education programs for around 700 children aged zero to eight years in ten villages in the Ayerwaddy Region in south-west Myanmar.

Outlook

In 2016, we will implement our revised RAP and our sustainable social contribution strategy which reflect and align with business activities, impacts and stakeholder interests and concerns.

Further information is available in Woodside's Sustainable Development Report 2015.

TECHNOLOGY AND INNOVATION

Innovation and our ability to apply leading-edge science and technology in our operations are important differentiators. By innovating, we have maintained our position as a leader in the Australian oil and gas industry.

2015 Key performance highlights

- Established a dedicated science team focusing on data science.
- Introduced a cognitive computing system.
- Built a predictive analytics platform for maintenance and process control.
- Qualified the Near Shore LNG concept and low-cost drilling techniques, ready for deployment in our business.
- Deployed 3D Full Waveform Inversion on two data sets from exploration seismic surveys.
- Launched Woodside FutureLab to help drive collaborative innovation.

Future objectives

- Continue to build capability in data science including internal talent, a data science platform and relevant external partnerships.
- Deploy data science technologies in production facilities and extend its application to other areas of our value chain.
- Enhance competitiveness through innovation, enabling resource development, reducing unit technical costs and development duration and increasing production.
- Consider technologies that could disrupt Woodside's value chain and how they might be leveraged for advantage.

Our approach

Woodside's commitment to innovation aligns with our core values of excellence and working sustainably, and our goal of achieving world-class reliability and safety of our producing assets.

Our technology strategy is focused on competitive advantage through innovative solutions to business problems.

In exploration, we are focused on progressing seismic and drilling technology solutions to reduce costs and improve the timeliness and accuracy of subsurface modelling.

In the second half of 2015, we deployed the 3D version of Full Waveform Inversion (FWI). This technology was successfully used in Myanmar 3D seismic surveys, both for shallow hazards analysis and for pore pressure prediction. 3D FWI has the potential to reduce cycle time from acquisition to drilling, creating value through reduced costs and improved efficiencies. We'll continue to refine and evolve this technology to seek greater efficiencies in 2016.

By focusing on scope elimination, we continue to find opportunities to reduce upstream capital and operation costs for drilling developments and projects.

Subsea technologies reduce the requirement for large infrastructure such as manned offshore platforms, allowing us to safely and economically develop fields in remote, deep water locations. Throughout 2015, we matured work on electrical subsea systems and subsea processing options for long subsea tiebacks to remote facilities.

We continued leveraging more than 30 years of development and operational experience, to progress the development of innovative onshore and near shore LNG design solutions to lower the cost of LNG supply.

In 2015, we established a science team dedicated to pursuing opportunities in the emerging field of data science.

We are using advanced analytics in our Pluto LNG Plant with the aim of enhancing plant reliability through process and maintenance control. Big data, streaming from over 200,000 sensors on the plant, is being interpreted through advanced statistical analysis to assist in proactive planning and predictive process control. These production enhancement initiatives are designed to increase the value of our base business by enhancing the availability and productivity of our assets.

In June, we deployed a cognitive computing system into our business focusing on capturing the vast proprietary database of knowledge on Woodside's major capital projects.

By making this information easily accessible to our people through this system, there is potential to enhance decision making across the project life cycle and improve productivity. In 2016, we will extend this technology to our Exploration and Marketing divisions.

Woodside FutureLab

FutureLab is actively building an ecosystem of scientific and technological innovation through collaborations with research institutions, start-ups, entrepreneurs and adjacent leading industries.

FutureLab is designed to deliver collaborative innovation through key partnerships initially under three broad themes: ocean engineering, Plant of the Future and enterprise analytics.

In 2015, we launched programs to collectively share challenges and develop innovative solutions within the enterprise analytics work stream, including the Cisco Internet of Everything Innovation Centre (CIIC) at Curtin University.

In 2016, we will launch innovation centres with the University of Western Australia and Monash University focused on our ocean engineering and Plant of the Future work streams respectively.

FutureLab is an integral part of our journey, encouraging a collaborative approach to innovation and providing access to capability that will enhance the results of our innovation program.

Outlook

In 2016, our technology and innovation program will continue to focus on reducing our cost of supply. We will leverage our work on reducing exploration drilling costs into development drilling. Our work on long subsea tiebacks to remote facilities will be matured and we will continue to consider novel approaches to reducing the capital costs of our LNG facilities.

We will continue to develop predictive analytics tools and cognitive systems to capture the knowledge of the organisation and use this knowledge for better and more timely decisions. We will continue to invest in the capability of our people to innovate and collaborate with established technology providers on early adoption and practical application.

The CIIC is an innovative space to collaborate and to connect leading talent under the FutureLab enterprise analytics work stream.

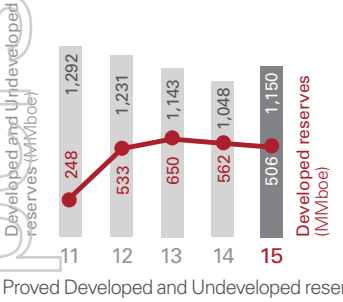
RESERVES AND RESOURCE STATEMENT

Developed and Undeveloped reserves additions of 193.9 MMboe (Proved) and 264.8 MMboe (Proved and Probable), replacing more than 200% of production for 2015.

2015 Key performance highlights

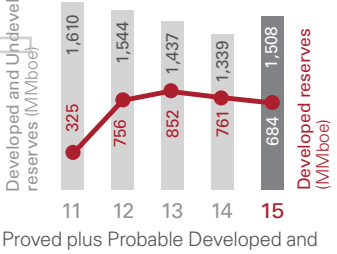
- Acquired 193.7 MMboe of Proved Developed and Undeveloped reserves, increasing resource base by 10% post 2015 annual production.
- Extended Proved and Probable (2P) Developed and Undeveloped reserves life to 16 years.
- Increased Developed reserves by 19.1MMboe (Proved) and 25.3 MMboe (Proved plus Probable) with the start-up of the Goodwyn (GHA/B) and Vincent Phase IV projects.
- Increased our best estimate Contingent resource by 152%, primarily driven by the 15 Tcf acquisition of unconventional gas resources in the Liard and Horn River Basins within Canada.
- Discovered 68 MMboe of net Contingent resources for Pluto with the Pyxis-1 exploration well.

Proved reserves*



Proved Developed and Undeveloped reserves increased by 101.9 MMboe due to acquisitions and positive annual reserves revisions offsetting production and volumes transferred from reserves.

Proved plus Probable reserves*



Proved plus Probable Developed and Undeveloped reserves increased by 169.5 MMboe due to acquisitions and positive annual reserves revisions offsetting production and volumes transferred from reserves.

Woodside's reserves[1,2,3,4] and contingent resources[5] overview*

	Dry gas[6] Bcf[8]	Condensate[7] MMbbl[9]	Oil MMbbl	Total MMboe[10]
Proved[11] Developed[12] and Undeveloped[13]	5,827.9	105.3	22.4	1,150.1
Proved Developed	2,517.6	41.9	22.4	506.0
Proved Undeveloped	3,310.3	63.4	0.0	644.1
Proved plus Probable[14] Developed and Undeveloped	7,591.1	133.5	42.6	1,508.0
Proved plus Probable Developed	3,349.8	53.6	42.6	683.9
Proved plus Probable Undeveloped	4,241.3	79.9	0.0	824.1
Contingent resources	23,106.2	237.8	106.5	4,398.1

Key metrics

		Proved	Proved plus Probable
2015 reserves replacement ratio[15]	%	206	276
Organic 2015 reserves replacement ratio[16]	%	4	1
Three-year reserves replacement ratio	%	72	88
Organic three-year reserves replacement ratio	%	5	(4)
Reserves life[17]	Years	12	16
Annual production[18]	MMboe	96.1	96.1
Net acquisitions and divestments	MMboe	193.9	264.8

Proved (1P) Developed and Undeveloped reserves annual reconciliation by product*

	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Reserves at 31 December 2014	5,263.3	94.9	30.0	1,048.3
Revision of previous estimates[19]	5.7	1.0	3.7	5.7
Transfer to/from reserves	(0.1)	0.0	(1.6)	(1.6)
Extensions and discoveries[20]	0.0	0.0	0.0	0.0
Acquisitions and divestments	990.9	17.4	2.6	193.9
Annual production	432.0	8.0	12.4	96.1
Reserves at 31 December 2015	**5,827.9**	**105.3**	**22.4**	**1,150.1**

Proved plus Probable (2P) Developed and Undeveloped reserves annual reconciliation by product*

	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Reserves at 31 December 2014	6,653.6	117.1	54.1	1,338.5
Revision of previous estimates	14.3	0.9	(0.3)	3.1
Transfer to/from reserves	(0.1)	0.0	(2.2)	(2.2)
Extensions and discoveries	0.0	0.0	0.0	0.0
Acquisitions and divestments	1,355.9	23.5	3.4	264.8
Annual production	432.0	8.0	12.4	96.1
Reserves at 31 December 2015	**7,591.7**	**133.5**	**42.5**	**1,508.0**

Best estimate Contingent resources (2C) annual reconciliation by product*

	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Contingent resources at 31 December 2014	7,766.9	235.6	144.6	1,742.9
Transfer to/from reserves	0.1	0.0	2.2	2.2
Revision of previous estimates	32.1	0.6	(40.4)	(34.2)
Extensions and discoveries	366.1	3.5	0.0	67.7
Acquisitions and divestments	14,941.0	(1.9)	0.1	2,619.5
Contingent resources at 31 December 2015	**23,106.2**	**237.8**	**106.5**	**4,398.1**

Proved (1P) Developed and Undeveloped reserves summary by region*

Region	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Pluto[21]	3,001.4	46.4	0.0	573.0
North West Shelf[22]	1,836.8	41.5	10.1	373.8
Greater Exmouth[23]	0.0	0.0	11.9	11.9
Other Australia[24]	0.0	0.0	0.5	0.5
Wheatstone[25]	968.0	17.4	0.0	187.2
Canada[26]	21.7	0.0	0.0	3.8
Reserves	**5,827.9**	**105.3**	**22.4**	**1,150.1**

*Small differences are due to rounding.

Refer to page 40 for notes to the reserves and resource statement.

Proved (1P) Developed reserves summary by region*

Region	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Pluto[27]	1,186.3	15.8	0.0	223.9
North West Shelf	1,309.5	26.1	10.1	266.0
Greater Exmouth	0.0	0.0	11.9	11.9
Other Australia	0.0	0.0	0.5	0.5
Wheatstone	0.0	0.0	0.0	0.0
Canada	21.7	0.0	0.0	3.8
Reserves	**2,517.6**	**41.9**	**22.4**	**506.0**

Proved (1P) Undeveloped reserves summary by region*

Region	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Pluto	1,815.1	30.6	0.0	349.1
North West Shelf	527.2	15.3	0.0	107.8
Greater Exmouth	0.0	0.0	0.0	0.0
Other Australia	0.0	0.0	0.0	0.0
Wheatstone	968.0	17.4	0.0	187.2
Canada	0.0	0.0	0.0	0.0
Reserves	**3,310.3**	**63.4**	**0.0**	**644.1**

Proved plus Probable (2P) Developed and Undeveloped reserves summary by region*

Region	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Pluto	4,216.4	63.0	0.0	802.7
North West Shelf	2,020.7	47.0	14.9	416.4
Greater Exmouth	0.0	0.0	27.2	27.2
Other Australia	0.0	0.0	0.5	0.5
Wheatstone	1,309.1	23.5	0.0	253.2
Canada	45.5	0.0	0.0	8.0
Reserves	**7,591.7**	**133.5**	**42.6**	**1,508.0**

Proved plus Probable (2P) Developed reserves summary by region*

Region	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Pluto	1,893.0	24.9	0.0	357.0
North West Shelf	1,411.2	28.7	14.9	291.2
Greater Exmouth	0.0	0.0	27.2	27.2
Other Australia	0.0	0.0	0.5	0.5
Wheatstone	0.0	0.0	0.0	0.0
Canada	45.6	0.0	0.0	8.0
Reserves	**3,349.8**	**53.6**	**42.6**	**683.9**

Proved plus Probable (2P) Undeveloped reserves summary by region*

Region	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Pluto	2,323.4	38.2	0.0	445.8
North West Shelf	609.5	18.3	0.0	125.2
Greater Exmouth	0.0	0.0	0.0	0.0
Other Australia	0.0	0.0	0.0	0.0
Wheatstone	1,309.1	23.5	0.0	253.2
Canada	0.0	0.0	0.0	0.0
Reserves	**4,242.0**	**79.9**	**0.0**	**824.1**

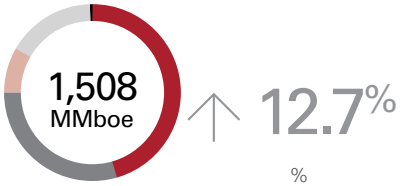
Best estimate Contingent resources (2C) summary by region*

Region	Dry gas Bcf	Condensate MMbbl	Oil MMbbl	Total MMboe
Greater Browse[28]	4,881.0	142.6	0.0	998.9
Greater Sunrise[29]	1,716.8	75.6	0.0	376.7
Greater Pluto	949.2	11.9	0.0	178.5
Greater Exmouth	307.4	2.1	79.9	135.8
North West Shelf	168.8	4.9	15.1	49.6
Other Australia	65.5	0.5	11.5	23.5
Wheatstone	17.5	0.3	0.0	3.4
Canada	15,000.0	0.0	0.0	2,631.6
Total	**23,106.2**	**237.8**	**106.5**	**4,398.1**

*Small differences are due to rounding.

Refer to page **40** for notes to the reserves and resource statement.

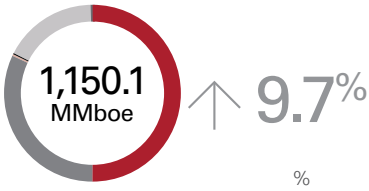
Proved plus Probable reserves
(Developed and Undeveloped)



	%
Developed	45
Greater Pluto Undeveloped	30
NWS Undeveloped	8
Wheatstone Undeveloped	17
Other Undeveloped	0

At year end of 2015, 45% of the Proved plus Probable reserves were categorised as Developed, down from 57% in 2014.

1P Reserves by region
(Developed and Undeveloped)

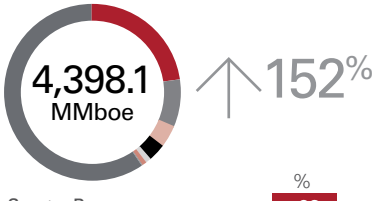


	%
Greater Pluto	50
NWS	33
Greater Exmouth	1
Other Australia	<1
Wheatstone	16
Canada	<1

2P Reserves by region
(Developed and Undeveloped)

	%
Greater Pluto	53
NWS	28
Greater Exmouth	2
Other Australia	0
Wheatstone	17
Canada	<1

2C Contingent resource by region



	%
Greater Browse	23
Greater Sunrise	9
Greater Pluto	4
Greater Exmouth	3
NWS	1
Other Australia	<1
Wheatstone	0
Canada	60

Governance and assurance

Woodside, as an Australian company listed on the Australian Securities Exchange, reports its petroleum resource estimates using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS).

Woodside has several processes to provide assurance for reserves reporting, including the Woodside Reserves Policy, the Petroleum Resources Management Operating Standard, staff training and minimum competency levels and external reserves audits. On average, more than 99% of Woodside's Proved Reserves have been externally verified by independent review over the past four years.

Unless otherwise stated, all petroleum resource estimates are quoted as net Woodside share at standard oilfield conditions of 14.696 pounds per square inch (psi) (101.325 (kPa)) and 60 degrees Fahrenheit (15.56 degrees Celsius).

Qualified petroleum reserves and resources evaluator statement

The Reserves and Resources Statement is based on and fairly represents information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. The Reserves and Resources Statement has been approved by Mr Ian F Sylvester, Woodside's Vice President of Reservoir Management, who is a full-time employee of the company and a member of the Society of Petroleum Engineers. Mr Sylvester's qualifications include a Master of Engineering (Petroleum Engineering) from Imperial College, University of London, England, and more than 20 years of relevant experience. Mr Sylvester has consented in writing to the inclusion of this information in this report.

Notes to the reserves and resource statement

1 'Reserves' are estimated quantities of petroleum that have been demonstrated to be producible from known accumulations in which the company has an interest from a given date forward, at commercial rates, under presently anticipated production methods, operating conditions, prices and costs.

2 Assessment of the economic value of a project, in support of a reserves classification, uses Woodside Portfolio Economic Assumptions (PEAs). The PEAs are reviewed on an annual basis or more often if required. The review is based on historical data and forecast estimates for economic variables such as product prices and exchange rates. The PEAs are approved by the Woodside Board. Specific contractual arrangements for individual projects are also taken into account.

3 Woodside uses both deterministic and probabilistic methods for estimation of petroleum resources at the field and project levels. Unless otherwise stated, all petroleum estimates reported at the company or region level are aggregated by arithmetic summation by category. Note that the aggregated Proved level may be a very conservative estimate due to the portfolio effects of arithmetic summation.

4 Woodside reports reserves net of the fuel and flare required for production, processing and transportation up to a reference point. For offshore oil projects, the reference point is defined at the outlet of the FPSO. For onshore LNG projects, the reference point is defined as the inlet to the downstream (onshore) processing facility. Downstream fuel and flare represents 11.9% of Woodside's Proved (Developed and Undeveloped) reserves, and 11.8% of Proved plus Probable (Developed and Undeveloped) reserves.

5 'Contingent resources' are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Woodside reports Contingent resources net of the fuel and flare required for production, processing and transportation up to a reference point and non-hydrocarbons not present in sales products. Contingent resources estimates may not always mature to reserves and do not necessarily represent future reserves classifications. All Contingent resource volumes are reported at the 'Best Estimate' (P50) confidence level.

6 'Dry gas' is defined as 'C4 minus' petroleum components including non-hydrocarbons. These volumes include LPG (propane and butane) resources. Dry gas reserves and contingent resources include 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales product.

7 'Condensate' is defined as 'C5 plus' petroleum components.

8 'Bcf' means Billions (10^9) of cubic feet of gas at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 degrees Celsius).

9 'MMbbl' means millions (10^6) of barrels of oil and condensate at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 degrees Celsius).

10 'MMboe' means millions (10^6) of barrels of oil equivalent. Consistent with international practice, dry gas volumes are converted to oil equivalent volumes via a constant conversion factor, which for Woodside is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate are converted from MMbbl to MMboe on a 1:1 ratio.

11 'Proved reserves' are those reserves which analysis of geological and engineering data suggests, to a high degree of certainty (90% confidence), are recoverable. There is relatively little risk associated with these reserves.

12 'Developed reserves' are those reserves that are producible through currently existing completions and installed facilities for treatment, compression, transportation and delivery, using existing operating methods and standards.

13 'Undeveloped reserves' are those reserves for which wells and facilities have not been installed or executed but are expected to be recovered through future investments.

14 'Probable reserves' are those reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. There is at least a 50% probability that the quantities actually recovered will exceed the sum of estimated Proved plus Probable reserves.

15 The 'reserves replacement ratio' is the reserves (Developed and Undeveloped) change during the year, before the deduction of production, divided by production during the year. The 'three-year reserves replacement ratio' is the reserves (developed and undeveloped) change over three years, before the deduction of production for that period, divided by production during the same period.

16 The 'organic annual reserves replacement ratio' is the reserves (Developed and Undeveloped) change during the year, before the deduction of production and adjustment for acquisition and divestments, divided by production during the year.

17 The 'reserves' life is the reserves (Developed and Undeveloped) divided by production during the year.

18 'Annual production' is the volume of dry gas, condensate and oil produced during the year and converted to 'MMboe' for the specific purpose of reserves reconciliation and the calculation of reserves replacement ratios. The 'Reserves and Resources Statement' annual production differs from production volumes reported in the company's annual and quarterly reports due to differences between sales and reserves product definitions, reserves reported gross of downstream fuel and flare and the 'MMboe' conversion factors applied.

19 'Revision of previous estimates' are changes in previous estimates of reserves or contingent resources, either up or down, resulting from new information normally obtained from development drilling and production history or resulting from a change in economic factors.

20 'Extensions and discoveries' represent additions to reserves or contingent resources that result from increased areal extensions of previously discovered fields, discovery of reserves in new fields or new reservoirs in old fields.

21 The 'Greater Pluto' region comprises the Pluto-Xena, Larsen, Martell, Martin, Noblige, Remy, Alaric and Cadwallon fields.

22 The 'North West Shelf' (NWS) includes all oil and gas fields within the North West Shelf Project Area. As the NWS consists of a portfolio of fields, probabilistic aggregation is more appropriate than arithmetic summation as inter-field dependencies reflecting different reservoir characteristics between fields are incorporated. Probabilistic aggregation of individual fields in the NWS accounts for 14.3% of NWS Proved (Developed and Undeveloped) dry gas reserves, 18.6% of NWS Proved (Developed and Undeveloped) condensate reserves.

23 The 'Greater Exmouth' region comprises Vincent, Enfield, Stybarrow-Eskdale, Greater Laverda, Cimatti, Ragnar and Toro fields.

24 'Other Australia' comprises the Laminaria-Corallina and Argus fields.

25 'Wheatstone' comprises the Julimar and Brunello fields.

26 'Canada' comprises unconventional resources in the Liard and Horn River Basins.

27 Material concentrations of reserves in the Greater Pluto and North West Shelf regions have remained undeveloped for longer than 5 years from the date they were initially reported as the incremental reserves are expected to be recovered through future developments to meet long-term contractual commitments. The incremental projects are included in the company business plan, demonstrating the intent to proceed with the developments.

28 'Greater Browse' comprises the Brecknock, Calliance and Torosa fields. For the Browse FLNG development, the reference point is defined as the outlet of the FLNG facility, which means Contingent resources are reported excluding the fuel and flare required for production and processing up to the reference point.

29 'Greater Sunrise' comprises the Sunrise and Troubadour fields.

GROWTH

We maintained focus on organic and inorganic growth opportunities, executing high-impact exploration activities and progressing significant developments and new business opportunities.

We maintain a disciplined approach to investment decisions with a mindset that oil prices could remain lower for longer.

GROWTH

ORGANIC[1]

GLOBAL EXPLORATION

Block A-6

Gas discovery in the Shwe Yee Htun-1 well

The discovery of gas and reservoir quality rock substantially de-risks the petroleum system, currently identified leads in the block and our adjacent acreage.

Read more on page 42.

DEVELOPMENT

Appraise

Kitimat LNG

The Kitimat LNG Project offers a ground-floor entry position in one of the most advanced LNG opportunities in Western Canada.

Read more on page 47.

FEED

Greater Enfield

The Greater Enfield Joint Venture participants approved entry into the front-end engineering and design (FEED) phase.

Read more on page 45.

INORGANIC[2]

BUSINESS DEVELOPMENT OPPORTUNITIES

MoU

Sempra LNG

Woodside entered into a non-binding Memorandum of Understanding (MoU) with Sempra LNG for a potential development.

Read more on page 47.

1. Growth through exploration and development of existing assets held by Woodside.
2. Growth through the acquisition of assets.

GLOBAL EXPLORATION

Exploration is focused on building a material balanced global portfolio to provide future growth opportunities for the business.

2015 Key performance highlights

- Discovered gas at Pyxis-1, offshore Western Australia, resulting in the addition of 68 MMboe of net Contingent resources (2C) for Pluto.
- Discovered gas at the Shwe Yee Htun-1 exploration well in Block A-6 in the Rakhine Basin, located offshore Myanmar. The discovery of gas and reservoir quality rock substantially de-risks the petroleum system, currently identified leads in the block and our adjacent acreage.
- Drilled a further four wells worldwide, with the Hongge-1 well in the Republic of Korea confirming the presence of a petroleum system, but a non-commercial discovery.
- Acquired 2,200 km^2 of new marine 3D seismic data in New Zealand and commenced 3D seismic data acquisition in Myanmar.
- Achieved a significant efficiency gain in Myanmar through the deployment of a record number (18) of streamers on the PGS vessel Ramform Titan.
- Acquired almost 1,630 line km of new 2D data in Morocco, Peru and Tanzania.

Future objectives

- Drill up to three wells in 2016 (Thalin-1 in Myanmar, Skippy Rock-1 and Stokes in Australia) and commence preparations for drilling up to six wells in 2017.
- Conduct 3D and 2D marine seismic surveys in Myanmar and 3D marine seismic surveys in Ireland and Gabon.
- Continue to pursue opportunities in our focus areas that leverage our deepwater skills and technology capabilities.
- Continue our disciplined, technical approach to growing our portfolio, in line with our global exploration strategy.
- Minimise the costs of our exploration activities by taking advantage of the lower oil price environment.

Exploration strategy in 2015

During 2015, we focused on maturing our international captured acreage and aggregating our positions across our three focus areas: Australia and the Asia-Pacific, the Atlantic Margins and Sub-Saharan Africa. Our efforts built on the significant progress we made in 2013 and 2014 in rebalancing our global exploration portfolio, in terms of basin maturity, geographic focus and mix of oil and gas and leveraging our deepwater and technology capabilities.

We carried out exploration activities across our portfolio, making gas discoveries at Pyxis-1, in the Pluto Production Licence, in April 2015 and at Shwe Yee Htun-1, in Block A-6 in Myanmar's Rakhine Basin, in December 2015. Sub-commercial hydrocarbons were encountered in exploration wells drilled in the Republic of Korea (Hongge-1) and Cameroon (Cheetah-1). The results will be integrated into further reviews of permit prospectivity.

We maintained a disciplined approach to new growth opportunities and to the management of our existing portfolio by applying rigorous financial and technical criteria. In line with this approach, in early 2015, Woodside elected not to enter the First Extension Period for the Lake Tanganyika South Production Sharing Contract (PSC) in Tanzania, meaning this opportunity was not pursued.

We continued to enhance our global exploration culture, capabilities and technical excellence, further increasing our international presence and profile.

We maintained a focus on delivering future value creation for the business through our strategy of building a material quality portfolio and execution of exploration activities.

The lower oil price environment also saw us achieve significant cost savings and efficiencies in our exploration activities, including through reduced rates in contracts for seismic vessels.

Australia

During 2015, we drilled three wells offshore north-western Australia:

- Pyxis-1 in the Pluto Production Licence WA-34-L resulted in a gas discovery and the addition of 68 MMboe of net Contingent resources (2C);
- Anhalt-1 in the Outer Canning basin permit WA-462-P resulted in a dry hole; and
- Malaguti-1 in the Exmouth Sub-basin permit WA-271-P resulted in a dry hole.

Preliminary data from the 4,058 km^2 North West Shelf Fortuna 3D marine seismic survey was processed and interpretation commenced. A number of new leads were identified, and the existing portfolio was screened based on these data. Final data from the Fortuna survey was delivered in January 2016 and interpretation is underway to deliver drill candidates for 2017 drilling.

Portfolio management remained a key focus in 2015, reflecting Woodside's disciplined approach. As a consequence of our evaluation of low-remaining prospectivity following seismic or drilling activity, eight Australian exploration permits were relinquished during the year. A farm-out of our participating interest from 100% to 60% was completed for permit WA-483-P in the Northern Carnarvon Basin, in order to preserve an appropriate risk to equity balance.

Woodside retains an interest in 24 Australian exploration permits, providing rights to explore 70,000 km^2 of the North West Shelf.

Planning continues for the drilling of Skippy Rock -1 and side track (Skippy Rock – 1ST1, also known as 'Stokes Prospect') in 2016 in permit WA-472-P in the Beagle Sub-basin. This well will test a new play concept with an oil focus.

Cameroon

Woodside 30% (non-operator)

The Cheetah-1 exploration well drilled in Q2 and Q3 2015 discovered sub-commercial hydrocarbons. The joint venture continues to integrate the Cheetah-1 results into a review of the prospectivity of the permit.

Canada (Nova Scotia)

Woodside 20% (non-operator)

Processing by the operator of the Tangiers 3D marine seismic survey is ongoing. Numerous leads have been identified by the operator in the preliminary seismic data set. Subsequent to year end, the first of the final products from the processing were delivered in January 2016.

Gabon

Woodside 40% (non-operator)

The operator commenced planning for a 2,500 km^2 3D seismic survey that is expected to start in Q1 2016.

Ireland

FEL 5/13 Woodside 90% (operator)
FEL 3/14 Woodside 85% (operator)
FEL 4/14 Woodside 85% (operator)
FEL 5/14 Woodside 60% (operator)

All existing 3D seismic surveys within our licence areas in the Porcupine Basin were reprocessed to improve data quality and mature drilling candidates. A new 3D seismic survey is planned for mid-2016 to mature the 2D lead portfolio.

Several environmental studies were completed, including a scientific survey of cetacean behaviour in the Porcupine Basin that provided new insights into whale behaviour. Results will be used to manage any future operations in the area.

Morocco

Rabat Ultra Deep Offshore Reconnaissance Licence Woodside 75% (operator)
Rabat Deep Offshore blocks I-VI Woodside 25% (non-operator)

In the Rabat Ultra Deep Offshore Reconnaissance Licence, Woodside acquired 1,074 km of 2D seismic data. Subsequent to year end, processing of the data was completed in January 2016.

Ministerial approval for entering the First Renewal Period of the Reconnaissance Licence was provided on 30 December 2015, with the licence now expiring 14 December 2016.

In the Rabat Deep Offshore blocks I-VI, the operator is continuing geological and geophysical studies following a successful multi-beam sonar and geochemical coring program.

Myanmar

A-6 Woodside 40% (joint operator)
AD-7 Woodside 40% (operator for drilling)
A-7 Woodside 45% (operator)
AD-5 Woodside 55% (operator)
A-4 Woodside 45% (non-operator)
AD-2 Woodside 45% (non-operator)

Gas was discovered at the Shwe Yee Htun-1 exploration well in Block A-6 in the Rakhine Basin, located offshore Myanmar. The discovery of gas and reservoir quality rock substantially de-risks currently identified leads in the block.

On 4 January 2016, Woodside announced that approximately 15 m of net gas pay was interpreted within the primary target interval. The net gas pay figure increased to approximately 32 m following completion of nuclear magnetic resonance and resistivity image logging, formation fluid sampling and pressure testing.

Reservoir studies will be undertaken to evaluate the contingent resource volume during 2016.

The Thalin-1 well in Block AD-7 commenced drilling activities in January 2016.

Extensive 2D and 3D seismic surveys (including gravity and magnetic data recording) over Blocks A-4, A-7, AD-2 and AD-5 commenced in late 2015 and will continue into Q2 2016. Programs of extensive seabed coring in Blocks A-4, A-7, AD-2 and AD-5 are also planned to commence in 2016.

Since the seismic acquisition commenced, seismic operator PGS' vessel Ramform Titan has achieved a world record for number of streamers towed (18). Acquisition rates have been up to 160 km^2 per day.

The AD-7 PSC was amended to provide for the expansion of Block AD-7, adding 1,100 km^2 (70%) to the Block's area. A 1,200 km^2 3D survey will be acquired, mainly in the expansion area, in early 2016.

New Zealand

Woodside 70% (operator)

During the first half of the year, Woodside and joint venture participant New Zealand Oil & Gas Limited completed the 1,170 km^2 Toroa 3D marine seismic survey in the Great South Basin (permit PEP55974) and the 1,086 km^2 Vulcan 3D marine seismic survey in the Taranaki Basin (permit PEP55793).

Interpretation of the preliminary seismic dataset occurred during 2H 2015. Processing of the data is underway and final products will be available in Q2 2016. Interpretation of the final data in the permits will support the maturation of existing leads towards a final prospectivity assessment by the end of 2016.

Peru

Woodside 35% (non-operator)

In Block 108, the operator acquired and processed 527 km of new 2D seismic data. Surface geology was mapped in detail along each line, and gravity and magnetic profiles were recorded. Initial interpretation of the new data indicates that leads and prospects can be matured to drilling candidates. Environmental approvals have been secured for a number of potential drilling locations, with up to two wells planned for 2017.

Republic of Korea

Woodside 50% (operator exploration)

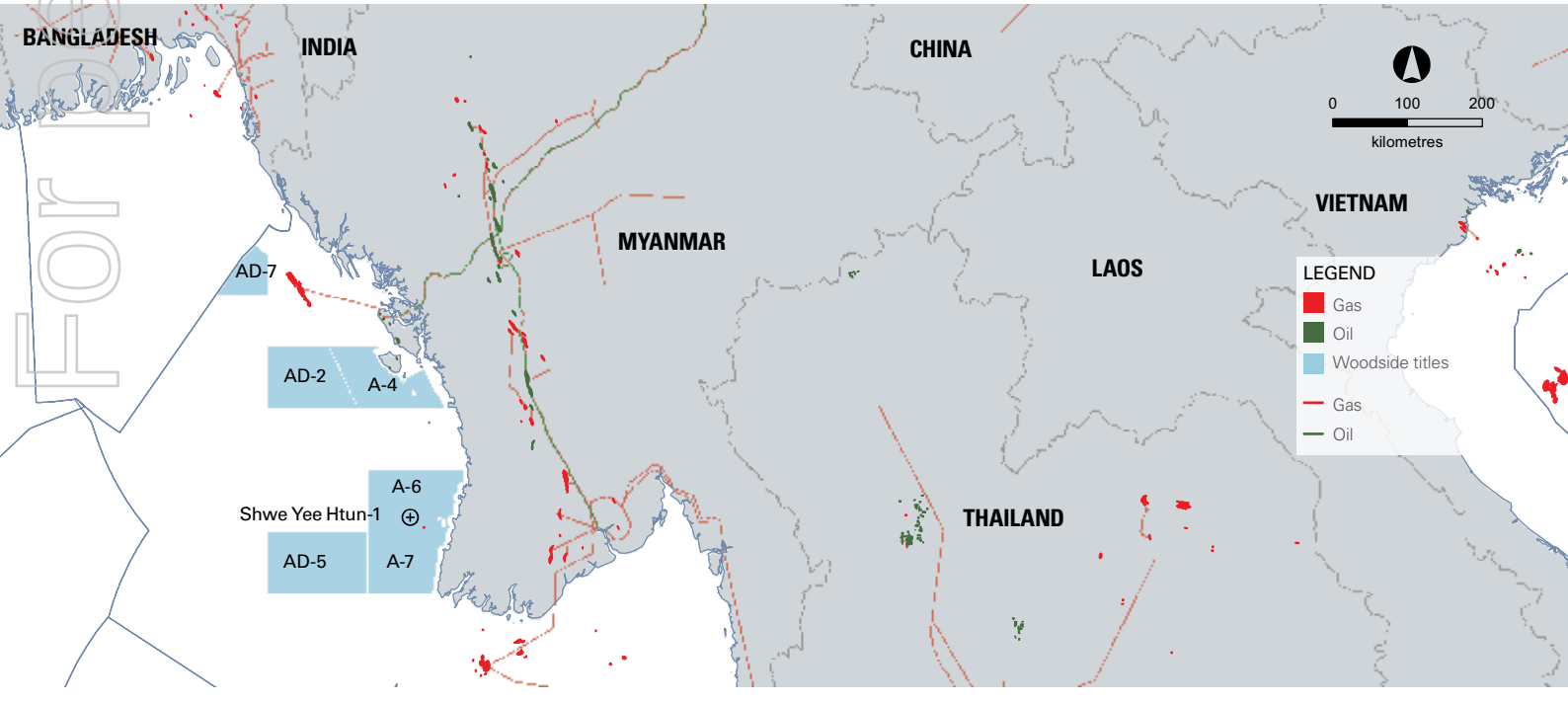
In the Ulleung Basin Block 8/6-1N, the Hongge-1 exploration well reached a total depth of 3,900 m below the rotary table. Drilling confirmed the presence of a petroleum system with a significant gas column within the primary target. However, a high percentage of inert gas in the hydrocarbon column has resulted in a non-commercial discovery. Woodside will continue to work closely with the Korea National Oil Corporation to analyse the well result and integrate with planned regional studies.

Spain (Canary Islands)

Woodside 30% (non-operator)

Woodside continues to work with the joint venture to determine the next steps in the Canarias Permits 1-9.

Gas was discovered at the Shwe Yee Htun-1 exploration well in Block A-6 in the Rakhine Basin, located offshore Myanmar.



DEVELOPMENT

Wheatstone

Woodside 13% (non-operator)

Woodside brings more than 30 years of project development and operational experience to the world-class Wheatstone Project as a joint venture participant.

2015 Key performance highlights

- Established an integrated Julimar Project delivery team.
- Continued installation of the Julimar and Brunello subsea infrastructure.
- Progressed key milestone activities for the Wheatstone Project.

Future objectives

- Achieve ready for start-up for the Julimar Project in 2H 2016.
- Achieve first LNG by mid-2017.

Development update

Woodside has interests in the Wheatstone Project and the Julimar Project (refer to *Diagram A*).

Woodside's 13% non-operated interest in the Wheatstone Project includes the offshore platform, the pipeline to shore and the onshore plant located near Onslow, in Western Australia's Pilbara region, but excludes the Wheatstone and Iago fields and subsea infrastructure.

The onshore plant includes a two-train 8.9 mtpa (100%) LNG development and a 200 TJ per day domestic gas plant. LNG and condensate will be exported, and domestic gas will be transported via pipeline to the Dampier Bunbury Natural Gas Pipeline.

Woodside is operator of the Julimar Project, with a 65% interest in the Julimar and Brunello fields. The Julimar Project is a subsea development that will supply raw gas and condensate from the fields, located approximately 180 km west-north-west of Dampier, to the Wheatstone offshore platform. The platform is 225 km from the onshore plant site and within Commonwealth waters.

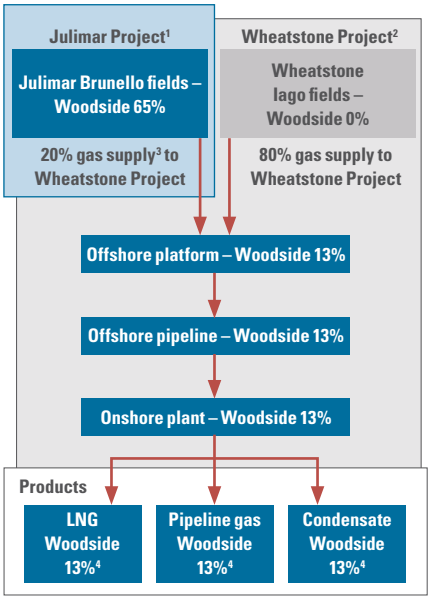
In 2015, an integrated Julimar Project delivery team was formed to execute the remaining subsea infrastructure installation works. Woodside will commission and operate the Julimar and Brunello gas and condensate wells and flowlines.

In 2015, the Wheatstone Project progressed key milestones, including installation and connection of all subsea infrastructure and flow lines and commissioning of the offshore platform.

Marketing

The Julimar and Brunello fields will supply approximately 20% of the Wheatstone Project's foundation capacity of natural gas. The remaining 80% will be supplied from the Chevron-operated Wheatstone and Iago fields. Woodside has significantly expanded our marketing portfolio, and uncontracted volumes from our share of production, when available, will form part of our overall LNG equity portfolio. At least 15% of the quantity of LNG processed from Woodside titles is committed to domestic gas.

Diagram A: Woodside's equity interests



All figures are approximate. Product percentage depends on supply gas composition.

1. *Operator: Woodside.*
2. *Shared facilities, Woodside non-operator.*
3. *Woodside's 65% share of the Julimar Project's 20% gas supply equates to 13% of the gas supply to the Wheatstone onshore plant.*
4. *Depends on supply gas composition.*

Outlook

The Wheatstone Project is more than 65% complete[5], targeting first LNG in mid-2017. The Julimar Project is more than 80% complete and remains on target to achieve start-up on budget and schedule in 2H 2016, as committed to the Wheatstone Project.

5. Source: Chevron.

Wheatstone forecast[6]

	December 2014 estimate	February 2016 estimate	Variance
	US$ m	US$ m	US$ m
2015		1,018	
2016		~760	
2017		~80	
Total	1,800[7]	1,858	58

6. Includes the Julimar Project.

7. Average spend of $600 million per year from 2015 – 2017 as advised 16 December 2014.

All Train 1 process modules required for first LNG have been delivered to the Wheatstone LNG plant site. Image courtesy of Chevron Australia.

Greater Enfield

Woodside 60% (operator)

The proposed Greater Enfield Development entered the front-end engineering and design (FEED) phase on 21 August 2015.

2015 Key performance highlights

- Entered the FEED phase.
- Commenced tendering activities for key execute phase scopes of work.
- Issued a preliminary Field Development Plan (FDP) for regulatory review.
- Executed in-field geophysical, geotechnical and environmental survey activities.

Future objectives

- Target cost savings to enhance development value and business case.
- Submit a final FDP.
- Target a final investment decision (FID) in late 2016.

Development update

The potential development involves the tieback of the Laverda and Cimatti oil fields, through a 31 km flowline to the Ngujima-Yin floating production storage and offloading (FPSO) vessel.

The development is targeting gross (100%) contingent resources (2C) of 70 MMboe (net Woodside share of 42 MMboe) and is located 50 km off the North West Cape in Western Australia.

In 2015, studies focused on aggregating Laverda and Cimatti oil fields, making use of existing infrastructure. Following completion of the concept select and definition phases, the Greater Enfield Joint Venture participants approved entry into the FEED phase in August 2015.

Offshore geophysical and geotechnical surveys were completed and will assist in the FEED and detailed design activities.

An offshore environment survey was also completed, the results of which will assist in the preparation of the Environment Plan in 2016.

The preliminary FDP was submitted to the government regulatory authority, and feedback received, during Q4.

2016 Outlook

In 2016, we will continue to progress primary and secondary approvals, including the submission of a Production Licence application and a final FDP.

Our focus will remain on technical activities and delivering targeted cost savings.

The Greater Enfield Development is targeting an FID in late 2016.

Greater Western Flank Phase 2

Woodside 16.67% (operator)

2015 Key performance highlights

- Completed the FEED phase.
- Secured acceptance of the final FDP and production licences.
- North West Shelf (NWS) Project participants approved the FID.

Future objectives

- Award remaining major contract packages.
- Continue manufacture and fabrication of project infrastructure.
- Commence drilling.

Development update

In December, the NWS Project participants approved the US$2.0 billion (100% project) Greater Western Flank Phase 2 (GWF-2) Project, which will develop approximately 317 MMboe (100% project) from the combined Keast, Dockrell, Sculptor, Rankin, Lady Nora and Pemberton fields using subsea infrastructure and a 35 km, 16" pipeline connecting to the existing Goodwyn A platform. Gas delivery will initially commence in 2H 2019 from five wells in the Lady Nora, Pemberton, Sculptor and Rankin fields, followed by the remaining three wells in the Keast and Dockrell fields in 1H 2020.

The GWF-2 Project is the fourth major gas development for the NWS Project in the past seven years, demonstrating a continued focus on maximising value from this world-class asset by delivering sanctioned projects and developing reserves.

The GWF-2 Project continues a series of NWS Project subsea tiebacks that are commercialising its gas reserves in a timely and efficient manner to extend plateau production.

GWF-2 is an economically robust project that will deliver significant value by applying Woodside's substantial experience in delivering major subsea tieback projects.

Our approach is to leverage Woodside scope and scale, both locally and globally, to reduce costs, increase reliability and deliver schedule predictability.

Standardising design and simplifying concept and execution enables increased repeatability, allows for synergies with other work scopes and helps to reduce risk and improve safety.

Working with potential suppliers throughout a disciplined and rigorous FEED phase, the project delivered significant cost reductions ahead of a final investment decision that supported improved project economics.

2016 Outlook

In 2016, we will complete the transition to the execute phase and award remaining major contract packages. Manufacture and fabrication of key project infrastructure will continue, and the project drilling campaign is expected to commence in 2016. We will continue to work with key contractors to deliver targeted cost savings.

Floating LNG provides a technically innovative solution to developing the remote, offshore Browse resources. Image courtesy of Shell.

Browse FLNG

Woodside 30.6% (operator)

The Browse Joint Venture participants entered the front-end engineering and design (FEED) phase on 30 June 2015. We are undertaking all of the activities required to finalise the costs and technical definition for the proposed development.

2015 Key performance highlights

- Entered the FEED phase.
- Agreed a Domestic Gas and Supply Chain Key Principles Agreement (KPA) with the State of Western Australia.
- Granted Commonwealth and State retention lease renewals.
- Granted Commonwealth environmental approval from the Minister for Environment.

Future objectives

- Deliver cost savings to enhance project value and business case.
- Complete the Browse Development Agreement (BDA) based on the KPA.
- Secure foundation LNG sales to support a final investment decision (FID).
- Submit Production Licence applications and a final Field Development Plan (FDP).

Development update

Woodside, as operator of the proposed Browse FLNG Development, is progressing the use of floating liquefied natural gas (FLNG) technology in conjunction with a subsea development as the development concept to commercialise resources in the Browse Basin.

The Brecknock, Calliance and Torosa fields – collectively known as the Browse resources – are estimated to contain gross (100%) Contingent resources (2C) of 16.0 Tcf of dry gas and 466 million barrels of condensate. The Browse resources are located approximately 425 kilometres north of Broome in Western Australia.

Following completion of the basis of design phase, the Browse Joint Venture participants entered the FEED phase on 30 June 2015. During the FEED phase we are undertaking all of the activities required to finalise the costs and technical definition for the proposed development. Further work is being undertaken to determine a range of details related to the commercialisation, timing and sequencing of FLNG deployment. FEED is the final stage before an FID is considered.

Woodside's participating interest in the Browse resources is 30.6% (net Woodside 2C share of 4.9 Tcf of dry gas and 142.6 MMbbl of condensate).

Government approvals

In July, the Commonwealth and State Governments granted Browse retention lease renewals for the Brecknock, Calliance and Torosa fields until 2020 and agreed the Torosa Apportionment Deed of Agreement.

In August, the Minister for Environment granted Commonwealth environmental approval under the *Environment Protection and Biodiversity Conservation Act 1999*.

Marketing

Woodside's Browse LNG and condensate entitlements will be marketed on an equity basis from Woodside's global portfolio. We continue discussions with a range of regional LNG customers regarding potential LNG sales.

Outlook

Woodside is targeting project cost reductions that reflect current pricing and LNG contracts that together deliver an economically robust project.

Kitimat LNG

Woodside 50% (non-operator)

The Kitimat LNG Project offers a ground-floor entry position in one of the most advanced LNG opportunities in Western Canada.

2015 Key performance highlights

- Drilled four appraisal wells to the planned target depth in the Liard Basin.
- Completed two development scale wells and brought them online.

Future objectives

Deliver earliest final investment decision (FID), subject to success in the following areas:

- reserves certainty through continued appraisal of the Liard Basin;
- a cost-competitive LNG solution at the Kitimat site;
- First Nation, government and community support;
- competitive fiscal framework; and
- sufficient LNG sales.

Development update

In April, Woodside acquired a 50% interest in the proposed Kitimat LNG Project. The project proposes to develop natural gas resources found in shale and tight rock formations in the Liard and Horn River Basins, covering approximately 620,000 acres (100% project), in north-eastern British Columbia. Gas will be transported via the proposed Pacific Trail Pipeline to a liquefaction facility at Bish Cove near Kitimat.

The project complements our existing portfolio and adds to the geographic diversity of our LNG business.

Approvals

All major provincial and federal environmental approvals are in place, including approval from the National Energy Board to export up to 10 mtpa of LNG (100% project).

Outlook

Woodside is focused on delivering a globally competitive project that is aligned with LNG market conditions.

In 2016, we will continue to appraise the Liard Basin, with engineering and design work focusing on generating a cost-competitive LNG solution. Efforts to secure sufficient LNG sales commitments will continue.

Woodside will maintain its engagement with First Nations and the community to ensure appropriate support, and with government to establish a competitive and stable fiscal framework.

The Liard and Horn River Basins cover approximately 620,000 acres and hold significant potential. Image courtesy of Chevron Canada.

Sunrise LNG

Woodside 33.44% (operator)

The Greater Sunrise fields were discovered in 1974 and hold gross (100%) Contingent resources (2C) of 5.1 Tcf of gas and 225.9 million barrels of condensate (net Woodside share of 1.7 Tcf of dry gas and 75.6 MMbbl of condensate). The fields are located approximately 150 km south-east of Timor-Leste and 450 km north-west of Darwin, Australia.

In 2015, Woodside, as operator of the Sunrise Joint Venture, maintained compliance with its title obligations and continued our social investment activities.

We remain committed to developing the Greater Sunrise fields once government alignment is established.

BUSINESS DEVELOPMENT OPPORTUNITIES

Grassy Point LNG

Woodside continues to investigate the potential of developing and operating an LNG processing and export facility at Grassy Point, on the north-west coast of British Columbia, Canada.

In February 2015, Woodside was granted a licence from the National Energy Board to export up to 20 mtpa of natural gas from the Grassy Point site for a period of up to 25 years.

Throughout 2015, we progressed the pre-application Environmental Assessment (EA) process required under the Sole Proponent Agreement. This includes a number of studies to understand potential environmental sensitivities.

As part of the EA process, we are working with First Nations, local, provincial and federal government agencies and the community to understand potential environmental, social, economic, health and heritage impacts.

Any decision to proceed with an LNG development at Grassy Point remains subject to a variety of approvals.

Sempra LNG

In June 2015, Woodside entered into a non-binding Memorandum of Understanding with Sempra LNG, an affiliate of Sempra Energy, to commence preliminary discussions and assessments for the potential development of a natural gas liquefaction facility at Port Arthur, Texas.

The proposed Port Arthur Liquefaction Project is located about 140 km east of Houston. The potential project includes two natural gas liquefaction trains with a total export capability of approximately 10 mtpa. Any decision by Woodside to proceed with a binding arrangement, including the establishment of a joint venture or partnership with Sempra LNG in relation to the project, remains subject to further due diligence and necessary internal and external approvals.

GOVERNANCE – BOARD OF DIRECTORS

a) MICHAEL A CHANEY, AO

Chairman – BSc, MBA, Hon LLD (UWA), FAICD
Director since November 2005
Chairman since July 2007
Independent: Yes
Age: 65
Residence: Perth, Australia

Experience

22 years with Wesfarmers Limited, including Managing Director and CEO from 1992 to 2005. Chairman of the National Australia Bank Limited (2004 to December 2015). Three years with investment bank Australian Industry Development Corporation (1980 to 1983), and prior to that eight years as a petroleum geologist working on the North West Shelf and in the USA and Indonesia. Previously a non-executive director of BHP Billiton Limited (1995 to 2005) and BHP Billiton Plc (2001 to 2005).

Committee membership

Chair of the Nominations Committee. Attends other Board committee meetings.

Current directorships/other interests

Chair: Wesfarmers Limited (director since June 2015).

Director: The Centre for Independent Studies Ltd (since 2000).

Chancellor: The University of Western Australia (since 2006).

Member: Prime Minister's Business Advisory Council (since 2013) and Commonwealth Science Council (since November 2014) and Australia-Germany Advisory Group.

Directorships of other listed entities within the past three years:
National Australia Bank Limited (2004 to December 2015).

b) PETER J COLEMAN

CEO and Managing Director – BEng, MBA, FATSE
Director since May 2011
Independent: No
Age: 55
Residence: Perth, Australia

Experience

More than 30 years in the global oil and gas business, including 27 years' experience with the ExxonMobil group, culminating as Vice President Development Company, with responsibility for leading development and project work in Asia-Pacific region. Appointed an Adjunct Professor in Corporate Strategy by the University of Western Australia in 2012.

Committee membership

Attends Board committee meetings.

Current directorships/other interests

Chair: Australia-Korea Foundation (since December 2014) and the Federal Government's Advisory Group on Australia-Africa Relations (since 2015).

Member: The University of Western Australia Business School Board (since 2011), Executive Committee of the Australia Japan Business Co-operation Council (since 2011), Australia-India Chief Executive Officers' Forum (since 2015) and Australian Institute of Company Directors.

Adviser: Monash Industry Council.

c) MELINDA A CILENTO

BA, BEc (Hons), MEc
Director since December 2008
Independent: Yes
Age: 50
Residence: Melbourne, Australia

Experience

Significant public and private sector experience in economic policy development and analysis. Deputy Chief Executive (2006 to 2010) and Chief Economist (2002 to 2010) of the Business Council of Australia. Previously worked with County Investment Management (now Invesco) as Head of Economics, the Department of Treasury and the International Monetary Fund.

Committee membership

Member of the Human Resources & Compensation, Sustainability and Nominations Committees.

Current directorships/other interests

Director: Australian Unity Limited (since 2014).

Co-Chair: Reconciliation Australia (Director since 2010) and NAB Advisory Council on Corporate Responsibility (member since 2013).

Commissioner (part-time): Productivity Commission (since December 2014).

Member: Advisory Panel of the Australian Scholarships Foundation and Australian Securities and Investments Commission External Advisory Panel (since 2013).

d) FRANK C COOPER, AO

BCom, FCA
Director since February 2013
Independent: Yes
Age: 60
Residence: Perth, Australia

Experience

More than 35 years' experience in corporate tax, specialising in the mining, energy and utilities sector, including most recently as a partner of PricewaterhouseCoopers. Director of Alinta Infrastructure Limited and Alinta Funds Management Limited (2005 to 2006).

Committee membership

Chair of the Audit & Risk, Member of the Human Resources & Compensation and Nominations Committees.

Current directorships/other interests

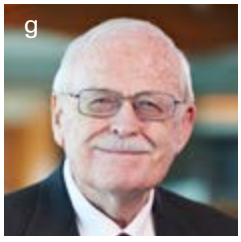
Chair: Insurance Commission of Western Australia, University of Western Australia Strategic Resources Committee.

Director: St John of God Australia Limited (since January 2015), South32 Limited (since May 2015).

Member: Senate of the University of Western Australia.

President: Western Australia division of the Australian Institute of Company Directors.

Trustee: St John of God Health Care (since January 2015).



e) CHRISTOPHER M HAYNES, OBE

FREng, CEng, FIMechE
Director since June 2011
Independent: Yes
Age: 68
Residence: United Kingdom

Experience
38-year career with Shell including as Executive Vice President, Upstream Major Projects within Shell's Projects and Technology Business, General Manager of Shell's operations in Syria and a secondment as Managing Director of Nigeria LNG Ltd. From 1999 to 2002 Dr Haynes was seconded to Woodside as General Manager of the North West Shelf Venture. Dr Haynes retired from Shell on 31 August 2011.

Committee membership
Member of the Audit & Risk, Sustainability and Nominations Committees.

Current directorships/other interests:
Director: WorleyParsons Limited (since 2012).

President: Energy Industries Council (since October 2015).

f) ANDREW JAMIESON, OBE

FREng, CEng, FIChemE
Director since February 2005
Independent: Yes
Age: 68
Residence: United Kingdom

Experience
Former Executive Vice President Gas and Projects of Shell Gas and Power International BV with more than 30 years' experience with Shell in Europe, Australia and Africa. From 1997 to 1999 Dr Jamieson was seconded to Woodside as General Manager North West Shelf Venture. Retired from Shell in June 2009.

Committee membership
Chair of the Human Resources & Compensation Committee, Member of the Sustainability and Nominations Committees.

Current directorships/other interests
Director: Hoegh LNG Partners (since 2014), Hoegh LNG Holdings and Gaztransport & Technigaz S.A. (GTT) (since 2015).

Chair: Seven Energy International Limited (Director since 2011).

President: Institution of Chemical Engineers (since 2015).

Directorships of other listed entities within the past three years: Velocys PLC (2010 to 2015).

g) DAVID I McEVOY

BSc (Physics), Grad Dip (Geophysics)
Director since September 2005
Independent: Yes
Age: 69
Residence: Sydney, Australia

Experience
34-year career with ExxonMobil involving extensive international exploration and development experience.

Committee membership
Chair of the Sustainability Committee. Member of the Audit & Risk and Nominations Committees.

Current directorships/other interests:
Director: AWE Limited (since 2006) and Seven Group Holdings Limited (since May 2015).

Directorships of other listed entities within the past three years: Acer Energy Limited (2002 to November 2012) and Po Valley Energy Ltd (2004 to May 2012).

h) SARAH E RYAN

PhD (Petroleum and Geophysics), BSc (Geophysics) (Hons 1), BSc (Geology)
Director since December 2012
Independent: Yes
Age: 49
Residence: Sunshine Coast, Australia

Experience
More than 20 years' experience in the oil and gas industry in various technical, operational and senior management positions, including 15 years with Schlumberger Limited. Currently an energy adviser for institutional investment firm Earnest Partners, having previously been responsible for research and portfolio management from 2007 until January 2014.

Committee membership
Member of the Audit & Risk, Sustainability and Nominations Committees.

Current directorships/other interests:
Director: Akastor ASA (since December 2014).

Directorships of other listed entities within the past three years:
Aker Solutions, ASA (May 2011 to December 2014).

i) GENE T TILBROOK

BSc, MBA
Director since December 2014
Independent: Yes
Age: 64
Residence: Perth, Australia

Experience
Broad experience in corporate strategy, investment and finance. Senior executive of Wesfarmers Limited between 1985 and 2009, including in roles as Executive Director Finance and Executive Director Business Development.

Committee membership
Member of the Audit & Risk, Human Resources & Compensation and Nominations Committees.

Current directorships/other interests:
Director: Orica Limited, GPT Group Limited and the Bell Shakespeare Company.

Directorships of other listed entities within the past three years:
Aurizon Holdings Limited (2010 to February 2016), Fletcher Building Limited (2009 to 2015).

Member: National Board and Western Australia division of the Australian Institute of Company Directors.

Councillor: Curtin University.

CORPORATE GOVERNANCE STATEMENT

We believe high standards of governance and transparency are essential.

Corporate governance at Woodside

Woodside is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect. We believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

Woodside's Compass is core to our governance framework. It sets out our mission, vision and strategic direction and core values of integrity, respect, working sustainably, working together, discipline and excellence. It's the overarching guide for everyone who works for Woodside.

Our corporate governance model is illustrated below. The Woodside Management System (WMS) sets out how Woodside provides management governance and assurance. It defines how Woodside will deliver its business objectives and the boundaries within which Woodside employees and contractors are expected to work. The WMS establishes a common approach to how we operate, wherever the location.

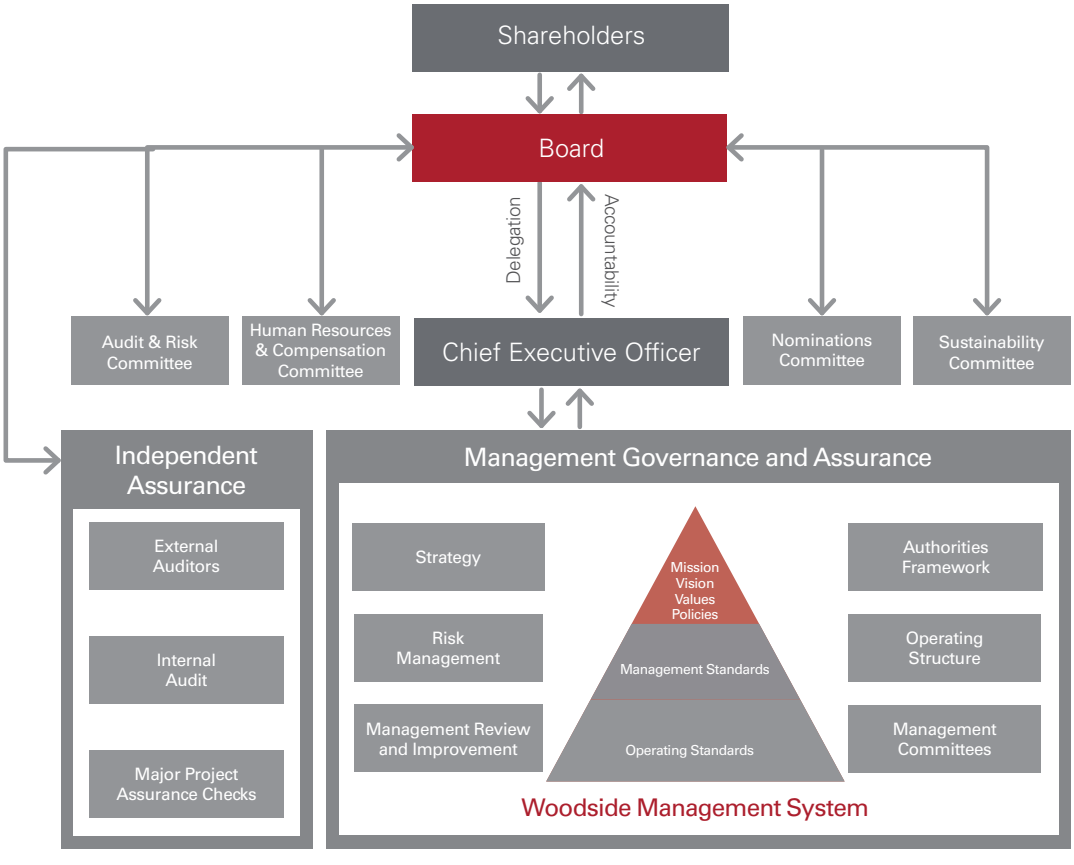
Throughout the 2015 year, Woodside's governance arrangements complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition).

Our Corporate Governance Statement reports on Woodside's key governance principles and practices. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and developments in corporate governance.

Woodside's Corporate Governance Statement can be viewed in the Governance and Compliance section of Woodside's website at: www.woodside.com.au/Working-Sustainably/governance-and-compliance.

The Corporate Governance Statement discusses arrangements in relation to Woodside's Board of directors, committees of the Board, shareholders, risk management and internal control, the external auditor relationship, and diversity.

Woodside's website also contains copies of Board and committee charters and copies of many of the policies and documents mentioned in the Corporate Governance Statement. The website is updated regularly to ensure it reflects Woodside's most current corporate governance information.



DIRECTORS' REPORT (including the Remuneration Report)

The directors of Woodside Petroleum Ltd present their report (including the Remuneration Report) together with the financial report of the consolidated entity, being Woodside Petroleum Ltd and its controlled entities, for the year ended 31 December 2015.

Directors

The directors of Woodside Petroleum Ltd in office at any time during or since the end of the 2015 financial year and information on the directors (including qualifications and experience and directorships of listed companies held by the directors at any time in the last three years), is set out on pages **48** and **49.**

The number of directors' meetings held (including meetings of committees of the Board) and the number of meetings attended by each of the directors of Woodside Petroleum Ltd during the financial year are shown in *Table 3* on page **6** of the Corporate Governance Statement.

Available on our website.

Details of director and senior executive remuneration are set out in the Remuneration Report.

The particulars of directors' interests in shares of the company as at the date of this report are set out on page **70**.

Principal activities

The principal activities and operations of the Group during the financial year were hydrocarbon exploration, evaluation, development, production and marketing.

Other than as previously referred to in the annual report, there were no other significant changes in the nature of the activities of the consolidated entity during the year.

Consolidated results

The consolidated operating profit attributable to the company's shareholders after provision for income tax was US$26 million (US$2,414 million in 2014).

Review of operations

A review of the operations of the Woodside Group during the financial year and the results of those operations are set out on pages **1** to **47**.

Significant changes in the state of affairs

The review of operations (pages **1** to **47**) sets out a number of matters which have had a significant effect on the state of affairs of the consolidated entity. Other than those matters, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events subsequent to end of financial year

Since the reporting date, the directors have declared a fully franked dividend. More information is available in the *Dividend section* below. No provision has been made for this dividend in the financial report as the dividend was not declared or determined by the directors on or before the end of the financial year.

Dividends

The directors have declared a final dividend out of profits of the company in respect of the year ended 31 December 2015 of US43 cents per ordinary share (fully franked) payable on 8 April 2016. The amount of this dividend will be US$354 million.

A fully franked final dividend of US144 cents per ordinary share was paid to shareholders on 25 March 2015 in respect of the year ended 31 December 2014. The amount of this dividend was US$1,186 million.

Together with the fully franked interim dividend of US66 cents per share paid to shareholders on 23 September 2015, the total dividend paid during the 2015 year was US210 cents per share fully franked.

Woodside's dividend reinvestment plan has been re-activated for the 2015 final dividend.

Likely developments and expected results

In general terms, the review of operations of the Group gives an indication of likely developments and the expected results of the operations. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

Environmental compliance

Woodside is subject to a range of environmental legislation in Australia and other countries in which it operates.

Details of Woodside's environmental performance are provided on page **34**.

Through its Health, Safety, Environment and Quality Policy, Woodside plans and performs activities so that adverse effects on the environment are avoided or kept as low as reasonably practicable.

Company secretaries

The following individuals have acted as company secretary during 2015:

Michael Abbott
BJuris, LLB, BA, MBA

Senior Vice President Corporate and Legal and General Counsel and Joint Company Secretary

Mr Abbott joined Woodside in 2007 and was appointed to the role of Senior Vice President Corporate and Legal and General Counsel in December 2014. He was appointed Joint Company Secretary effective 3 May 2012. Mr Abbott holds Bachelor of Laws and Bachelor of Arts degrees and a Masters of Business Administration. More information on Mr Abbott can be found on page **11**.

Warren Baillie
LLB, BCom, Grad. Dip. CSP

Company Secretary

Mr Baillie joined Woodside in 2005 and was appointed Company Secretary effective 1 February 2012. Mr Baillie holds Bachelor of Laws and Bachelor of Commerce degrees and is a solicitor and chartered secretary. He is a member of the National Board and Vice President of the Governance Institute of Australia.

REMUNERATION REPORT (AUDITED)

Contents

Summary index of tables

Overview

Guide to this report

This Remuneration Report outlines the remuneration arrangements in place and outcomes achieved for Woodside's key management personnel (KMP) during 2015. Woodside's KMP are those people who have a meaningful capacity to shape and influence the Group's strategic direction and performance through their actions, either collectively (in the case of the Board) or as individuals acting under delegated authorities (in the case of the CEO and his direct reports). The names and positions of the individuals who were KMP during 2015 are set out in *Table 1* below.

Given the capacity KMP have in affecting Woodside's performance and the returns delivered to shareholders, it is critical to design and implement remuneration policies for KMP that support the business strategy and align the interests of executive KMP with those of shareholders. This report explains the manner in which the Board, assisted by the Human Resources & Compensation Committee (Committee), achieves this objective.

In preparing this report, the Board has endeavoured to provide sufficient detail and transparency so that investors can form their own views about the appropriateness of the remuneration arrangements in place at Woodside. While remuneration arrangements for executives are complex and involve a variety of components and performance measures, the report contains summaries intended to give investors an understanding of how these components fit together. There is also a *Glossary* at the back of the report (on page **110**) which explains many of the terms and abbreviations used throughout the report.

Linking remuneration to strategy and performance

The Board believes that appropriate remuneration policies motivate executives to strive for better performance outcomes for the Company and shareholders, while at the same time ensuring Woodside retains key talent. The Company's executive incentive arrangements are designed to ensure ongoing alignment with Woodside's strategic direction and values.

The key terms of the executive incentive arrangements are:

- a short-term award (STA) delivered two-thirds as cash and one-third as deferred equity subject to a three year service condition; and
- a long-term award (LTA), the vesting of which is linked to service and relative total shareholder return (RTSR):
  - tested over a minimum four year performance period, with a potential re-test after five years;
  - one-third (33%) tested against a peer group of top 50 ASX-listed companies; and
  - two-thirds (67%) tested against a peer group of 17 oil and gas companies.

Table 2 on page **54** shows key financial measures of company performance over the last five years.

Table 1 – Woodside's KMP during 2015

Executives	Non-executive Directors
Executive Directors	M Chaney (Chairman)
P Coleman (Managing Director and Chief Executive Officer) (CEO)	M Cilento
Senior executives	F Cooper
M Abbott (Senior Vice President Corporate and Legal and General Counsel)[1]	C Haynes
R Edwardes (Executive Vice President Development)	A Jamieson
S Gregory (Senior Vice President and Chief Technology Officer)	D McEvoy
P Loader (Executive Vice President Global Exploration)	S Ryan
R Matisons (Executive Vice President Marketing, Trading and Shipping)[2]	G Tilbrook
D McLoughlin (Senior Vice President People and Global Capability)[3]	
G Roder (Executive Vice President Business Development and Growth)	
L Tremaine (Executive Vice President Finance and Commercial and Chief Financial Officer)	
M Utsler (Chief Operations Officer)	

1. *On 1 January 2015 Mr. Abbott was appointed to the position of Senior Vice President Corporate and Legal and General Counsel. He previously held the position of Senior Vice President Legal & General Counsel.*
2. *On 1 January 2015, Mr. Matisons was appointed to the position of Executive Vice President Marketing, Trade & Shipping. He previously held the position of Senior Vice President Commercial & Marketing.*
3. *On 22 January 2015, Mr. McLoughlin became KMP.*

Table 2 – Woodside five year performance

Year Ended 31 December	2015	2014	2013	2012	2011[4]
Net Profit After Tax (US$ million)	26[1]	2,414	1,749	2,983	1,507
Earnings Per Share[2] (US cents)	3	293	213	366	190
Dividends Per Share (US cents)	109	255	249	130	110
Production (MMboe)	92.2	95.1	87.0	84.9	64.6
Share closing price (A$) (last trading day of the year)	28.72	38.01	38.90	33.88	30.62
Relative TSR[3] (1 year)	2nd Quartile	1st Quartile	4th Quartile	2nd Quartile	4th Quartile

1. *Detail of net profit after tax is contained in the Financial Position section on page **16**.*
2. *Basic and diluted earnings per share from total operations.*
3. *As discussed under the STA component of EIP on **57**.*
4. *Amounts were translated to US dollars using monthly average exchange rates.*

Outcomes

The key remuneration outcomes for Woodside executives in 2015 were as follows:

- During 2015, Woodside announced that a freeze on fixed remuneration would be put in place as part of the response to the global downturn in the commodities market. This decision affected all Woodside employees, executives (including the CEO and other executive KMP) and NEDs. This situation will be reviewed in 2016.
- The value of the STA corporate scorecard for 2015 was 1.35 out of a maximum possible result of two. *For more detail go to page* **57**.
- The STA pool for 2015 was A$22,933,877 for 98 participants including the executive KMP (and the CEO). *Refer to page* **57**.
- The 2010 LTA, which was allocated in 2011 was subject to the second performance test on 25 February 2015, and as Woodside attained the 55th percentile of the peer group[1], 60% of the award vested and 40% of the award lapsed.
- The 2011 LTA, which was allocated in 2012 was subject to the first performance test on 1 March 2015 and as Woodside attained the 64th percentile of the peer group[1], 78% of the award vested and 22% of the award lapsed.
- The next performance test will be for the 2012 LTA, which was allocated in 2013 and is subject to testing on 22 February 2017. *For more detail refer to page* **58**.
- Time-tested Variable Pay Rights (VPRs) for the 2011 performance year were allocated in 2012 as deferred STA and vested during 2015.
- Awards of Equity Rights (ERs) were made under the Woodside Equity Plan (WEP) in October 2015. The CEO did not receive an award under this plan.
- Vesting for the 2012 WEP took place on 1 October 2015.
- No awards were made under the Supplementary Woodside Equity Plan (SWEP). *For more detail go to page* **60**.

1. *Details of the LTA peer group for performance years 2009 to 2011 is set out in **Table 15.***

Remuneration Report 2014

Woodside's Remuneration Report for 2014 was adopted at the Annual General Meeting (AGM) on 16 April 2015 with a clear majority of 417,543,955 votes in favour of the motion (representing 92.91% of the votes received).

Executive remuneration

Remuneration Policy

Woodside's Remuneration Policy aims to reward executives fairly and responsibly in accordance with the regional (and in some instances, international) market and ensures that Woodside:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- sets demanding levels of performance which are clearly linked to an executive's remuneration;
- structures remuneration at a level that reflects the executive's duties and accountabilities;
- benchmarks remuneration against appropriate comparator groups;
- aligns executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance and relevant comparative information. No review was undertaken in 2015 due to the company-wide freeze on fixed remuneration.

Executive remuneration structure

Woodside's remuneration structure for executives, including executive KMP, has several components, which are explained in *Table 3*.

Table 3 – Summary of executive remuneration structure

Component		How is it determined?	When is it paid?
Fixed remuneration		Fixed remuneration is determined on the basis of the scope of the executive's role and their individual level of knowledge, skill and experience.	Regularly throughout the year.
Variable Annual Reward (VAR)	Short-Term Award (STA)	STA payments are based on performance against a corporate scorecard and individual performance against KPIs. The corporate scorecard is based on relative total shareholder return (RTSR), production, safety and delivery against business plan commitments. Individual KPIs vary but can include measures relating to health and safety, environment, human resources, financial and operational measures.	Subject to performance, two-thirds is paid in cash in March of the following year. The remaining third is delivered as a deferred equity award of Restricted Shares, which is determined based on a VWAP and vests after three years' further continuous service.
	Long-Term Award (LTA)[1]	LTA is granted in the form of Variable Pay Rights (VPRs). The number of VPRs awarded is calculated by dividing the value of the executive's LTA by the fair value of a VPR determined at grant date (as calculated by an independent consultant in accordance with the relevant accounting standards). Fair value is used because it takes into account the likelihood of meeting the performance conditions and other variable factors, and so better reflects the true value of a VPR at the time of grant. Vesting of LTA is subject to achievement of RTSR targets, with 33% measured against the ASX 50 and the remaining 67% tested against an international group of oil and gas companies.	Subject to performance, LTA may vest after a four-year performance period. If any of the LTA does not vest it will be re-tested on the fifth anniversary of the allocation date, but will only vest if RTSR exceeds the ranking achieved in the prior year and is at or above the median of the relevant comparator group. If VPRs vest, executives receive an equivalent number of Woodside shares on a one-for-one basis. The shares will have the same face value as all other ordinary fully-paid Woodside shares on issue at the time of vesting. The value at vesting cannot be predicted in advance. The actual value at vesting may be more or less than the fair value that is used to determine the number of VPRs awarded. The actual value received (if any) will depend on performance against the hurdles and Woodside's future share price.
Other equity plans		Executives may receive awards under other equity plans for various reasons including to: ▪ provide executives with the opportunity to participate in ownership of shares; ▪ support a competitive base remuneration position having regard to internal and external relativities; and ▪ retain key talent. Generally, awards are calculated with reference to salary and performance as assessed under Woodside's performance review process.	Awards under the Woodside Equity Plan (WEP) and Supplementary Woodside Equity Plan (SWEP) are subject to a three-year vesting period.

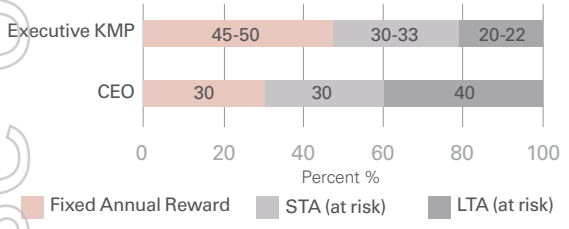
*1. For awards for the 2012 performance year onwards. Details on vesting schedule and peer groups for performance years 2009 – 2011 are contained in **Tables 14** and **15** respectively.*

Proportion of remuneration at risk

The target allocation of remuneration between fixed remuneration and VAR for Woodside's executives is shown in *Table 4*. A higher proportion of the CEO's remuneration is 'at risk' relative to that of other executives as the CEO has the greatest opportunity to influence the company's performance.

The actual percentages received will vary from year to year for each executive depending on performance outcomes. Participation in other equity plans is not taken into account for the calculation of the percentages shown in the table.

Table 4 – Allocation of executive remuneration between fixed and Variable Annual Reward



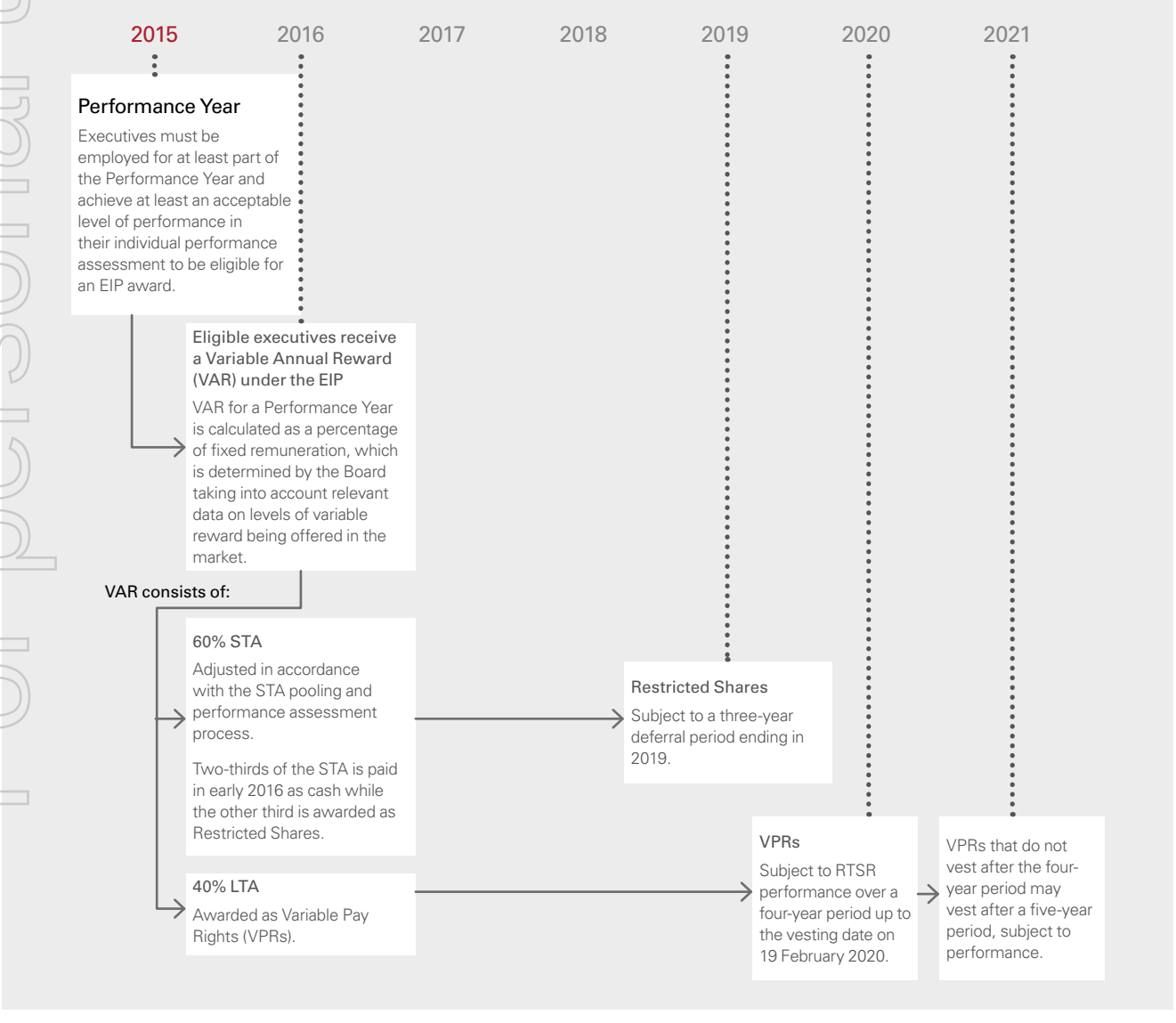
Executive Incentive Plan (EIP)

The Executive Incentive Plan (EIP) is used to deliver Short-Term Awards and Long-Term Awards to executives, other than the CEO. The CEO's individual arrangements are described on page **59**.

The EIP aims to reward executives for meeting or exceeding their individual performance targets, while at the same time linking their reward to the creation of long-term sustainable wealth for shareholders.

Table 5 illustrates how EIP awards will be determined for the 2015 Performance Year, as well as their lifecycle in future years. A more detailed explanation of each component is provided later in this report on pages **57** to **58**.

Table 5 – Overview of the EIP



Short-Term Award (STA)

Key features of STA

Who participates? Executives, including all executive KMP other than the CEO, participate in the EIP. The CEO has similar arrangements under his contract.

What are the performance conditions? STA outcomes are determined based on performance against the corporate scorecard and performance against individual KPIs.

How is performance assessed? The Board assesses performance against the corporate scorecard. For executive KMP, individual performance assessments are conducted by the CEO against their agreed KPIs and demonstrated values and behaviour, and are subject to approval by the Committee.

How is it delivered? Two-thirds is paid in cash and one-third is awarded as Restricted Shares subject to a three-year deferral period. The number of Restricted Shares is calculated by dividing the deferred STA value by the Pricing Date Volume Weighted Average Price (VWAP). Participants are not required to make any payment in respect of these restricted shares on grant or at vesting.

What is the maximum and minimum STA award that an executive can receive? Executives do not have an individual maximum STA opportunity because their VAR and the size of the STA pool varies from year to year depending on performance and other factors. The overall STA pool for 2015 was A$22,933,877 for 98 participants including the executive KMP (and the CEO). This was distributed amongst the participants in accordance with the pooling process outlined in *Table 6*. The minimum STA award that an executive can receive is zero if their individual performance is assessed as unacceptable.

What were the outcomes in 2015? The value of the STA corporate scorecard for 2015 was 1.35 out of a maximum possible result of two.

Time-tested Variable Pay Rights (VPRs) for the 2011 performance year were allocated in 2012 as deferred STA and vested during 2015.

Individual KPIs for 2015 Short-Term Awards

A range of individual key performance indicators (KPIs) were adopted for 2015 reflecting the varied responsibilities of executives who participate in the STA. KPIs are chosen to align individual performance with the achievement of Woodside's business plan and objectives. Examples of KPIs adopted for 2015 include the following:

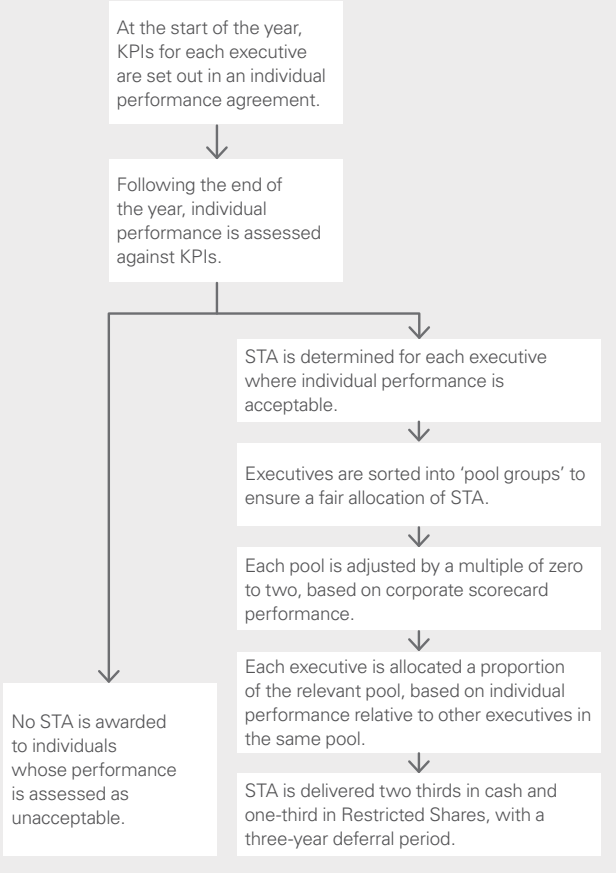
- health and safety (e.g. total recordable case frequency, high potential incident frequency);
- environment (e.g. greenhouse gas emissions, flared gas);
- human resources (e.g. talent management, capability development and diversity);
- financial (e.g. revenue, operating costs, earnings before interest and tax, return on average capital employed, production costs, drilling costs); and
- operational (e.g. production volumes, project progress).

Corporate scorecard measures and outcomes for 2015 STAs

Company performance is determined by the Board following assessment against a corporate scorecard of key measures that align with Woodside's overall business performance.

Management performance is determined by the Board following assessment against a balanced scorecard of key measures that align with Woodside's overall business performance.

Table 6 – How Short-Term Awards are determined



The 2015 scorecard is based on four equally weighted measures:

- **Relative Total Shareholder Return (RTSR):** Indicator of overall company performance relative to the performance of 17 oil and gas peer companies (see *Table 16* on page **63**) and the ASX 50 over the Performance Year.
- **Production:** Underpins the company revenue and profit.
- **Safety:** A strong safety performance is required to maintain a licence to operate and retain the company's position as a partner and employer of choice.
- **Delivery against business plan commitments:** Measures the company's delivery of commitments made to market and considers operational performance, financial performance and delivery of Woodside's growth agenda.

The measures for the scorecard were chosen because of the impact they have on shareholder value.

For the 2015 Performance Year, the Board determined a scorecard outcome of 1.35 out of a maximum of two. In summary, for 2015, Woodside:

- achieved a RTSR rank of 8 against oil and gas peer companies and 40 against the ASX 50;
- delivered annual production of 92.2 million barrels of oil equivalent, our second highest result;
- achieved a Total Recordable Injury Rate of 1.71 per million man hours (a 10% improvement on 2014) and two 'Tier 2' Process Safety Events occured in the year; and
- met or exceeded the majority of 2015 business plan commitments. In particular, production, asset utilisation, opex, flaring, cost reduction and efficiency improvement programs are all ahead of targets. This was achieved with approximately 10% fewer employees than at the start of 2015.

This performance outcome resulted in a total available STA of A$22,933,877 across all pools.

Deferral of STAs

The STA for a Performance Year is delivered two-thirds in cash, and one-third is made as an award of Restricted Shares subject to a three-year deferral period.

Generally, vesting of the deferred STA is subject to the executive's employment not being terminated with cause, or by resignation, for three years after allocation. The deferred STA may vest prior to the expiry of the three years upon a change of control event, or on the death or total and permanent disablement of the executive. Deferred STA will also generally vest upon redundancy or retirement with effect from a date determined by the Board. There are no further performance conditions for vesting of deferred STA.

- A summary of the terms of unvested deferred STA awarded to KMP is provided in *Table 18* on page **64**. Details of Restricted Shares awarded to KMP are provided in *Table 20* on page **65**.

Long-Term Award (LTA)

Key features of LTA

Who participates? Executives, including executive KMP other than the CEO, participate in the EIP. The CEO has similar arrangements under his contract.

What are the performance conditions? Vesting of 33% of the LTA is subject to RTSR performance against the ASX 50. Vesting of the remaining 67% is subject to RTSR performance against an international group of oil and gas companies. Participants are not required to make any payment in respect of these VPRs on grant or at vesting.

What is the performance period? Performance is initially tested over a four-year performance period.

How is performance assessed? RTSR performance is derived from Woodside's position in the RTSR rankings of members of the peer groups over the performance period. This is calculated by an independent consultant.

What were the outcomes in 2015? The 2010 LTA, which was allocated in 2011 was subject to the second performance test on 25 February 2015, and as Woodside attained the 55th percentile of the peer group, 60% of the award vested and 40% of the award lapsed.

The 2011 LTA, which was allocated in 2012 was subject to the first performance test on 1 March 2015 and as Woodside attained the 64th percentile of the peer group, 78% of the award vested and 22% of the award lapsed.

The next performance test will be for the 2012 LTA, which was allocated in 2013 and is subject to testing on 22 February 2017.

LTA – valuation and allocation

LTA for the 2015 Performance Year is granted in the form of VPRs. The number of VPRs awarded is calculated by dividing the value of the executive's LTA by the fair value of a VPR. The fair value was determined by an independent consultant and reflects potential vesting outcomes (having regard to applicable performance conditions) as well as other factors such as volatility and forfeiture risks.

The fair value at grant date used to determine the number of VPRs allocated to executive KMP for the 2015 Performance Year was US$17.39 per VPR. The face value of a Woodside share at the grant date was US$31.15.

- *Table 7* sets out the fair value and face value of LTA made to executive KMP for the 2015 Performance Year based on these values. Details for the CEO are set out on page **59**.

Table 7 – Allocation value of VPRs to KMP

Executive	Fair value at grant date	Face value at grant date
	$	$
M Abbott	163,901	293,589
R Edwardes	337,001	603,656
S Gregory	180,282	322,932
P Loader	258,224	462,546
R Matisons	185,864	332,931
D McLoughlin	122,913	220,168
G Roder	302,708	542,228
L Tremaine	288,378	516,560
M Utsler	339,262	607,705

LTA performance hurdles

Once the number of VPRs is determined, the VPRs are divided into two portions with each portion subject to a separate RTSR performance hurdle tested over an initial four-year period.

For the 2015 Performance Year, one-third (33%) of the VPRs will be tested against a comparator group that comprises the entities within the ASX 50 index at 1 December 2015. The remaining two-thirds (67%) of the VPRs will be tested against an international group of oil and gas companies. The oil and gas companies used for Performance Years since 2012 are set out in *Table 16* on page **63**. This international peer group was chosen as Woodside competes globally for resources, market and people, operating in an international commodity business.

How LTAs align with strategy

The LTA has been designed to align with our company strategy through carefully chosen peer groups that include both competitors for investor funds, and domestic and overseas oil and gas players. RTSR was chosen as the LTA performance measure in order to ensure that Woodside's executives' remuneration is aligned with the company's performance in relation to the performance of the two peer groups. The weighting towards the international peer group reflects our goal of becoming a global leader. The Board believes that RTSR best reflects creation of shareholder wealth and is both transparent and widely understood.

The LTA performance period is initially tested after four years as Woodside operates in a capital intensive industry with investment timelines averaging five to ten years. This makes it imperative that executives take decisions that are in the long-term interest of shareholders, focused on value creation taking into account the commodity price cycles of the oil and gas industry.

Measurement of LTAs

The total shareholder return in respect of Woodside and both peer groups is calculated by an external adviser in accordance with the EIP rules on the fourth anniversary of the allocation of these VPRs. The outcome of the test is measured against the schedule below:

Table 8 – Vesting schedule for VPRs[1]

Woodside RTSR percentile position within peer group	Vesting of VPRs
Less than 50th percentile	no vesting
Equal to 50th percentile	50% vest
Equal to or greater than 75th percentile	100% vest
Vesting between these percentile points is on a pro rata basis.	

1. Schedule used for RTSR tested VPRs awarded for 2012 – 2015 Performance Years.

Any VPRs which do not vest at this time are subject to a second RTSR test on the fifth anniversary of the allocation date, but further vesting in accordance with the schedule will only occur if Woodside equals or exceeds the 50th percentile threshold and achieves a superior RTSR ranking at the second test date compared to that achieved on the first test date. Any VPRs that do not vest on the fifth anniversary lapse.

LTA – other terms

VPRs lapse if the executive's employment is terminated with cause, or by resignation, prior to vesting.

VPRs may vest prior to the satisfaction of the vesting conditions upon a change of control event, or on the death or total and permanent disablement of the executive. In the event of redundancy, retirement or the cessation of a fixed term employment contract of a participant, VPRs continue in the plan and remain subject to the normal performance measures.

A summary of the terms and conditions of unvested VPRs under each award made to executives under the EIP is provided in *Table 17* on page **64**. A summary of executive KMP interests in VPRs is provided in *Table 21* on page **66**.

CEO remuneration

Mr Coleman's remuneration is governed by his contract of employment which, in summary, for 2015 is comprised of:

- 30% fixed remuneration;
- 30% STA component; and
- 40% LTA component.

STA

The grant of an STA to the CEO is determined based on the scorecard and individual performance as determined by the Board. The STA award is capped to a maximum of two times fixed annual reward. The CEO's STA award for 2015 was 82% of maximum and the remainder was forfeited. The scorecard and performance against the scorecard measures is described on page **57** of this report under the section titled *Corporate scorecard measures and outcomes for 2015 STAs*.

Each year the Board determines and documents the factors which will be used to assess the annual individual performance of the CEO. The individual performance of the CEO is reviewed by the Board against the following factors which were chosen because of their impact on shareholder value:

- setting and pursuing the growth agenda;
- achieving effective execution;
- building enterprise and organisational capacity;
- enhancing culture and reputation; and
- ensuring shareholder focus.

At the completion of the Performance Year, each non-executive director contributes to the documented review of the CEO's performance for that year. This is used to determine the CEO's individual performance factor for the Performance Year.

The STA for the CEO is calculated by multiplying the CEO's fixed remuneration by the scorecard multiple and the CEO's individual performance factor. STA is delivered as two-thirds cash and one-third Restricted Shares. Restricted Shares have the same terms and conditions as those awarded to other executives as described on page **57**.

LTA

The LTA entitlement for the 2015 Performance Year will be allocated in February 2016 and will be subject to RTSR testing for the first time in February 2020. The vesting conditions for the LTA allocation reflect those outlined on page **58** and summarised in *Table 17* on page **64** in respect of the 2015 LTA allocation for other executives.

The fair value at grant date used to determine the number of VPRs allocated to the CEO as his LTA for the 2015 Performance Year was the same as the fair value used to determine the number of VPRs awarded to other executive KMP, i.e. US$17.39 per VPR. The face value of a Woodside share at the grant date was US$31.15. The table below sets out the allocation value of the CEO's 2015 LTA based on these values.

Table 9 – Allocation value of VPRs to CEO

VPRs	Fair value at grant date	Face value at grant date
	$	$
153,833	2,675,156	4,791,898

Other equity plans

Woodside Equity Plan (WEP)

Woodside has a history of providing employees with the opportunity to participate in ownership of shares in the company. This has supported staff retention and alignment of employees with shareholder interests. As part of the strategy to attract, retain and motivate employees, the Board approved the introduction from November 2011 of a broad-based, long-term equity plan called the WEP to recognise and reward the commitment of eligible employees.

The WEP is available to all Australian based permanent employees including executives, other than the CEO. Woodside's intention is to enable eligible employees to build up a holding of equity in the company as they progress through their career at Woodside.

The number of Equity Rights (ERs) offered to each eligible employee is calculated with reference to salary and individual performance on an annual basis. There are no further ongoing performance conditions upon allocation of each individual's ERs. The linking of performance to an allocation allows Woodside to recognise and reward eligible employees for high performance.

Each ER entitles the participant to receive a Woodside share on the vesting date three years after the effective grant date.

Vesting of grants made under the WEP in 2012 took place on 1 October 2015.

Table 22 on page **67** provides a summary of executive KMP interests in ERs under the WEP.

Supplementary Woodside Equity Plan (SWEP)

In October 2011, the Board approved a remuneration strategy which includes the use of equity to support a competitive base remuneration position. To this end, the Board approved the establishment of the Supplementary Woodside Equity Plan (SWEP) to enable the offering of targeted retention awards of ERs for key capability. The SWEP was designed to be offered to a small number of employees identified as being retention critical. The SWEP awards have service conditions and no performance conditions. Each ER entitles the participant to receive a Woodside share on the vesting date three years after the effective grant date. There were no awards issued under the SWEP in 2015.

Table 23 on page **67** provides a summary of executive KMP's interests in ERs under the SWEP.

ERs under both the WEP and the SWEP may vest prior to the vesting date on a change of control or on a pro rata basis, at the discretion of the CEO, limited to the following circumstances; redundancy, retirement (after six months' participation), death, termination due to illness or incapacity or total and permanent disablement of a participating employee. An employee whose employment is terminated by resignation or for cause prior to the vesting date will forfeit all of their ERs.

Legacy plans – STAs and LTAs 2009 to 2011

The deferred portion of STA for the Performance Years from 2009 to 2011 inclusive was delivered in the form of time-tested VPRs. Details of time-tested VPRs awarded for previous performance periods are provided in *Table 19* on page **64**.

The LTA for the Performance Years from 2009 to 2011 inclusive was granted in the form of VPRs, the vesting of which is linked to service and relative total shareholder return. Performance is initially tested over a three-year performance period.

Vesting schedule and peer groups for all VPRs tested against an RTSR hurdle are set out in *Tables 14* and *15* on page **63**.

Non-executive directors (NEDs)

Key features of NEDs remuneration

What remuneration do NEDs receive? NEDs receive Board and committee fees, which are inclusive of statutory superannuation (or payments in lieu for overseas based NEDs).

Does the Chairman receive higher fees? The Chairman receives a higher Board fee than other NEDs, but does not receive extra fees for committee work. Committee Chairs receive higher base committee fees than other respective committee members.

Do NEDs receive performance-based remuneration or retirement benefits? No.

Were there any changes in 2015? There were no adjustments to NED fees for 2015.

Remuneration Policy

Woodside's Remuneration Policy for NEDs aims to attract, retain, motivate and to remunerate fairly and responsibly having regard to:

- the level of fees paid to NEDs relative to other major Australian companies;
- the size and complexity of Woodside's operations; and
- the responsibilities and work requirements of Board members.

Contracts for executive KMP

All KMP have a contract of employment. *Table 10* below contains a summary of the key contractual provisions of the contracts of employment for the executive KMP.

Table 10 – Summary of contractual provisions for executive KMP

Name	Employing company	Contract duration	Termination notice period company[1,2]	Termination notice period executive
P Coleman	Woodside Petroleum Ltd	Unlimited	12 months	6 months
M Abbott	Woodside Energy Ltd	Unlimited	6 months	3 months
R Edwardes	Woodside Energy Ltd	Fixed Term Contract until 31 December 2018	6 months	6 months
S Gregory	Woodside Energy Ltd	Unlimited	12 months	6 months
R Matisons	Woodside Energy Ltd	Unlimited	12 months	6 months
D McLoughlin	Woodside Energy Ltd	Unlimited	6 months	3 months
P Loader	Woodside Energy Ltd	Fixed Term Contract until 1 July 2018	6 months	6 months
G Roder	Woodside Energy Ltd	Fixed Term Contract until 31 August 2017	6 months	6 months
L Tremaine	Woodside Energy Ltd	Unlimited	12 months	6 months
M Utsler	Woodside Energy Ltd	Fixed Term Contract until 2 December 2018	6 months	3 months

1. *Termination provisions – Woodside may choose to terminate the contract immediately by making a payment in lieu of notice equal to the fixed remuneration the executive would have received during the 'Company Notice Period'. In the event of termination for serious misconduct or other nominated circumstances, executives are not entitled to this termination payment. Any payments made in the event of a termination of an executive contract will be consistent with the Corporations Act 2001.*
2. *On termination of employment, executives will be entitled to the payment of any fixed remuneration calculated up to the termination date, any leave entitlement accrued at the termination date and any payment or award permitted under the EIP Rules. Executives are restrained from certain activities for specified periods after termination of their employment in order to protect Woodside's interests.*

Fees paid to NEDs are recommended by the Human Resources & Compensation Committee based on advice from external remuneration consultants, and determined by the Board, subject to an aggregate limit of A$3.75 million per financial year, which was approved by shareholders at the 2014 AGM.

During 2015, Woodside announced that a freeze on fixed remuneration would be put in place as part of the response to the global downturn in the commodities market. This decision affected all Woodside employees, executives (including the CEO and other executive KMP) and NEDs. This situation will be reviewed in 2016.

The Woodside shareholding guideline for NEDs requires NEDs to hold a minimum holding of 2,000 Woodside shares and NEDs who have less than the minimum holding are required to direct 25% of net (after tax) fees to the purchase of Woodside shares until the minimum holding requirement is satisfied. The NEDs may utilise the Non-Executive Directors' Share Plan (NEDSP) to acquire the shares on market at market value. As the shares are acquired with net fees the shares in the NEDSP are not subject to any forfeiture conditions.

NEDs remuneration structure

NEDs remuneration consists of base Board fees and committee fees, including statutory superannuation contributions or payments in lieu (currently 9.5%). Other payments may be made for additional services outside the scope of Board and committee duties. NEDs do not earn retirement benefits other than superannuation and are not entitled to any form of performance-linked remuneration.

Table 11 below shows the annual base Board and committee fees for NEDs.

In addition to these fees, NEDs are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees or shareholders, or while engaged on Woodside business. NEDs are not entitled to compensation on termination of their directorships.

Board fees are not paid to the CEO, as the time spent on Board work and the responsibilities of Board membership are considered in determining the remuneration package provided as part of the normal employment conditions.

The total remuneration paid to, or in respect of, each NED in 2015 is set out in *Table 24* on page **68**.

Human Resources & Compensation Committee

The Committee assists the Board to determine appropriate remuneration policies and structures for NEDs and executives. Further information on the role of the Committee is described in *section 3.4* of the Corporate Governance Statement.

Use of remuneration consultants

The Committee directly engages independent external advisers to provide input to the process of reviewing NEDs and executive remuneration. The Committee receives executive remuneration recommendations directly from external independent remuneration consultants. *Table 12* shows the fees payable to independent external remuneration consultants during 2015.

Under communications and engagement protocols adopted by the Company, the market data reports and the recommendations were provided directly to the Committee Chairman, and the consultants provided a statement to the Committee that the reports and recommendations had been prepared free of undue influence from KMP. The Committee had full oversight of the review process and therefore it, and the Board, were satisfied that the recommendations made by Egan Associates were free from undue influence by KMP.

Table 12 – Fees paid to remuneration consultants

Remuneration consultant	Services Provided	Fees
Egan Associates	Market data and remuneration recommendations (2016 CEO remuneration review)	A$25,830

Reporting notes

Reporting in United States dollars

In this report, the remuneration and benefits reported have been presented in US dollars, unless otherwise stated. This is consistent with the functional and presentation currency of the company.

Compensation for Australian-based employees and all KMP is paid in Australian dollars and, for reporting purposes, converted to US dollars based on the applicable exchange rate. Valuation of equity awards is converted at the spot rate applying when the equity award is granted.

Table 11 – Annual base Board and committee fees for NEDs

Position	Board	Audit & Risk Committee	Human Resources & Compensation Committee	Sustainability Committee	Nominations Committee
	A$	A$	A$	A$	A$
Chairman of the Board[1]	723,300[3]				
Non-executive Directors[2]	212,700[3]				
Committee Chairman		56,000[3]	47,400[3]	47,400[3]	Nil
Committee Member		27,900[3]	23,700[3]	23,700[3]	Nil

1. *Inclusive of committee work.*
2. *Board fees paid to non-executive directors, other than the Chairman.*
3. *Annual fee from 1 July 2014.*

Table 13 – Compensation of executive KMP for the year ended 31 December 2015 and 2014

The following table provides a detailed breakdown of the components of remuneration for each of the executive KMP, calculated in accordance with accounting standards.

		Fixed Annual Reward			Variable Annual Reward					
		Short term		Post employment	Short term	Share based payments				
		Salaries, fees and allowances	Benefits and allowances(inc non-monetary)[1]	Company contributions to superannuation	Short -Term Award (Cash)[2]	Share plans[3]	Long service leave	Termination benefits	Total remuneration	Performance related
		$	$	$	$	$	$	$	$	%
P Coleman, Chief Executive Officer	2015	1,829,049	152,493	14,304	2,007,413	3,488,469	63,088	-	7,554,816	73
	2014	2,174,957	146,653	16,479	2,950,283	3,092,961	76,423	-	8,457,756	71
M Abbott, Senior Vice President Corporate and Legal and General Counsel[4]	2015	310,743	15,526	83,106	200,654	257,297	42,601	-	909,927	50
	2014	-	-	-	-	-	-	-	-	-
R Edwardes, Executive Vice President Development[5]	2015	786,031	25,630	14,304	440,297	379,166	22,304	-	1,667,732	49
	2014	883,779	57,569	16,479	632,382	334,964	25,762	-	1,950,935	50
S Gregory, Senior Vice President and Chief Technology Officer	2015	421,790	14,388	14,304	260,580	346,471	15,924	-	1,073,457	57
	2014	479,811	23,836	16,479	338,304	277,773	31,428	-	1,167,631	53
P Loader, Executive Vice President Global Exploration[6,7]	2015	656,081	64,635	-	337,364	442,557	16,465	-	1,517,102	51
	2014	743,085	36,085		484,543	204,099	17,290	-	1,485,102	46
R Matisons, Executive Vice President Marketing, Trading and Shipping[8]	2015	352,674	67,703	96,831	232,188	348,562	16,396	-	1,114,354	52
	2014	-	-	-	-	-	-	-	-	-
D McLoughlin, Senior Vice President People and Global Capability[9]	2015	336,031	16,738	13,416	176,800	61,839	7,650	-	612,474	39
	2014	-	-	-	-	-	-	-	-	-
G Roder, Executive Vice President Business Development and Growth[10]	2015	671,396	43,930	59,258	296,609	542,504	20,073	-	1,633,770	51
	2014	808,791	10,414	38,224	568,012	346,443	22,710	-	1,794,594	51
L Tremaine, Executive Vice President Finance and Commercial and Chief Financial Officer	2015	607,197	13,131	17,124	414,316	706,360	22,838	-	1,780,966	63
	2014	681,326	52,779	20,555	676,415	556,717	23,838	-	2,011,630	61
M Utsler, Chief Operations Officer[6,11]	2015	954,838	40,625	-	455,769	511,756	22,775	-	1,985,763	49
	2014	1,072,898	34,639	-	795,782	227,228	24,872	-	2,155,419	47

1. *Reflects the value of allowances and non-monetary benefits (including travel, health insurance, car parking and any associated fringe benefit tax).*
2. *The amount represents the short-term incentive earned in the respective year, which is actually paid in the following year.*
3. *'Share plan' incorporates all equity-based plans. In accordance with the requirements of AASB 2 Share-based Payment, the fair value of rights as at their date of grant has been determined by applying the Black-Scholes option pricing technique or binomial valuation method combined with a Monte Carlo simulation. The fair value of rights is amortised over the vesting period, such that 'total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest.*
4. *On 1 January 2015, Mr Abbott was appointed to KMP. Mr Abbott did not meet the definition of KMP under AASB 124 for years prior to 2015. Previous years comparative figures are not shown.*
5. *Mr Edwardes' share based payments are recognised over the shorter of his contract end date and the vesting date of the performance right. In the current period his contract end date was extended from 31 December 2016 to 31 December 2018. The expense recognition period of his performance rights has been adjusted to reflect his new contract end date.*
6. *As a non-resident for Australian tax purposes Mr Loader and Mr Utsler have elected to receive a cash payment in lieu of all superannuation contributions, in accordance with the Superannuation Guarantee (Administration) Act 1992. The cash payment is subject to (PAYG) income tax and paid as part of their normal monthly salary. The amount is included in salaries, fees and allowances.*
7. *Mr Loader's 2014 and 2015 share-based payment amortisation expenses have been accelerated based on his contract end date of 1 July 2018.*
8. *On 1 January 2015, Mr Matisons was appointed to KMP. Mr Matisons did not meet the definition of KMP under AASB 124 for years prior to 2015. Previous years comparative figures are not shown.*
9. *On 22 January 2015, Mr McLoughlin was appointed to KMP. Mr McLoughlin did not meet the definition of KMP under AASB 124 for years prior to 2015. Previous years comparative figures are not shown.*
10. *Mr. Roder's 2014 and 2015 share-based payment amortisation expenses have been accelerated based on his contract end date of 31 August 2017.*
11. *Mr Utsler's 2014 and 2015 share-based payment amortisation expense has been accelerated based on his contract end date of 2 December 2018.*

Table 14 – Vesting schedule for RTSR-tested VPRs awarded for the Performance Years 2009 to 2011

The table below sets out the relative TSR rankings that are required for vesting of the VPRs that were granted in respect of the 2009 to 2011 Performance Years.

Woodside RTSR percentile position within Peer Group	Vesting of RTSR-tested VPRs
Less than 50th percentile	no vesting
Equal to 50th percentile	50% vest
Equal to 75th percentile	100% vest
Equal to 100th percentile	150% vest (i.e. 50% uplift for topping LTA Peer Group)

Vesting between these percentile points is on a pro rata basis. While a VPR generally only confers an entitlement to a single share on vesting (or its cash value), when greater than 100% vesting is achieved additional shares are allocated in respect of each RTSR-tested VPR to achieve the necessary uplift.

When testing occurs in relation to awards that are subject to an RTSR hurdle (being the LTA for the 2009 to 2011 Performance Years and both the STA and LTA for the 2012 to 2015 Performance Years), Woodside's total shareholder return will be ranked against the total shareholder returns of the relevant list of companies set out below. For 2012 to 2015 STA and LTA awards, it will also be ranked against the total shareholder returns of the ASX 50.

Table 15 – LTA Peer Group for Performance Years 2009 to 2011

Apache Corporation
Anadarko Petroleum Corporation
BG Group PLC
CNOOC Limited
Inpex Corporation
Marathon Oil Company
Murphy Oil Corporation
Pioneer Natural Resources Company
Repsol YPF, S.A.
Santos Ltd
Talisman Energy Inc

Table 16 – STA Peer Group and LTA Peer Group Performance Years 2012 to 2015 – International Oil and Gas Companies

Apache Corporation
Anadarko Petroleum Corporation
BG Group PLC
ConocoPhillips
ENI S.p.A
Hess Corporation
Inpex Corporation
Marathon Oil Company
Murphy Oil Corporation
Oil Search Limited
Origin Energy Limited
Pioneer Natural Resources Company
Repsol YPF, S.A
Santos Ltd
Statoil ASA
Talisman Energy Inc
Tullow Oil PLC

Table 17 and *Table 18* summarise the terms and conditions of the equity instruments granted under the LTA and STA for Performance Years 2010 to 2015.

Table 17 – Summary of LTA Terms for Performance Years 2010 to 2015

Terms and conditions	2015 VPR award	2014 VPR award	2013 VPR award	2012 VPR award	2011 VPR award	2010 VPR award
Allocation date	19 February 2016	20 February 2015	21 February 2014	22 February 2013	1 March 2012	25 February 2011
Pricing date	1 January 2015	1 January 2014	1 January 2013	7 December 2012	31 December 2011	31 December 2010
Grant date	1 January 2015	1 January 2014	1 January 2013	1 January 2012	1 January 2011	1 January 2010
Allocation price[1]	A$21.22	A$19.51	A$20.00	A$19.65	A$31.93	A$42.78
Vesting date[2]	19 February 2020	20 February 2019	21 February 2018	22 February 2017	1 March 2015	25 February 2014
Re-testing date	19 February 2021[3]	20 February 2020[3]	21 February 2019[3]	22 February 2018[3]	1 March 2016[4]	25 February 2015[4]
% Vesting	-	-	-	-	78%	60%

1. *For allocations made for the years prior to 2012, the allocation price was determined by calculating the Volume Weighted Average Price of Woodside shares for the trading days in the month of December of the respective Performance Year. For subsequent allocations, the allocation price is the fair value of a Variable Pay Right as at the Pricing Date.*
2. *Provision is made for accelerated vesting in certain events such as total and permanent disability, death or a change in control of Woodside.*
3. *Any VPRs that do not vest as a result of the first test will be re-tested over a five-year performance period.*
4. *Re-testing is applied to the RTSR-tested VPRs if the RTSR threshold is not achieved at the Vesting Date.*

Table 18 – Summary of deferred STA Terms for Performance Years 2011 to 2015

Terms and conditions	2015 award	2014 award	2013 award	2012 award	2011 award
Deferral instrument	Restricted Shares	Restricted Shares	Restricted Shares	Restricted Shares	Time-tested VPRs
Allocation date	19 February 2016	20 February 2015	21 February 2014	22 February 2013	1 March 2012
Pricing date	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Grant date	1 January 2015	1 January 2014	1 January 2013	1 January 2012	1 January 2011
Volume weighted average price	A$27.90	A$36.09	A$37.90	A$34.09	A$31.93
Vesting date[1]	19 February 2019	20 February 2018	21 February 2017	22 February 2016	1 March 2015

1. *Provision is made for accelerated vesting in certain events such as total and permanent disability, death or a change in control of Woodside.*

Table 19 and *Table 20* summarise the interests of executive KMP in deferred STA that were granted as VPRs (for the 2009 to 2011 Performance Years) and Restricted Shares (for the 2012 to 2015 Performance Years).

Table 19 – Summary of executive KMPs' interests in Time-tested VPRs[1]

Name	Allocation date	Vesting date[2]	Awarded but not vested	Vested in 2015	% of total vested	Lapsed in 2015	Fair value[3] of VPRs by performance year
P Coleman	March 2012	March 2015		14,791	100		38.87
M Abbott	March 2012	March 2015		1,516	100		38.87
S Gregory	March 2012	March 2015		2,024	100		38.87
R Matisons	March 2012	March 2015		2,548	100		38.87
L Tremaine	March 2012	March 2015		4,470	100		38.87

1. *For valuation purposes all VPRs are treated as if they will be equity settled.*
2. *Vesting date and exercise date are the same. Vesting is subject to a three-year service condition. No amount is payable by the executives on the grant or vesting of Variable Pay Rights. The minimum total value of the grants for future financial years is nil if relevant vesting conditions are not satisfied. An estimate of the maximum possible total value in future financial years is the fair value as shown above multiplied by the number of VPRs awarded.*
3. *In accordance with the requirements of AASB 2 Share-based Payment, the fair value of rights as at their date of grant has been determined by applying the Binomial or Black Scholes option pricing technique. The fair value of rights is amortised over the vesting period, such that 'total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest.*

Table 20 - Summary of executive KMPs' interests in Restricted Shares

Name	Allocation date	Vesting date[1]	Awarded but not vested	Vested in 2015	% of total vested	Lapsed in 2015	Value of Restricted Shares by performance year
P Coleman	February 2013	February 2016	33,720				30.98
	February 2014	February 2017	19,924				35.18
	February 2015	February 2018	45,334				34.80
	February 2016	February 2019	47,905				31.15
M Abbott[2]	February 2016	February 2019	4,788				31.15
R Edwardes	February 2013	February 2016	4,710				30.98
	February 2014	February 2017	5,075				35.18
	February 2015	February 2018	9,717				34.80
	February 2016	February 2019	10,507				31.15
S Gregory[3]	February 2014	February 2017	2,566				35.18
	February 2015	February 2018	5,198				34.80
	February 2016	February 2019	6,218				31.15
P Loader	February 2014	February 2017	1,450				35.18
	February 2015	February 2018	7,445				34.80
	February 2016	February 2019	8,051				31.15
R Matisons[4]	February 2016	February 2019	5,541				31.15
D McLoughlin	February 2016	February 2019	4,239				31.15
G Roder	February 2013	February 2016	3,829				30.98
	February 2014	February 2017	4,603				35.18
	February 2015	February 2018	8,728				34.80
	February 2016	February 2019	7,078				31.15
L Tremaine	February 2013	February 2016	6,933				30.98
	February 2014	February 2017	4,249				35.18
	February 2015	February 2018	10,393				34.80
	February 2016	February 2019	9,887				31.15
M Utsler	February 2014	February 2017	322				35.18
	February 2015	February 2018	12,228				34.80
	February 2016	February 2019	10,876				31.15

1. *Vesting date and exercise date are the same. Vesting is subject to satisfaction of vesting conditions. The minimum total value of the grants for future financial years is nil if relevant vesting conditions are not satisfied. An estimate of the maximum possible total value in future financial years is the fair value at grant date multiplied by the number of Restricted Shares awarded.*
2. *Mr Abbott did not meet the definition of KMP under AASB 124 for years prior to 2015. Previous years comparative figures are not shown.*
3. *Mr Gregory did not meet the definition of KMP under AASB 124 for years prior to 2013. Previous years comparative figures are not shown.*
4. *Mr Matisons did not meet the definition of KMP under AASB 124 for years prior to 2015. Previous years comparative figures are not shown.*

Table 21 – Summary of executives KMPs' interests in RTSR-tested VPRs[1]

The following table summarises the interests of executive KMP in RTSR-tested VPRs that were granted as LTA for the 2010 to 2015 Performance Years.

Name	Allocation date	Vesting date[2,3]	Awarded but not vested	Vested in 2015	% of total vested	Lapsed in 2015	Fair value[4] of VPRs
P Coleman	March 2012	March 2015	51,769	40,380	78	11,389	21.36
	February 2013	February 2018	150,665				15.90
	February 2014	February 2019	156,940				20.77
	February 2015	February 2020	167,316				17.45
	February 2016	February 2021	153,833				17.39
M Abbott[5]	February 2011	February 2015	1,799	1,079	60	720	20.02
	March 2012	March 2015	2,549	1,988	78	561	21.36
	February 2016	February 2021	9,425				17.39
R Edwardes	February 2013	February 2018	11,923				15.90
	February 2014	February 2019	19,780				20.77
	February 2015	February 2020	21,078				17.45
	February 2016	February 2021	19,379				17.39
S Gregory[6]	February 2011	February 2015	1,239	743	60	496	20.02
	March 2012	March 2015	2,721	2,122	78	599	21.36
	February 2014	February 2019	10,000				20.77
	February 2015	February 2020	11,276				17.45
	February 2016	February 2021	10,367				17.39
P Loader	February 2014	February 2019	7,536				20.77
	February 2015	February 2020	16,150				17.45
	February 2016	February 2021	14,849				17.39
R Matisons[5]	February 2011	February 2015	3,029	1,817	60	1,212	20.02
	March 2012	March 2015	4,284	3,342	78	942	21.36
	February 2016	February 2021	10,688				17.39
D McLoughlin	February 2016	February 2021	7,068				17.39
G Roder	February 2013	February 2018	5,774				15.90
	February 2014	February 2019	17,940				20.77
	February 2015	February 2020	18,932				17.45
	February 2016	February 2021	17,407				17.39
L Tremaine	February 2011	February 2015	4,207	2,524	60	1,683	20.02
	March 2012	March 2015	7,564	5,900	78	1,664	21.36
	February 2013	February 2018	14,631				15.90
	February 2014	February 2019	16,560				20.77
	February 2015	February 2020	18,036				17.45
	February 2016	February 2021	16,583				17.39
M Utsler	February 2014	February 2019	1,676				20.77
	February 2015	February 2020	21,219				17.45
	February 2016	February 2021	19,509				17.39

1. *For valuation purposes all VPRs are treated as if they will be equity settled.*
2. *Vesting date and exercise date are the same. Vesting is subject to satisfaction of vesting conditions. The minimum total value of the grants for future financial years is nil if relevant vesting conditions are not satisfied. An estimate of the maximum possible total value in future financial years is the fair value at grant date multiplied by the number of VPRs awarded.*
3. *Vesting date is 25 February 2014 or 25 February 2015 in respect of February 2011 allocations and 1 March 2015 or 1 March 2016 in respect of March 2012 allocations. Vesting date is 22 February 2017 or 22 February 2018 in respect of February 2013 allocations, 21 February 2018 or 21 February 2019 in respect of February 2014 allocations and 20 February 2019 or 20 February 2020 in respect of the February 2015 allocations. Vesting date is 19 February 2020 or 19 February 2021 in respect to the February 2016 allocations.*
4. *In accordance with the requirements of AASB 2 Share-based Payment, the fair value of rights as at their date of grant has been determined by applying the Binomial or Black Scholes option pricing technique. The fair value of rights is amortised over the vesting period, such that 'total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest.*
5. *Mr Abbott and Mr Matisons did not meet the definition of KMP for the years prior to 2015. Comparative figures are not shown.*
6. *Mr Gregory did not meet the definition of KMP for the years prior to 2013. Comparative figures are not shown.*

Table 22 and *Table 23* summarise the interests of executive KMP in Equity Rights granted under the WEP and SWEP, respectively.

Table 22 – Summary of executive KMPs' interests in Equity Rights under the WEP

Name	Grant date	Number of Equity Rights granted	Number of Equity Rights which have lapsed/forfeited	Number of Equity Rights which have vested during 2015	Fair Value of Equity Rights[1]
M Abbott[2]	1 October 2012	1,500		1,500	31.99
	1 October 2015	2,300			18.07
S Gregory	1 October 2012	2,000		2,000	31.99
	1 October 2013	3,100			30.47
	1 October 2014	2,300			31.26
	1 October 2015	2,300			18.07
R Matisons[2]	1 October 2012	1,500		1,500	31.99
	1 October 2015	2,300			18.07
D McLoughlin	1 October 2015	2,300			18.07
L Tremaine	1 October 2012	2,000		2,000	31.99
	1 October 2013	3,100			30.47
	1 October 2014	2,300			31.26
	1 October 2015	2,300			18.07

1. *The fair value of Equity Rights as at their date of grant has been determined by reference to the share price at acquisition. The fair value of Equity Rights is amortised over the vesting period, such that 'total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest. The minimum total value in future financial years is nil if relevant vesting conditions are not satisfied. An estimate of the maximum possible total value in future financial years is the fair value as shown above multiplied by the number of Equity Rights awarded.*
2. *Mr Abbott and Mr Matisons did not meet the definition of KMP for the years prior to 2015. Comparative figures are not shown.*

Table 23 – Summary of executive KMPs' interests in Equity Rights under the SWEP

Name	Grant date	Number of Equity Rights granted	Number of Equity Rights which have lapsed/forfeited	Number of Equity Rights which have vested during 2015	Fair Value of Equity Rights[1]
P Loader	1 October 2014	11,960			31.26
L Tremaine	1 October 2014	11,960			31.26
M Utsler	1 October 2014	14,350			31.26

1. *The fair value of Equity Rights as at their date of grant has been determined by reference to the share price at acquisition. The fair value of Equity Rights is amortised over the vesting period, such that 'total remuneration' includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest. The minimum total value in future financial years is nil if relevant vesting conditions are not satisfied. An estimate of the maximum possible total value in future financial years is the fair value as shown above multiplied by the number of Equity Rights awarded.*

Table 24 – Total remuneration paid to non-executive directors in 2015 and 2014

The following table provides a detailed breakdown of the components of remuneration for each of the company's non-executive directors.

		Short-term	Post employment	
		Cash salary and fees	Pension super	
Non-executive director		Salaries, fees and allowances	Company contributions to superannuation	Total
		$	$	$
M Chaney	2015	543,228	51,607	594,835
	2014	632,197	59,294	691,491
M Cilento	2015	195,346	18,558	213,904
	2014	231,062	21,666	252,728
F Cooper	2015	219,604	20,862	240,466
	2014	265,694	18,440	284,134
C Haynes	2015	217,358		217,358
	2014	256,820		256,820
A Jamieson	2015	233,393		233,393
	2014	275,752		275,752
D McEvoy	2015	236,848		236,848
	2014	255,854	23,991	279,845
S Ryan	2015	198,500	18,858	217,358
	2014	234,803	22,017	256,820
G Tilbrook	2015	198,500	15,176	213,676
	2014	16,685	1,275	17,960

Table 25 – KMP shareholdings

Details of shares held by KMP (including their personally related entities[1]) for the 2015 financial year are as follows:

	2015					
Name	Opening holding[2]	NEDSP[3]	Equity Rights vested	Restricted Shares granted	Net change – other	Closing holding
Non-executive directors						
M Chaney	20,000					20,000
M Cilento	2,086					2,086
F Cooper	1,960	1,344				3,304
C Haynes	3,399	1,224				4,623
A Jamieson	6,460	1,318				7,778
D McEvoy	8,040					8,040
S Ryan	1,875	1,170				3,045
G Tilbrook	7,153					7,153
Executives						
P Coleman	108,648		55,171	45,334		209,153
M Abbott[4]			6,083	4,287	578	10,948
R Edwardes	10,328			9,717		20,045
S Gregory	5,921		6,889	5,198		18,008
P Loader	1,450			7,445		8,895
R Matisons[5]			9,207	5,324	6,229	20,760
D McLoughlin[6]				158		158
G Roder	8,432			8,728		17,160
L Tremaine	22,353		14,894	10,393		47,640
M Utsler	322			12,228		12,550

1. *Personally related entities include a KMP's spouse, dependants or entities over which they have direct control or significant influence.*
2. *Opening holding represents amounts carried forward in respect of KMP.*
3. *Related to participation in the Non-executive Directors' Share Plan (NEDSP).*
4. *Mr Abbott was appointed to KMP on 1 January 2015.*
5. *Mr Matisons was appointed to KMP on 1 January 2015.*
6. *Mr McLoughlin was appointed to KMP on 22 January 2015.*

Table 26 - Executive KMPs' interests in Variable Pay Rights (VPR) and Equity Rights (ER)

The following table summarises the movements in the interests of KMP in VPRs and ERs during the 2015 financial year.

	2015				
Name	At 1 January 2015	Allocated in 2015	Vested in 2015	Net change – other	At 31 December 2015
Executives					
P Coleman	374,165	167,316	(55,171)	(11,389)	474,921
M Abbott[1]		9,496	(6,083)	22,097	25,510
R Edwardes	31,703	21,078			52,781
S Gregory	28,031	13,576	(6,889)	(1,095)	33,623
P Loader	19,496	16,150			35,646
R Matisons[2]		13,849	(9,207)	33,006	37,648
D McLoughlin[3]		2,658			2,658
G Roder	23,714	18,932			42,646
L Tremaine	66,792	20,336	(14,894)	(3,347)	68,887
M Utsler[3]	16,026	21,219			37,245

1. *Mr Abbott was appointed to KMP on 1 January 2015.*
2. *Mr Matisons was appointed to KMP on 1 January 2015.*
3. *Mr McLoughlin was appointed to KMP on 22 January 2015.*

DIRECTORS' REPORT

Indemnification and insurance of directors and officers

The company's constitution requires the company to indemnify each director, secretary, executive officer or employee of the company or its wholly owned subsidiaries against liabilities (to the extent the company is not precluded by law from doing so) incurred in or arising out of the conduct of the business of the company or the discharge of the duties of any such person. The company has entered into deeds of indemnity with each of its directors, secretaries, certain senior executives, and employees serving as officers on wholly owned or partly owned companies of Woodside in terms of the indemnity provided under the company's constitution.

From time to time, Woodside engages its external auditor, Ernst & Young, to conduct non-statutory audit work and provide other services in accordance with Woodside's External Auditor Guidelines. The terms of engagement include an indemnity in favour of Ernst & Young:

- against all losses, claims, costs, expenses, actions, demands, damages, liabilities or any proceedings (liabilities) incurred by Ernst & Young in respect of third party claims arising from a breach by the Group under the engagement terms; and
- for all liabilities Ernst & Young has to the Group or any third party as a result of reliance on information provided by the Group that is false, misleading or incomplete.

The company has paid a premium under a contract insuring each director, officer, secretary and employee who is concerned with the management of the company or its subsidiaries against liability incurred in that capacity. Disclosure of the nature of the liability covered by and the amount of the premium payable for such insurance is subject to a confidentiality clause under the contract of insurance. The company has not provided any insurance for the external auditor of the company or a body corporate related to the external auditor.

Non-audit services and auditor independence declaration

Details of the amounts paid or payable to the external auditor of the company, Ernst & Young, for audit and non-audit services provided during the year are disclosed in note **E.5** to the Financial Report.

Based on advice provided by the Audit & Risk Committee, the directors are satisfied that the provision of non-audit services by the external auditor during the financial year is compatible with the general standard of independence for auditors imposed by the Corporations Act for the following reasons:

- all non-audit services were provided in accordance with Woodside's External Auditor Policy and External Auditor Guidelines; and
- all non-audit services were subject to the corporate governance processes adopted by the company and have been reviewed by the Audit & Risk Committee to ensure that they do not affect the integrity or objectivity of the auditor.

Further information on Woodside's policy in relation to the provision of non-audit services by the auditor is set out in ***section 7*** of the Corporate Governance Statement.

The auditor independence declaration, as required under section 307C of the Corporations Act, is set out on this page and forms part of this report.

Proceedings on behalf of the company

No proceedings have been brought on behalf of the company, nor has any application been made in respect of the company, under section 237 of the Corporations Act.

Rounding of amounts

The amounts contained in this report have been rounded to the nearest million dollars under the option available to the company under Australian Securities and Investments Commission Class Order 98/100 dated 1 July 1998.

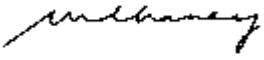
Directors' relevant interests in Woodside shares as at date of report

Director	Relevant interest in shares
M A Chaney	20,000
M A Cilento	2,086
P J Coleman[1,2]	209,153
F Cooper	3,304
C M Haynes	4,623
A Jamieson	7,778
D I McEvoy	8,040
S E Ryan	3,045
G T Tilbrook	7,153

*1. Mr Coleman holds variable pay rights under his CEO incentive arrangements, details of which are set out in the Remuneration Report on page **59**.*

*2. Mr Coleman will be allocated restricted shares and variable pay rights under his CEO incentive arrangements on 19 February 2016, as set out in the Remuneration Report on page **59**.*

Signed in accordance with a resolution of the directors.



M A Chaney, AO
Chairman

Perth, Western Australia
17 February 2016

P J Coleman
Chief Executive Officer and Managing Director

Perth, Western Australia
17 February 2016

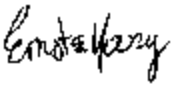
Auditor's Independence Declaration to the directors of Woodside Petroleum Ltd

As lead auditor for the audit of Woodside Petroleum Ltd for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Woodside Petroleum Ltd and the entities it controlled during the financial year.



Ernst & Young

R J Curtin
Partner

Perth, Western Australia
17 February 2016

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FINANCIAL REPORT 2015

CONTENTS

Significant changes in the current reporting period

The financial performance and position of the Group was particularly affected by the following events and transactions during the reporting period:

- The purchase of interests in Wheatstone and Balnaves oil in Australia on 2 April 2015, for total cash consideration of US$2,817 million and the purchase of interests in Kitimat LNG project in Canada on 10 April 2015, for total cash consideration of US$854 million. For more detail, refer to Note B.5.
- The decline in forecast oil prices resulted in an impairment loss of US$1,178 million. For more detail, refer to Note B.4.
- In September 2015, management committed to a plan and signed a conditional agreement to sell the Group's interests in the Laminaria-Corallina joint operation. The transaction has resulted in the assets and liabilities of the joint operation being reclassified as assets and liabilities held for sale and an impairment reversal of US$95 million being recognised. For more detail, refer to Notes B.4 and D.6.
- Refinancing of the Group's debt facilities. For more detail, refer to Note C.3.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

	Notes	2015 US$m	2014 US$m
Operating revenue	A.1	5,030	7,435
Cost of sales	A.1	(3,073)	(2,883)
Gross profit		1,957	4,552
Other income	A.1	37	31
Other expenses	A.1	(1,553)	(911)
Profit before tax and net finance costs		441	3,672
Finance income		4	15
Finance costs		(89)	(178)
Profit before tax		356	3,509
Petroleum resources rent tax (PRRT) (expense)/benefit	A.4	(131)	88
Income tax expense	A.4	(112)	(1,081)
Profit after tax		113	2,516
Profit attributable to:			
Equity holders of the parent		26	2,414
Non-controlling interest	E.9	87	102
Profit for the year		113	2,516
Basic and diluted earnings per share attributable to equity holders of the parent (US cents)	A.3	3.2	293.4

The accompanying notes form part of the financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015 US$m	2014 US$m
Profit for the year	113	2,516
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Loss on available-for-sale financial assets reclassified to profit or loss	14	-
Translation loss reclassified to profit or loss	3	-
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gains/(losses) on defined benefit plan	12	(6)
Other comprehensive income for the year, net of tax	29	(6)
Total comprehensive income for the year	142	2,510
Total comprehensive income attributable to:		
Equity holders of the parent	55	2,408
Non-controlling interest	87	102
Total comprehensive income for the year	142	2,510

The accompanying notes form part of the financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 US$m	2014 US$m
Current assets			
Cash and cash equivalents	C.1	122	3,268
Receivables	D.1	489	478
Inventories	D.2	170	247
Tax receivable	A.4	106	-
Other assets		47	49
Disposal group held for sale	D.6	145	-
Total current assets		1,079	4,042
Non-current assets			
Receivables	D.1	93	63
Inventories	D.2	19	12
Other financial assets		30	30
Other assets		8	2
Exploration and evaluation assets	B.2	2,528	1,268
Oil and gas properties	B.3	19,236	17,534
Other plant and equipment		76	79
Deferred tax assets	A.4	770	1,052
Total non-current assets		22,760	20,040
Total assets		23,839	24,082
Current liabilities			
Payables	D.3	813	605
Interest-bearing liabilities	C.2	77	629
Tax payable	A.4	-	440
Other financial liabilities		1	2
Other liabilities		42	76
Provisions	D.4	215	189
Liabilities associated with disposal group held for sale	D.6	156	-
Total current liabilities		1,304	1,941
Non-current liabilities			
Interest-bearing liabilities	C.2	4,364	1,957
Deferred tax liabilities	A.4	1,390	1,637
Other financial liabilities		11	10
Other liabilities		92	123
Provisions	D.4	1,653	1,755
Total non-current liabilities		7,510	5,482
Total liabilities		8,814	7,423
Net assets		15,025	16,659
Equity			
Issued and fully paid shares	C.4	6,547	6,547
Shares reserved for employee share plans	C.4	(27)	(38)
Other reserves	C.5	963	920
Retained earnings		6,743	8,447
Equity attributable to equity holders of the parent		14,226	15,876
Non-controlling interest	E.9	799	783
Total equity		15,025	16,659

The accompanying notes form part of the financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	2015 US$m	2014 US$m
Cash flows from operating activities			
Profit after tax for the period		113	2,516
Adjustments for:			
Non-cash items			
Depreciation and amortisation		1,539	1,462
Impairment of oil and gas properties		1,083	434
Loss on disposal of exploration and evaluation assets		2	13
(Gain)/loss on disposal of oil and gas properties		(3)	13
Loss on disposal of investment		14	-
Change in fair value of derivative financial instruments		1	-
Net finance costs		85	163
Tax expense		243	993
Exploration and evaluation written off		131	5
Other		(28)	68
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		(28)	33
Decrease/(increase) in inventories		67	(65)
Increase/(decrease) in provisions		79	(18)
(Increase)/decrease in other assets and liabilities		(30)	21
Increase in trade and other payables		55	69
Cash generated from operations		3,323	5,707
Purchases of shares and payments relating to employee share plans		(45)	(55)
Interest received		5	14
Dividends received		8	6
Interest paid		(119)	(163)
Income tax paid		(768)	(550)
PRRT paid		(10)	(95)
Payments for restoration		(16)	(27)
Payments for carbon tax		(2)	(52)
Net cash from operating activities		2,376	4,785
Cash flows from/(used in) investing activities			
Payments for capital and exploration expenditure		(1,819)	(697)
Proceeds from disposal of exploration and evaluation assets		-	35
Proceeds from disposal of oil and gas properties		-	45
Payments for acquisition of joint arrangements net of cash acquired	B.5	(3,637)	-
Net cash used in investing activities		(5,456)	(617)
Cash flows from/(used in) financing activities			
Proceeds from/(repayments of) borrowings		1,834	(1,184)
Contributions to non-controlling interests		(162)	(182)
Dividends paid		(1,730)	(1,753)
Net cash used in financing activities		(58)	(3,119)
Net (decrease)/increase in cash held		(3,138)	1,049
Cash and cash equivalents at the beginning of the period		3,268	2,223
Effects of exchange rate changes		(8)	(4)
Cash and cash equivalents at the end of the period	C.1	122	3,268

The accompanying notes form part of the financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Notes	Issued and fully paid shares C.4 US$m	Shares reserved for employee share plans C.4 US$m	Employee benefits reserve C.5 US$m	Foreign currency translation reserve C.5 US$m	Investment fair value reserve C.5 US$m	Retained earnings US$m	Equity holders of the parent US$m	Non-controlling interest E.9 US$m	Total equity US$m
At 1 January 2015	**6,547**	**(38)**	**161**	**773**	**(14)**	**8,447**	**15,876**	**783**	**16,659**
Profit for the year	-	-	-	-	-	26	26	87	113
Other comprehensive income	-	-	12	3	14	-	29	-	29
Total comprehensive income for the year	-	-	12	3	14	26	55	87	142
Employee share plan purchases	-	(45)	-	-	-	-	(45)	-	(45)
Employee share plan redemptions	-	56	(56)	-	-	-	-	-	-
Share-based payments	-	-	70	-	-	-	70	-	70
Dividends paid	-	-	-	-	-	(1,730)	(1,730)	(71)	(1,801)
At 31 December 2015	**6,547**	**(27)**	**187**	**776**	**-**	**6,743**	**14,226**	**799**	**15,025**
At 1 January 2014	6,547	(42)	164	773	(14)	7,797	15,225	733	15,958
Profit for the year	-	-	-	-	-	2,414	2,414	102	2,516
Other comprehensive income	-	-	(6)	-	-	-	(6)	-	(6)
Total comprehensive income for the year	-	-	(6)	-	-	2,414	2,408	102	2,510
Employee share plan purchases	-	(55)	-	-	-	-	(55)	-	(55)
Employee share plan redemptions	-	59	(59)	-	-	-	-	-	-
Share-based payments	-	-	62	-	-	-	62	-	62
Dividends paid	-	-	-	-	-	(1,764)	(1,764)	(52)	(1,816)
At 31 December 2014	6,547	(38)	161	773	(14)	8,447	15,876	783	16,659

The accompanying notes form part of the financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

About this report

Woodside Petroleum Ltd (Woodside or the Group) is a for-profit entity limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the directors' report and in the segment information in Note A.1.

The financial report was authorised for issue in accordance with a resolution of the directors on 17 February 2016.

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AASBs) and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The accounting policies are consistent with those disclosed in the Financial Report 2014, except for the impact of all new or amended standards and interpretations. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

Currency

The functional and presentation currency of Woodside Petroleum Ltd and all its subsidiaries is US dollars.

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling at that date. Exchange differences in the consolidated financial statements are taken to the income statement.

Rounding of amounts

The amounts contained in this report have been rounded to the nearest million dollars under the option available to the Group under Australian Securities and Investments Commission (ASIC) Class Order 98/0100 dated 10 July 1998, unless otherwise stated.

Basis of preparation

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and certain other financial assets and financial liabilities, which have been measured at fair value.

The financial report comprises the financial statements of the Group and its subsidiaries as at 31 December each year (refer to Section E). Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date at which the Group ceases to have control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits and losses arising from intra-group transactions, have been eliminated in full.

Non-controlling interests are allocated their share of the net profit after tax in the consolidated income statement, their share of other comprehensive income, net of tax in the consolidated statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Key estimates and judgements

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances known to management. Actual results may differ from those judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are found in the following notes:

Note A.4	Taxes	Page **83**
Note B.2	Exploration and evaluation	Page **86**
Note B.3	Oil and gas properties	Page **87**
Note B.4	Impairment of oil and gas properties	Page **88**
Note D.4	Provisions	Page **95**
Note E.7	Joint arrangements	Page **101**

Financial and capital risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework, including review and the approval of the Group's risk management strategy, policy and key risk parameters. The Board of Directors and the Audit & Risk Committee have oversight of the Group's internal control system and risk management process, including the oversight of the internal audit function.

The Group's management of financial and capital risks is aimed at ensuring that available capital, funding and cash flows are sufficient to:

- meet the Group's financial commitments as and when they fall due;
- maintain the capacity to fund its committed project developments;
- pay a reasonable dividend; and
- maintain a long-term credit rating of not less than 'investment grade'.

The Group monitors and tests its forecast financial position against these criteria and, in general, will undertake hedging activity only when necessary to ensure that these objectives are achieved. Other circumstances that may lead to hedging activities include the management of exposures relating to trading activities, the purchase of reserves and the underpinning of the economics of a new project. It is, and has been throughout the period, the Group Treasury policy that no speculative trading in financial instruments shall be undertaken. Refer to the risk section of the operating and financial review on page **20** for more information on the Group's objectives, policies and processes for managing financial risk.

The below risks arise in the normal course of the Group's business. Risk information can be found in the following sections:

Section A	Commodity risk	Page **79**
Section A	Foreign exchange risk	Page **79**
Section C	Capital risk	Page **90**
Section C	Liquidity risk	Page **90**
Section C	Interest rate risk	Page **90**
Section D	Credit risk	Page **93**

NOTES TO THE FINANCIAL STATEMENTS A: Earnings for the year

for the year ended 31 December 2015

In this section

This section addresses financial performance of the Group for the reporting period including, where applicable, the accounting policies applied and the key estimates and judgements made. The section also includes the tax position of the Group for and at the end of the reporting period.

Key financial and capital risks in this section

Commodity price risk management

The Group's revenue is exposed to commodity price fluctuations, in particular oil and gas prices are measured by monitoring and stress testing the Group's forecast financial position to sustained periods of low oil and gas prices. This analysis is regularly performed on the Group's portfolio and, as required, for discrete projects and acquisitions.

As at reporting date, the Group had no financial instruments with material exposure to commodity price risk.

Foreign exchange risk management

Foreign exchange risk arises from future commitments, financial assets and financial liabilities that are not denominated in US dollars. The majority of the operations' revenue is denominated in US dollars. The Group is exposed to foreign currency risk arising from operating and capital expenditure incurred in currencies other than US dollars, particularly Australian dollars.

Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

A reasonably possible change in the exchange rate of the US dollar to the Australian dollar (+10%/-10%), with all other variables held constant, would not have a material impact on the Group's equity or the profit or loss in the current period. Refer to Notes C.1, C.2, D.1 and D.3 for detail of the denomination of cash and cash equivalents, interest-bearing liabilities, receivables and payables held at 31 December 2015.

Currently, there are no foreign exchange hedge programs in place. Foreign currency is purchased periodically to meet operational requirements.

NOTES TO THE FINANCIAL STATEMENTS A: Earnings for the year

for the year ended 31 December 2015

A.1 Segment revenue and expenses

Operating segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

Management monitors the operating results of the Business Units separately for the purpose of making decisions about resource allocation and performance assessment. The performance of operating segments is evaluated based on profit before tax and net finance costs and is measured in accordance with the Group's accounting policies.

Financing requirements, including cash and debt balances, finance income, finance costs and taxes are managed at a Group level.

Operating segments outlined below are identified by management based on the nature and geographical location of the business or venture.

Producing

North West Shelf Project – Exploration, evaluation, development, production and sale of liquefied natural gas, pipeline natural gas, condensate, liquefied petroleum gas and crude oil from the North West Shelf ventures.

Pluto LNG – Exploration, evaluation, development, production and sale of liquefied natural gas and condensate in assigned permit areas.

Australia Oil – Exploration, evaluation, development, production and sale of crude oil in assigned permit areas (Laminaria, Enfield, Vincent, Stybarrow and Balnaves).

Development

Browse FLNG – Exploration, evaluation and development of liquefied natural gas and condensate in the Browse area.

Wheatstone LNG – Exploration, evaluation and development of liquefied natural gas and condensate. This is a new segment due to the acquisition in the year.

Other

Other segments – This segment comprises the activities undertaken by Trading and Shipping, United States, Exploration, International, Canada and Sunrise Business Units.

Unallocated items – Unallocated items comprise primarily corporate non-segmental items of revenue and expenses and associated assets and liabilities not allocated to operating segments as they are not considered part of the core operations of any segment.

Major customer information

The Group has two major customers which account for 18% and 16% of the Group's external revenue respectively. The sales are generated by the Pluto and North West Shelf Business Units (2014: two customers; 19% and 14%).

Geographical information

	Revenue from external customers[1]		Non-current assets[2]	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Australia	532	586	20,763	18,957
Asia	4,207	6,705	32	11
USA	77	103	-	-
Canada	-	-	1,171	-
Other	214	41	24	20
Consolidated	5,030	7,435	21,990	18,988

1. *Revenue is attributable to geographic location based on the location of the customers.*
2. *Non-current assets exclude deferred tax of US$770 million (2014: US$1,052 million).*

Recognition and measurement

Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

- Revenue from sale of produced hydrocarbons
  Revenue from the sale of produced hydrocarbons is recognised when the significant risks and rewards of ownership have passed to the customer, which is typically at the point that title passes. This policy is applied to the Group's different operating arrangements.
  Revenue is recognised on the basis of the Group's working interest in a producing field (the entitlement method).
  Revenue from take or pay contracts is recognised in earnings when the product has been drawn by the customer and recorded as unearned revenue when not drawn by the customer.
- Other operating revenue
  Revenue earned from LNG processing, ship chartering and other services is recognised as the services are rendered.
  Trading revenue earned from sales of third party products is recognised when the risks and rewards of ownership of the products are transferred to the customer.

Expenses

- Royalties and excise duty
  Royalties and excise duty under existing regimes are considered to be production-based taxes and are therefore accrued on the basis of the Group's entitlement to physical production.
- Depreciation and amortisation
  Refer to Note B.3 for details on depreciation and amortisation.
- Impairment
  Refer to Note B.4 for details on impairment.
- Leases
  Refer to Note E.2 for details on leases.
- Employee benefits
  Refer to Note E.3 for details on employee benefits.

NOTES TO THE FINANCIAL STATEMENTS A: Earnings for the year

for the year ended 31 December 2015

A.1 Segment revenue and expenses (cont.)

	Producing						Development				Other					
	North West Shelf		Pluto		Australia Oil		Browse		Wheatstone		Other segments		Unallocated items		Consolidated	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Liquefied natural gas	1,028	1,654	2,067	2,909	-	-	-	-	-	-	-	-	-	-	3,095	4,563
Pipeline natural gas	295	376	-	-	-	-	-	-	-	-	1	1	-	-	296	377
Condensate	291	568	130	333	-	-	-	-	-	-	-	-	-	-	421	901
Oil	140	308	-	-	510	825	-	-	-	-	-	22	-	-	650	1,155
Liquefied petroleum gas	34	80	-	-	-	-	-	-	-	-	-	-	-	-	34	80
Revenue from sale of produced hydrocarbons	1,788	2,986	2,197	3,242	510	825	-	-	-	-	1	23	-	-	4,496	7,076
Processing and services revenue	-	-	180	198	-	-	-	-	-	-	-	-	-	-	180	198
Trading revenue	-	-	-	-	-	-	-	-	-	-	354	161	-	-	354	161
Other revenue	-	-	180	198	-	-	-	-	-	-	354	161	-	-	534	359
Operating revenue	1,788	2,986	2,377	3,440	510	825	-	-	-	-	355	184	-	-	5,030	7,435
Production costs	(186)	(243)	(206)	(203)	(237)	(259)	-	-	-	-	(1)	(3)	(9)	3	(639)	(705)
Royalties and excise	(215)	(400)	-	-	-	-	-	-	-	-	-	-	-	-	(215)	(400)
Carbon costs	(2)	(14)	4	(3)	-	(6)	-	-	-	-	-	-	-	(1)	2	(24)
Insurance	(7)	(9)	(12)	(17)	(3)	(3)	-	-	-	-	(1)	(2)	(5)	8	(28)	(23)
Inventory movement	(15)	5	(31)	28	(23)	7	-	-	-	-	-	-	-	-	(69)	40
Onerous lease provision	-	-	-	-	(128)	-	-	-	-	-	-	-	-	-	(128)	-
Costs of production	(425)	(661)	(245)	(195)	(391)	(261)	-	-	-	-	(2)	(5)	(14)	10	(1,077)	(1,112)
Land and buildings	(7)	(4)	(71)	(55)	-	-	-	-	-	-	-	-	-	-	(78)	(59)
Transferred exploration and evaluation	(6)	(5)	(36)	(40)	(4)	(5)	-	-	-	-	-	(2)	-	-	(46)	(52)
Plant and equipment	(315)	(298)	(746)	(726)	(303)	(270)	-	-	-	-	-	(14)	-	-	(1,364)	(1,308)
Marine vessels and carriers	(7)	(7)	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
Oil and gas properties depreciation and amortisation	(335)	(314)	(853)	(821)	(307)	(275)	-	-	-	-	-	(16)	-	-	(1,495)	(1,426)
Shipping and direct sales costs	(39)	(47)	(100)	(124)	(2)	(3)	-	-	-	-	2	(1)	(9)	(10)	(148)	(185)
Trading costs	-	-	-	-	-	-	-	-	-	-	(353)	(160)	-	-	(353)	(160)
Other cost of sales	(39)	(47)	(100)	(124)	(2)	(3)	-	-	-	-	(351)	(161)	(9)	(10)	(501)	(345)
Cost of sales	(799)	(1,022)	(1,198)	(1,140)	(700)	(539)	-	-	-	-	(353)	(182)	(23)	-	(3,073)	(2,883)
Gross profit	989	1,964	1,179	2,300	(190)	286	-	-	-	-	2	2	(23)	-	1,957	4,552
Other income	11	7	10	4	13	6	-	-	-	-	3	(7)	-	21	37	31
Exploration and evaluation expenditure	(3)	(11)	(1)	(2)	(5)	(22)	-	-	-	-	(240)	(245)	-	-	(249)	(280)
Amortisation and write-offs	-	(1)	-	-	(33)	(2)	-	-	-	-	(120)	(23)	-	-	(153)	(26)
Exploration and evaluation	(3)	(12)	(1)	(2)	(38)	(24)	-	-	-	-	(360)	(268)	-	-	(402)	(306)
General, administrative and other costs	5	4	9	8	29	(38)	-	-	-	-	(14)	(35)	(57)	(80)	(28)	(141)
Impairment of oil and gas properties	(200)	(41)	-	-	(18)	(393)	-	-	(865)	-	-	-	-	-	(1,083)	(434)
Depreciation of other plant and equipment	(1)	-	-	-	-	-	-	-	-	-	-	-	(21)	(15)	(22)	(15)
Other	(4)	-	1	-	-	-	-	-	-	-	-	(14)	(15)	(1)	(18)	(15)
Other costs	(200)	(37)	10	8	11	(431)	-	-	(865)	-	(14)	(49)	(93)	(96)	(1,151)	(605)
Other expenses	(203)	(49)	9	6	(27)	(455)	-	-	(865)	-	(374)	(317)	(93)	(96)	(1,553)	(911)
Profit/(loss) before tax and net finance costs	797	1,922	1,198	2,310	(204)	(163)	-	-	(865)	-	(369)	(322)	(116)	(75)	441	3,672

NOTES TO THE FINANCIAL STATEMENTS A: Earnings for the year

for the year ended 31 December 2015

A.2 Dividends paid and proposed

	2015 US$m	2014 US$m
(a) Dividends paid during the financial year		
Prior year fully franked final dividend US$1.44, paid on 25 March 2015 (2014: US$1.03, paid on 26 March 2014)	1,186	849
Current year fully franked interim dividend US$0.66 paid on 23 September 2015 (2014: US$1.11, paid on 24 September 2014)	544	915
	1,730	1,764
(b) Dividend declared subsequent to the reporting period end (not recorded as liability)		
Final dividend US$0.43 (2014: US$1.44)	354	1,186
(c) Other information		
Franking credits available for the subsequent periods	2,808	2,257
Current year dividends per share (US cents)	109	255

A.3 Earnings per share

	2015	2014
Profit attributable to equity holders of the parent (US$m)	26	2,414
Weighted average number of shares on issue	822,943,960	822,771,118
Basic and diluted earnings per share (US cents)	3.2	293.4

Earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares makes allowance for shares reserved for employee share plans.

Performance rights of 9,243,434 (2014: 8,975,093) are considered to be contingently issuable and have not been allowed for in the diluted earnings per share calculation.

There have been no transactions involving ordinary shares between the reporting date and the date of completion of this financial report.

A.4 Taxes

	2015 US$m	2014 US$m
(a) Tax expense comprises		
PRRT		
Current tax benefit	(29)	(83)
Deferred tax expense/(benefit)	160	(5)
PRRT expense/(benefit)	131	(88)
Income tax		
Current year		
Current tax expense	283	1,018
Deferred tax (benefit)/expense	(168)	74
Adjustment to prior years		
Current tax benefit	(23)	(167)
Deferred tax expense	20	156
Income tax expense	112	1,081
Tax expense	243	993
(b) Reconciliation of income tax expense		
Profit before tax	356	3,509
PRRT (expense)/benefit	(131)	88
Profit before income tax	225	3,597
Income tax expense calculated at 30%	67	1,079
Non-deductible/(assessable) items	15	(20)
Foreign expenditure not brought to account	82	63
Over provided in prior years	(2)	(11)
Foreign exchange impact on tax expense	(50)	(30)
Income tax expense	112	1,081
(c) Reconciliation of PRRT expense/(benefit)		
Profit before tax	356	3,509
Non-PRRT assessable profits	(341)	(2,959)
PRRT projects profit before tax	15	550
PRRT expense calculated at 40%	6	220
Augmentation-Pluto	(226)	(225)
Derecognition of quarantined exploration expenditure-Pluto	363	-
Other	(12)	(83)
PRRT expense/(benefit)	131	(88)
(d) Deferred tax income statement reconciliation		
PRRT		
Production and growth assets	(56)	412
Provisions	67	(119)
Augmentation for current year	(226)	(225)
Derecognition of quarantined exploration expenditure	363	-
Other	12	(73)
PRRT deferred tax expense/(benefit)[1]	160	(5)
Income tax		
Oil and gas properties	(183)	272
Provisions	61	(189)
Other liabilities	(42)	55
Exploration and evaluation assets	46	95
Other	(30)	(14)
Foreign jurisdiction	-	11
Income tax deferred tax (benefit)/expense	(148)	230
Deferred tax expense	12	225

1. *US$20 million (2014: US$nil) movement recognised in assets held for sale.*

NOTES TO THE FINANCIAL STATEMENTS A: Earnings for the year

for the year ended 31 December 2015

A.4 Taxes (cont.)

	2015 US$m	2014 US$m
(e) Deferred tax balance sheet reconciliation		
Deferred tax assets		
PRRT		
Production and growth assets	365	585
Provisions	197	246
Augmentation for current year	226	225
Other	(18)	(4)
	770	1,052
Deferred tax liabilities		
PRRT		
Production and growth assets	437	555
Provisions	(138)	(156)
Other	12	14
Income tax		
Oil and gas properties	1,238	1,421
Provisions	(560)	(621)
Other liabilities	141	183
Exploration and evaluation assets	348	302
Other[1]	(88)	(61)
	1,390	1,637
(f) Tax receivable/(payable) reconciliation		
PRRT receivable/(payable)	10	(28)
Income tax receivable/(payable)	96	(412)
	106	(440)

1. *US$3 million (2014: US$3 million) movement recognised in other comprehensive income.*

Recognition and measurement

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised. The tax rates and laws used to determine the amount are based on those that have been enacted or substantially enacted by the end of the reporting period. Income taxes relating to items recognised directly in equity are recognised in equity.

Current taxes

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred taxes

Deferred tax expense is the movements in the temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, unused tax losses and tax credits only if it is probable that sufficient future taxable income will be available to utilise those temporary differences and losses.

Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither accounting profit nor the taxable profit.

Deferred tax is also not recognised if the taxable difference relates to investments in subsidiaries, associates and interests in joint ventures to the extent that the Group is able to control the reversal of the temporary difference and it is not probable to reverse in the foreseeable future.

In relation to PRRT, the impact of future augmentation on expenditure is included in the determination of future taxable profits when assessing the extent to which a deferred tax asset can be recognised in the statement of financial position.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that the Group intends to settle its current tax assets and liabilities on a net basis. Refer to Notes E.9 and E.10 for detail on the tax consolidated group.

Key estimates and judgements

(a) Income tax classification

Judgement is required when determining whether a particular tax is an income tax or another type of tax. Accounting for deferred tax is applied to income taxes as described above, but is not applied to other types of taxes, e.g. North West Shelf royalties and excise. Such taxes are recognised in the income statement on an appropriate basis. PRRT is considered, for accounting purposes, to be an income tax.

(b) Deferred tax asset recognition

Foreign tax losses: Deferred tax assets of US$334 million (2014: US$287 million) relating to unused foreign tax losses that are available for offset against future taxable profits are not recognised. The Group has determined it is not probable that the assets will be utilised based on current planned activities in those regions.

PRRT: Deferred tax assets of US$3,466 million (2014: US$3,389 million) on the deductible temporary differences have not been recognised on the basis that deductions from future augmentation of the deductible temporary difference will be sufficient to offset future taxable profit. US$3,028 million (2014: US$3,389 million) relates to the transition of the North West Shelf Project, US$363 million (2014: US$nil) relates to the quarantined exploration spend of the Pluto Project and US$75 million (2014: US$nil) relates to the general expenditure of the Wheatstone Project. Future taxable profits were determined using the same assumptions disclosed in Note B.4 and a long-term bond rate of 2.7% for the purposes of augmentation.

Had an alternative approach been used to assess recovery of the deferred tax assets, whereby future augmentation was not included in the assessment, the estimated deferred tax assets would be recognised, with a corresponding benefit to income tax expense. It was determined that the approach adopted provides the most meaningful information on the implications of the PRRT regime, whilst ensuring compliance with AASB 112 *Income Taxes*.

NOTES TO THE FINANCIAL STATEMENTS B: Production and growth assets

for the year ended 31 December 2015

In this section

This section addresses core producing (oil and gas properties) and strategic growth (exploration and evaluation) assets position of the Group at the end of the reporting period including, where applicable, the accounting policies applied and the key estimates and judgements made. The section also includes the impairment position of the Group at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS B: Production and growth assets

for the year ended 31 December 2015

B.1 Segment production and growth assets

	Producing						Development				Other					
	North West Shelf		Pluto		Australia Oil		Browse		Wheatstone		Other segments		Unallocated items		Consolidated	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Balance as at 31 December																
Oceania	26	66	402	371	192	173	373	247	-	-	308	348	1	26	1,302	1,231
Asia	-	-	-	-	-	-	-	-	-	-	30	10	-	-	30	10
Africa	-	-	-	-	-	-	-	-	-	-	19	13	-	-	19	13
The Americas	-	-	-	-	-	-	-	-	-	-	1,173	4	-	-	1,173	4
Europe	-	-	-	-	-	-	-	-	-	-	4	10	-	-	4	10
Total exploration and evaluation	26	66	402	371	192	173	373	247	-	-	1,534	385	1	26	2,528	1,268
Balance as at 31 December																
Land and buildings	35	42	539	609	-	-	-	-	-	-	1	1	-	-	575	652
Transferred exploration and evaluation	40	42	417	358	8	13	-	-	-	-	-	-	-	-	465	413
Plant and equipment	2,532	2,996	11,589	11,947	359	621	-	-	284	-	3	4	-	-	14,767	15,568
Marine vessels and carriers	129	135	-	-	-	-	-	-	-	-	-	-	-	-	129	135
Projects in development	339	333	142	406	12	31	-	-	2,811	-	(4)	(4)	-	-	3,300	766
Total oil and gas properties	3,075	3,548	12,687	13,320	379	665	-	-	3,095	-	-	1	-	-	19,236	17,534
Additions to exploration and evaluation																
Exploration	-	-	32	-	33	-	-	-	-	-	122	131	-	1	187	132
Evaluation	10	24	(1)	-	19	14	131	79	-	-	1,072	1	(25)	11	1,206	129
Restoration	-	-	-	(2)	-	-	(5)	6	-	-	75	3	-	-	70	7
	10	24	31	(2)	52	14	126	85	-	-	1,269	135	(25)	12	1,463	268
Additions to oil and gas properties																
Oil and gas properties additions	151	157	234	233	154	25	-	-	3,755	-	-	-	-	-	4,294	415
Capitalised borrowing costs additions[1]	9	10	5	3	-	-	-	-	96	-	-	-	-	-	110	13
Restoration	(144)	241	(16)	160	(7)	138	-	-	109	-	-	-	-	-	(58)	539
	16	408	223	396	147	163	-	-	3,960	-	-	-	-	-	4,346	967

1. Borrowing costs capitalised were at a weighted average interest rate of 3.9% (2014: 4.1%).

Refer to Note A.1 for descriptions of the Group's segments.

NOTES TO THE FINANCIAL STATEMENTS B: Production and growth assets

for the year ended 31 December 2015

B.2 Exploration and evaluation

	Oceania US$m	Asia US$m	Africa US$m	The Americas US$m	Europe US$m	Total US$m
Year ended 31 December 2015						
Carrying amount at 1 January 2015	1,231	10	13	4	10	1,268
Additions	221	42	20	1,179	1	1,463
Amortisation of licence acquisition costs	-	(6)	(2)	(10)	(4)	(22)
Expensed	(100)	(16)	(12)	-	(3)	(131)
Transferred exploration and evaluation	(50)	-	-	-	-	(50)
Carrying amount at 31 December 2015	1,302	30	19	1,173	4	2,528
Year ended 31 December 2014						
Carrying amount at 1 January 2014	1,016	16	-	31	-	1,063
Additions	240	1	13	4	10	268
Disposals at written down value	-	-	-	(17)	-	(17)
Amortisation of licence acquisition costs	-	(7)	-	(14)	-	(21)
Expensed	(5)	-	-	-	-	(5)
Transferred exploration and evaluation	(20)	-	-	-	-	(20)
Carrying amount at 31 December 2014	1,231	10	13	4	10	1,268
Exploration commitments						
Year ended 31 December 2015	142	130	25	124	53	474
Year ended 31 December 2014	192	68	24	5	82	371

Recognition and measurement

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. The Group's application of the accounting policy for the cost of exploring and of evaluating discoveries is closely aligned to the US GAAP-based successful efforts method.

Areas of interest are recognised at the field level. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs and new venture activity costs, is expensed as incurred except for the following:

- where the expenditure relates to an exploration discovery that, at the reporting date, has not been recognised as an area of interest, as an assessment of the existence or otherwise of economically recoverable reserves is not yet complete, then it is capitalised; or
- where the expenditure relates to a recognised area of interest and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale, then it is capitalised.

The costs of acquiring interests in new evaluation and exploration licences are capitalised. The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest. Subsequent to the recognition of an area of interest, all further evaluation costs relating to that area of interest are capitalised.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

In the statement of cash flows, those cash flows associated with capitalised exploration and evaluation expenditure, including unsuccessful wells, are classified as cash flows used in investing activities.

Exploration commitments

The Group has exploration expenditure obligations which are contracted for, but not provided for in the financial report. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

Key estimates and judgements

(a) Area of interest

An area of interest (AOI) is defined by the Group as an individual geographical area whereby the presence of hydrocarbons is considered favourable or proved to exist. The Group has established criteria to recognise and maintain an AOI. There is separate guidance for conventional and unconventional AOIs.

(b) Impairment of exploration and evaluation assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective AOI.

Each potential or recognised AOI is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method, to determine the recoverable amount for each AOI to which the exploration and evaluation expenditure is attributed.

This assessment requires management to make certain estimates and apply judgement in determining assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

NOTES TO THE FINANCIAL STATEMENTS B: Production and growth assets

for the year ended 31 December 2015

B.3 Oil and gas properties

	Land and buildings US$m	Transferred exploration and evaluation US$m	Plant and equipment US$m	Marine vessels and carriers US$m	Projects in development US$m	Total US$m
Year ended 31 December 2015						
Carrying amount at 1 January 2015	652	413	15,568	135	766	17,534
Additions	-	-	(119)	-	4,465	4,346
Disposals at written down value	-	(3)	(4)	-	-	(7)
Depreciation and amortisation	(78)	(46)	(1,364)	(7)	-	(1,495)
Impairment loss	-	-	(218)	-	(865)	(1,083)
Completions and transfers	1	101	904	1	(1,066)	(59)
Carrying amount at 31 December 2015	575	465	14,767	129	3,300	19,236
At 31 December 2015						
Historical cost	1,092	872	24,181	401	4,223	30,769
Accumulated depreciation and impairment	(517)	(407)	(9,414)	(272)	(923)	(11,533)
Net carrying amount	575	465	14,767	129	3,300	19,236
Year ended 31 December 2014						
Carrying amount at 1 January 2014	712	474	16,620	115	569	18,490
Additions	-	-	534	-	433	967
Disposals at written down value	(2)	(9)	(72)	-	-	(83)
Depreciation and amortisation	(59)	(52)	(1,308)	(7)	-	(1,426)
Impairment loss	-	-	(434)	-	-	(434)
Completions and transfers	1	-	228	27	(236)	20
Carrying amount at 31 December 2014	652	413	15,568	135	766	17,534
At 31 December 2014						
Historical cost	1,091	801	24,485	400	824	27,601
Accumulated depreciation and impairment	(439)	(388)	(8,917)	(265)	(58)	(10,067)
Net carrying amount	652	413	15,568	135	766	17,534

Recognition and measurement

Oil and gas properties are stated at cost less accumulated depreciation and impairment charges. Oil and gas properties include initial cost to acquire, construct, install or complete production and infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation assets, development wells and the estimated cost of dismantling and restoration.

Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation and amortisation

Oil and gas properties and other plant and equipment are depreciated to their estimated residual values at rates based on their expected useful lives.

Transferred evaluation and exploration and offshore plant and equipment are depreciated using the unit of production basis over proved reserves or proved plus probable reserves. Onshore plant and equipment is depreciated using a straight-line basis over the lesser of useful life and the life of proved plus probable reserves. On a straight-line basis the assets have an estimated useful life of 5-50 years.

All other items of oil and gas properties are depreciated using the straight-line method over their useful life. They are depreciated as follows:

- Buildings – 24-40 years;
- Marine vessels and carriers – 10-40 years;
- Other plant and equipment – 5-15 years; and
- Land is not depreciated.

Impairment

Refer to Note B.4 for details on impairment.

Capital commitments

The Group has capital expenditure commitments contracted for, but not provided for in the financial report of US$520 million (2014: US$89 million).

Key estimates and judgements

Reserves and resources

The estimations of reserves require significant management judgement and interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries.

Estimates of oil and natural gas reserves are used to calculate depreciation, depletion and amortisation charges for the Group's oil and gas properties. Judgement is used in determining the reserve base applied to each asset. Typically, late life oil assets use proved reserves.

Estimates are reviewed at least annually or when there are changes in the economic circumstances impacting specific assets or asset groups. These changes may impact depreciation, asset carrying values, restoration provisions and deferred tax balances. If proved reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down of the property's carrying value.

For more information regarding reserve assumptions, refer to the reserves and resources statement at page **38** of the Annual Report.

NOTES TO THE FINANCIAL STATEMENTS B: Production and growth assets

for the year ended 31 December 2015

B.4 Impairment of oil and gas properties

Recognition and measurement

Impairment testing

The carrying amounts of oil and gas properties are assessed half-yearly to determine whether there is an indication of impairment. Indicators of impairment include changes in future selling prices, future costs and reserves. If any such indication exists, the asset's recoverable amount is estimated.

Oil and gas properties are assessed for impairment on a cash generating unit (CGU) basis. CGUs are determined on a field by field basis, except for Pluto and Wheatstone which are single CGUs respectively, and North West Shelf, which is split into an oil CGU and a gas CGU.

Impairment calculations

The recoverable amount of an asset or CGU is determined as the higher of its value in use and fair value less costs of disposal. Value in use is determined by estimating future cash flows after taking into account the risks specific to the asset and discounting it to its present value using an appropriate discount rate.

If the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is written down and an impairment loss is recognised in the income statement.

Impairment reversals

If the recoverable amount of an asset or a CGU that has previously been impaired, subsequently exceeds its carrying amount, the impairment loss is reversed. The carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inputs to impairment calculation

Future cash flow information used for the value in use calculation is based on the Group's latest budget, five-year plan and project economic plans. Key estimates are disclosed in the 'Key estimates and judgements' section.

Recognised impairment and impairment reversals

The Group assessed each CGU to determine whether an indicator of impairment or impairment reversal existed. All impairment losses and reversals are recognised in other expenses. Refer to Note A.1.

- The conditional sale of the Laminaria-Corallina assets in the Australia Oil segment resulted in an impairment reversal of US$95 million as the asset's fair value less costs of disposal exceeded the carrying value. The valuation used level 3 fair value hierarchy inputs, being the conditional sales price in an orderly arm's length transaction.
- The decline in forecast oil prices and oil field decline for the Balnaves oil asset in the Australia Oil segment resulted in an impairment loss of US$10 million for the oil and gas properties.
- The decline in forecast oil and gas prices resulted in an impairment loss of US$1,168 million (2014: US$434 million) for the oil and gas properties in the Australia Oil, North West Shelf and Wheatstone operating segments.

	Impairment charge/(reversal)		Recoverable amount	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Australia Oil				
Enfield oil	18	179	8	37
Stybarrow	-	60	-	-
Laminaria-Corallina	(95)	64	109	27
Vincent oil	85	90	220	335
Balnaves	10	N/A	-	N/A
NWS oil	200	41	224	532
Wheatstone	865	N/A	3,094	N/A
	1,083	434	3,655	931

All impairment losses recognised against plant and equipment, with the exception of Wheatstone which is against projects in development.

Key estimates and judgements

Recoverable amount calculation key assumptions

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. These estimates require significant management judgement and are subject to risk and uncertainty, and hence changes in economic conditions can also affect the assumptions used and the rates used to discount future cash flow estimates. Laminaria-Corallina was assessed using the fair value less costs to dispose method, all other assets were assessed using the value in use method. The basis for the estimates used for value in use assessments are set out below:

- Inflation rate – an inflation rate of 2.0% has been applied (2014: 2.5%).
- Foreign exchange rates – based on the forward exchange rates at the date of assessment of three years, reverting to management's assumptions, including $0.75 AUD:USD (2014: $0.90) after five years.
- Discount rate – a range of pre-tax discount rates have been applied between 9% and 13% (2014: 12% and 13%).
- LNG price – based on the terms set out in the relevant contracts between the Group and its customers. The majority of LNG sales contracts are linked to an oil price marker, accordingly the LNG prices used are consistent with oil price assumptions.
- Natural gas price – based on the terms set out in the relevant contracts between the Group and its customers.
- Oil price – oil prices were derived from forward price curves and long-term views of global supply and demand, building upon past experience of the industry and consistent with external sources. Prices are adjusted based on premiums and discounts applied to the oil price marker based on the nature and quality of the product produced at the field. The unadjusted oil prices (US$/bbl) used were:

2016	2017	2018	2019	2020	2021
41.68	47.58	51.90	65.68	74.24	82.81

Prices from 2021 onwards are escalated at 2%.

NOTES TO THE FINANCIAL STATEMENTS B: Production and growth assets

for the year ended 31 December 2015

B.4 Impairment of oil and gas properties (cont.)

Sensitivity analysis

It is estimated that changes in the key assumptions would result in a higher or lower impairment or impairment reversal for the following CGUs in 2015:

	Cash generating unit		
Sensitivity	NWS oil	Vincent	Wheatstone
Discount rate: increase 1%	9	16	336
Discount rate: decrease 1%	(10)	(17)	(387)
Long-term oil price: reduction of US$5 (real)	22	36	324
Long-term oil price increase of US$5 (real)	(22)	(36)	(324)

A reasonable possible change in the US$ exchange rate (+10%/-10%) would not result in a material change to the impairments recognised.

A reasonable possible change in discount rate (+1%/-1%), long-term oil price (+US$5/bbl/-US$5/bbl) and US$ exchange rate (+10%/-10%) would not result in a change greater than US$5 million to the impairment charge recorded for Enfield, and results in no change to the impairment charge recorded for Balnaves.

B.5 Significant production and growth asset acquisitions

Woodside entered into a binding transaction with Apache Corporation to acquire Apache's Wheatstone LNG and Balnaves oil interests in Australia and Kitimat LNG project interests in Canada, for an aggregate purchase price of US$2,750 million plus a closing adjustment of US$921 million.

The Australian Wheatstone LNG and Balnaves oil component of the transaction successfully closed on 2 April 2015 for total cash consideration of US$2,817 million, including a closing adjustment of US$567 million. The closing adjustment represents reimbursement of Apache's share of net expenditures in the Wheatstone LNG project and Julimar-Brunello upstream gas development, changes in working capital and net receipts from the Balnaves oil project between the effective date, 1 July 2014, and closing. In addition to the purchase cash consideration, transaction costs of US$39 million have been capitalised relating to the acquisition.

The component of the transaction relating to the Canadian Kitimat LNG project successfully closed on 10 April 2015 for total cash consideration of US$854 million, including a closing adjustment of US$354 million. The closing adjustment represents reimbursement of Apache's share of net expenditures on the project, changes in working capital and other customary adjustments for the period between the effective date, 1 July 2014, and closing. In addition to the purchase cash consideration, transaction costs of US$12 million have been capitalised relating to the acquisition.

Under the terms of the Sale and Purchase Agreements, Woodside has acquired the following undivided interests in an arrangement and interests in Joint Operations:

- a 13% interest in the Wheatstone LNG project and a 65% interest in the Julimar-Brunello upstream gas development, based in Western Australia;
- a 65% interest in the Balnaves oil project, based in Western Australia; and
- a 50% interest in the Kitimat LNG project, including approximately 320,000 net acres in the Horn River and Liard Basins, Canada.

The acquisition of the interests in the Wheatstone LNG project, Julimar-Brunello upstream gas development, Balnaves oil project and Kitimat LNG project, have been accounted as asset acquisitions. Except for the 13% interest in the Wheatstone LNG project, which represents an undivided interest in the project, the other interests acquired have been classified as Joint Operations.

The consolidated financial statements include the results of the Joint Operations and undivided interest for the nine-month period from the acquisition dates.

Assets acquired and liabilities assumed

The identifiable assets and liabilities acquired as at the date of the acquisition inclusive of transaction costs were:

	Balnaves US$m	Wheatstone US$m	Kitimat US$m
Exploration and evaluation assets	-	-	976
Oil and gas properties	123	2,812	-
Restoration liabilities assumed	(78)	(77)	(116)
Cash acquired	6	48	8
Net other assets and liabilities acquired	9	13	(2)
Total identifiable net assets at acquisition	60	2,796	866

Cash flows on acquisition

	Balnaves US$m	Wheatstone US$m	Kitimat US$m
Purchase cash consideration	60	2,757	854
Transaction costs	-	39	12
Total purchase consideration	60	2,796	866
Accrued estimated transaction costs	-	(23)	-
Net cash acquired	(6)	(48)	(8)
Net cash outflows on acquisition	54	2,725	858

NOTES TO THE FINANCIAL STATEMENTS C: Debt and capital

for the year ended 31 December 2015

In this section

This section addresses cash, debt and capital position of the Group at the end of the reporting period including, where applicable, the accounting policies applied and the key estimates and judgements made.

Key financial and capital risks in this section

Capital risk management

Capital management is undertaken to ensure that a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. A stable capital base is maintained from which the Group can pursue its growth aspirations, whilst maintaining a flexible capital structure that allows access to a range of debt and equity markets to both draw upon and repay capital.

The Dividend Reinvestment Plan (DRP) was approved by the shareholders at the Annual General Meeting in 2003 for activation as required to fund future growth. The DRP was reactivated for the 2015 final dividend and will be fully underwritten.

A range of financial metrics is monitored including gearing and cash flow leverage, and Treasury policy breaches and exceptions. The gearing ratio which is net debt divided by total equity (excluding non-controlling interest) plus net debt is 23.3% (2014: negative 4.5%) at reporting date.

Liquidity risk management

Liquidity risk arises from financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay financial liabilities as and when they fall due. The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner.

The Group's liquidity position is continually reviewed including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. At 31 December 2015, the Group has a total of US$1,722 million (2014: US$6,818 million) available undrawn facilities and cash at its disposal. The maturity profile of interest-bearing liabilities is disclosed in Note C.2, and trade and other payables is disclosed in Note D.3. Financing facilities available to the Group are disclosed in Note C.3.

Interest rate risk management

Interest rate risk is the risk that the Group's financial position will fluctuate due to changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to financial instruments with floating interest rates including long-term debt obligations and cash and short-term deposits. The Group aims to manage its interest rate risk by maintaining an appropriate mix of fixed and floating rate debt. To manage the ratio of fixed rate debt to floating rate debt, the Group may enter into interest rate swaps.

Cash and short-term deposits are short-term in nature and are therefore monitored to achieve the optimal outcome.

At reporting date, the Group was exposed to various benchmark interest rates that were not designated in cash flow hedges, US$122 million (2014: US$3,268 million) on cash and cash equivalents and US$2,166 million (2014: US$1,300 million) on interest-bearing liabilities (excluding transaction costs).

A reasonably possible change in the London Interbank Offered Rate (LIBOR) (+1.0%/-0.85%), with all variables held constant, would not have a material impact on the Group's equity or the profit or loss in the current period.

As at reporting date, the Group had no interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS C: Debt and capital

for the year ended 31 December 2015

C.1 Cash and cash equivalents

	2015 US$m	2014 US$m
Cash and cash equivalents		
Cash at bank	122	126
Money market deposits	-	3,142
Total cash and cash equivalents	122	3,268

Recognition and measurement

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are stated at face value in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents are reported net of outstanding bank overdrafts.

Foreign exchange risk

The Group held US$58 million of cash and cash equivalents at 31 December 2015 (2014: US$98 million) in currencies other than US dollars (predominantly Australian dollars).

C.2 Interest-bearing liabilities

	2015 US$m	2014 US$m
(a) Interest-bearing liabilities (current)		
Debt facilities	77	629
	77	629
(b) Interest-bearing liabilities (non-current)		
Bonds	2,289	1,292
Debt facilities	2,075	665
	4,364	1,957

Recognition and measurement

Borrowings are initially recognised at fair value less transaction costs. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds received and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

All bonds and facilities are subject to various covenants and a negative pledge restricting future secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor the negative pledges have been breached at any time during the reporting period.

Foreign exchange risk

All interest-bearing liabilities are denominated in US dollars.

Fair value

The carrying amount of interest-bearing liabilities approximates their fair value, with the exception of the Group's three unsecured bonds which have a carrying amount of US$2,289 million (2014: US$1,292 million) and a fair value of US$2,310 million (2014: US$1,500 million). The fair value of the bonds was determined using quoted prices in an active market, classified as Level 1 on the fair value hierarchy. The Group's repayment obligations remain unchanged.

Unused facilities

As at reporting date, the Group had the following facilities that were undrawn at balance date:

	2015 US$m	2014 US$m
Debt facilities	1,600	3,550

Maturity profile of interest-bearing liabilities

The table below presents the undiscounted cash flows associated with the Group's interest bearing liabilities, representing principal and interest. The figures will not necessarily reconcile with the amounts disclosed in the consolidated statement of financial position.

	2015 US$m	2014 US$m
Due for payment in:		
1 year or less	236	734
1-2 years	237	172
2-3 years	1,127	171
3-4 years	1,387	171
4-5 years	155	744
More than 5 years	2,137	1,086
	5,279	3,078

Amounts exclude transaction costs.

C.3 Financing facilities

Details of loan facilities at the reporting date are as follows:

Bi-lateral loan facilities

The Group has 16 bi-lateral loan facilities totalling US$2,100 million. Details of bi-lateral loan facilities at the reporting date are as follows:

Number of facilities	Term (years)	Currency	Extension option
8	5	USD	Evergreen
2	4	USD	Evergreen
6	3	USD	Evergreen

Interest rates are based on LIBOR and margins are fixed at the commencement of the drawdown period. Interest is paid at the end of the drawdown period. Evergreen facilities may be extended continually by a year subject to the bank's agreement.

Medium Term Notes

On 28 August 2015, the Group established a US$3,000 million Global Medium Term Notes (MTN) program on the Singapore Stock Exchange. No Notes have been issued under this program. The program is not considered to be an unused facility.

Bonds

The Group has three unsecured bonds issued in the United States of America as defined in Rule 144A of the US Securities Act as set out below:

- the 2019 US$600 million bond has a fixed rate coupon of 8.75% p.a. and matures on 1 March 2019;
- the 2021 US$700 million bond has a fixed rate coupon of 4.60% p.a. and matures on 10 May 2021; and
- the 2025 US$1,000 million bond has a fixed rate coupon of 3.65% p.a. and matures on 5 March 2025.

Interest on the bonds is payable semi-annually in arrears.

NOTES TO THE FINANCIAL STATEMENTS C: Debt and capital

for the year ended 31 December 2015

C.3 Financing facilities (cont.)

Japan Bank for International Cooperation (JBIC) Facility

On 24 June 2008, the Group entered into a committed loan facility totalling US$1,500 million (JBIC Facility). The JBIC Facility comprises a 15-year, US$1,000 million tranche with JBIC (JBIC Tranche), and a five-year, US$500 million commercial tranche with a syndicate of eight Australian and international banks arranged by the Bank of Tokyo-Mitsubishi UFFJ, Ltd (Commercial Tranche). The Commercial Tranche has subsequently been repaid, with the final payment made on 28 February 2013. There is a prepayment option for the JBIC Tranche. Interest rates are based on LIBOR. Interest is payable semi-annually in arrears and the principal amortises on a straight-line basis, with equal instalments of principal due on each interest payment date (every six months) starting on 7 January 2012. Under the JBIC Facility, 90% of the receivables from designated Pluto LNG Project Sale and Purchase Agreements, are secured in favour of the lenders through a trust structure, with a required reserve amount of US$30 million. To the extent that this reserve amount remains fully funded and no default notice or acceleration notice has been given, the revenue from the Pluto LNG Project continues to flow directly to the Group from the trust account.

Syndicated facility

On 3 July 2015, the Group executed an unsecured US$1,000 million syndicated loan facility. The syndicated loan facility comprises two equal tranches with tenors of three and five years at interest rates of USD LIBOR plus 0.9% and USD LIBOR plus 1.15% respectively. Interest is paid at the end of the drawdown period.

Details of loan facilities closed out during the reporting period are as follows:

Asian syndicated facility

On 8 December 2010, the Group executed a five-year US$1,100 million syndicated loan facility with 34 banks. The loan facility was composed of a US$550 million term facility (Facility A) and a US$550 million revolving facility (Facility B). Interest rates were based on LIBOR for both facilities and were fixed at the commencement of the drawdown periods. Interest was paid at the end of the drawdown period. The facility was repaid in full on 16 July 2015.

364-day revolving credit facilities

The Group had one dual currency (US and Australian dollars) 364-day revolving credit facility totalling US$50 million. Interest rates were based on LIBOR and were fixed at the commencement of the drawdown period. Interest was paid at the end of the drawdown period.

Bridging facilities

The Group entered into five 12-month bridging facilities in December 2014 totalling US$2,000 million. Interest rates were based on LIBOR and were fixed at the commencement of the drawdown period. Interest was paid at the end of the drawdown period.

C.4 Contributed equity

(a) Issued and fully paid shares

	2015 US$m	2014 US$m
823,910,657 (2014: 823,910,657) ordinary shares	6,547	6,547

All shares are a single class with equal rights to dividends, capital distributions and voting. The company does not have authorised capital nor par value in respect of its issued shares.

(b) Shares reserved for employee share plans

	Number of shares	US$m
Year ended 31 December 2015		
Opening balance	937,442	(38)
Purchases during the year	1,880,385	(45)
Vested during the year	(1,832,025)	56
Amounts at 31 December 2015	985,802	(27)
Year ended 31 December 2014		
Opening balance	902,040	(42)
Purchases during the year	1,366,933	(55)
Vested during the year	(1,331,531)	59
Amounts at 31 December 2014	937,442	(38)

Recognition and measurement

Issued capital

Ordinary shares are classified as equity and recorded at the value of consideration received. The cost of issuing shares is shown in share capital as a deduction, net of tax, from the proceeds.

Reserved shares

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

C.5 Other reserves

	2015 US$m	2014 US$m
Other reserves		
Employee benefits reserve	187	161
Foreign currency translation reserve	776	773
Investment fair value reserve	-	(14)
	963	920

Reserve	Nature and purpose
Employee benefits reserve	Used to record share-based payments associated with the employee share plans and remeasurement adjustments relating to the defined benefit plan.
Foreign currency translation reserve	Used to record foreign exchange differences arising from the translation of the financial statements of foreign entities from their functional currency to the Group's presentation currency.
Investment fair value reserve	Used to record changes in the fair value of the Group's available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS D: Other assets and liabilities

for the year ended 31 December 2015

In this section

This section addresses other assets and liabilities position at the end of the reporting period including, where applicable, the accounting policies applied and the key estimates and judgements made.

Key financial and capital risks in this section

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss to the Group. Credit risk arises from the financial assets of the Group, which comprise trade and other receivables and deposits with banks and financial institutions.

The Group manages its credit risk on trade receivables and financial instruments by predominantly dealing with counterparties with an investment grade credit rating. Customers who wish to trade on unsecured credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. As a result, the Group's exposure to bad debts is not significant. The Group's maximum credit risk is limited to the carrying amount of its financial assets.

NOTES TO THE FINANCIAL STATEMENTS D: Other assets and liabilities

for the year ended 31 December 2015

D.1 Receivables

	2015 US$m	2014 US$m
(a) Receivables (current)		
Trade receivables[1]	227	300
Other receivables[1]	186	174
Loans receivable[2]	74	-
Dividend receivable	2	3
Interest receivable	-	1
	489	478
(b) Receivables (non-current)		
Loans receivable[2]	80	63
Defined benefit plan asset	13	-
	93	63

1. *Interest-free and settlement terms are usually between 6 and 30 days.*
2. *Loans receivable are due from non-controlling interests.*

Recognition and measurement

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectible amounts. Collectability and impairment are assessed on a regular basis. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

The Group's customers are required to pay in accordance with agreed payment terms. Depending on the product, settlement terms are 6 to 30 days from the date of invoice or bill of lading and customers regularly pay on time. There are no overdue trade receivables as at the end of the reporting period (2014: nil).

Fair value

The carrying amount of trade and other receivables approximates their fair value.

Foreign exchange risk

The Group held US$123 million of receivables at 31 December 2015 (2014: US$80 million) in currencies other than US dollars (predominantly Australian dollars).

D.2 Inventories

	2015 US$m	2014 US$m
(a) Inventories (current)		
Petroleum products (at cost)		
Goods in transit	33	67
Finished stocks	42	86
Warehouse stores and materials (at cost)	95	94
	170	247
(b) Inventories (non-current)		
Warehouse stores and materials (at cost)	19	12
	19	12

Recognition and measurement

Inventories include hydrocarbon stocks, consumable supplies and maintenance spares. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes direct costs and an appropriate portion of fixed and variable production overheads where applicable. Inventories determined to be obsolete or damaged are written down to net realisable value, being the estimated selling price less selling costs.

D.3 Payables

The following table shows the Group's payables balances and maturity analysis.

	<30 days US$m	30-60 days US$m	>60 days US$m	Total US$m
Year ended 31 December 2015				
Trade payables[1]	197	1	85	283
Other payables[1]	493	-	-	493
Interest payable[2]	2	1	34	37
Total payables	692	2	119	813
Year ended 31 December 2014				
Trade payables[1]	149	-	137	286
Other payables[1]	295	-	-	295
Interest payable[2]	2	-	22	24
Total payables	446	-	159	605

1. *Interest-free and normally settled on 30-day terms.*
2. *Details regarding interest-bearing liabilities are contained in Note C.2.*

Recognition and measurement

Trade and other payables are carried at amortised cost when goods and services are received, whether or not billed to the Group, prior to the end of the reporting period.

Fair value

The carrying amount of payables approximates their fair value.

Foreign exchange risk

The Group held US$507 million of payables at 31 December 2015 (2014: US$410 million) in currencies other than US dollars (predominantly Australian dollars).

NOTES TO THE FINANCIAL STATEMENTS D: Other assets and liabilities

for the year ended 31 December 2015

D.4 Provisions

	Restoration of operating locations US$m	Employee benefits US$m	Other US$m	Total US$m
Year ended 31 December 2015				
At 1 January 2015	1,724	172	48	1,944
Change in provision	(37)	(31)	105	37
Unwinding of present value discount	43	-	-	43
Transfer to liabilities held for sale	(156)	-	-	(156)
Carrying amount at 31 December 2015	1,574	141	153	1,868
Current	26	114	75	215
Non-current	1,548	27	78	1,653
Net carrying amount	1,574	141	153	1,868
Year ended 31 December 2014				
At 1 January 2014	1,191	176	92	1,459
Change in provision	499	(4)	(44)	451
Unwinding of present value discount	34	-	-	34
Carrying amount at 31 December 2014	1,724	172	48	1,944
Current	4	138	47	189
Non-current	1,720	34	1	1,755
Net carrying amount	1,724	172	48	1,944

Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Restoration of operating locations

Provision is made for the obligation to restore operating locations. The provision is first recognised in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

Restoration provisions are updated annually, with the corresponding movement recognised against the related exploration and evaluation assets or oil and gas properties.

Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in oil and gas properties is depreciated over the useful life of the related asset (refer to Note B.3).

Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

Onerous lease

Provision is made for the loss making component of non-cancellable operating leases. During the period, a US$128 million provision was recognised (in other provisions) for the remaining payment obligations under the Balnaves FPSO lease, which ends in 2018.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave and long service leave.

Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the period in which the employees render the related services are recognised as long-term employee benefits.

These liabilities are measured at the present value of the estimated future cash outflow to be made to the employees using the projected unit credit method. Liabilities expected to be wholly settled within one year after the end of the period in which the employees render the related services are classified as short-term benefits and are measured at the amount due to be paid.

Key estimates and judgements

(a) Restoration obligations

The Group estimates the future removal costs of offshore oil and gas platforms, production facilities, wells and pipelines at different stages of the development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and liability specific discount rates to determine the present value of these cash flows. The proportion of the non-current balance not expected to be settled within 15 years is 71%.

(b) Long service leave

Long service leave is measured at the present value of benefits accumulated up to the end of the reporting period. The liability is discounted using an appropriate discount rate. Management requires judgement to determine key assumptions used in the calculation including future increases in salaries and wages, future on-costs rates and future settlement dates of employees' departures.

NOTES TO THE FINANCIAL STATEMENTS D: Other assets and liabilities

for the year ended 31 December 2015

D.5 Segment assets and liabilities

	2015 US$m	2014 US$m
(a) Segment assets		
NWS	3,417	4,008
Pluto	13,455	14,046
Australia Oil	764	935
Browse	368	233
Wheatstone	3,165	-
Other segments	1,599	485
Unallocated items	1,071	4,375
	23,839	24,082

	2015 US$m	2014 US$m
(b) Segment liabilities		
NWS	1,729	1,875
Pluto	456	484
Australia Oil	789	842
Browse	38	35
Wheatstone	293	-
Other segments	267	89
Unallocated items	5,242	4,098
	8,814	7,423

Refer to Note A.1 for descriptions of the Group's segments. Unallocated assets mainly comprise cash and cash equivalents and the Group's deferred tax assets. Unallocated liabilities mainly comprise interest-bearing liabilities and deferred tax liabilities.

D.6 Disposal group held for sale

In September 2015, management committed to a plan and signed a conditional agreement to sell the Group's interests in the Laminaria-Corallina joint operation for a base price of A$0.9 million, plus a closing adjustment for movements in working capital assets and liabilities existing at the effective date and for the proceeds of oil sales received and operating and capital expenditure paid during the interim period. Accordingly, the joint operations are presented as a disposal group held for sale. The Laminaria-Corallina joint operation forms part of the Australia Oil operating segment. The sale is subject to a number of conditions precedent and is expected to complete in March 2016.

Impairment reversals relating to the disposal group held for sale

Immediately before the classification of the assets and liabilities within the Laminaria-Corallina joint operation as a disposal group held for sale, the recoverable amount was estimated for certain items of oil and gas properties and an impairment reversal of $95 million was recognised (Note B.4). As at 31 December 2015, there were no asset write-downs as the carrying amount of the disposal group did not fall below its fair value less costs to sell.

Assets and liabilities of the disposal group held for sale

The major classes of assets and liabilities of the Laminaria-Corallina joint operation disposal group classified as held for sale are as follows:

	2015 US$m
Assets	
Cash and cash equivalents	-
Receivables	2
Inventories	14
Oil and gas properties	109
Deferred tax assets	20
Assets held for sale	145
Liabilities	
Payables	-
Tax payable	-
Provisions	(156)
Liabilities directly associated with assets held for sale	(156)
Net assets directly associated with disposal group	(11)

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

Recognition and measurement

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

In this section

This section addresses information on items which require disclosure to comply with Australian Accounting Standards and the Australian *Corporations Act 2001*, however, are not considered critical in understanding the financial performance or position of the Group. This section includes group structure information and other disclosures.

E. Other items

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

E.1 Contingent liabilities and assets

	2015 US$m	2014 US$m
(a) Contingent liabilities at reporting date		
Not otherwise provided for in the financial report		
Contingent liabilities	48	46
Guarantees	5	8
	53	54
(b) Contingent assets at reporting date		
Not otherwise accounted for in the financial report		
Contingent assets (claims made or pending)	-	9
	-	9

Contingent liabilities relate predominantly to actual or potential claims of the Group for which amounts are reasonably estimated but the liability is not probable and therefore the Group has not provided for such amounts in this financial report. Additionally, there are a number of other claims and possible claims that have arisen in the course of business against entities in the Group, the outcome of which cannot be foreseen at present and for which no amounts have been included in the table above.

The Group has issued guarantees relating to workers' compensation liabilities.

Contingent assets relate predominantly to claims receivable by the Group for which amounts are reasonably estimated but the receivable is not virtually certain and therefore the Group has not provided for such amounts in this financial report.

E.2 Leases

	2015 US$m	2014 US$m
Operating lease commitments		
Rents payable on non-cancellable operating leases, due[1]		
Within one year	399	453
After one year but not more than five years	557	684
Later than five years	779	824
	1,735	1,961

1. *Operating lease commitments include those relating to the Balnaves FPSO lease, refer to Note D.4 for onerous lease provision details.*

Subject to the joint operation that utilises the lease, the Group's share of actual payments made under operating leases may be lower than the value of commitments disclosed.

The Group leases assets for operations including floating production, storage and off-take vessels, helicopters, supply vessels, cranes, land, mobile offshore drilling units, office premises and computers.

There are no restrictions placed upon the lessee by entering into these leases. Renewals are at the option of the Group. Certain leases contain a clause enabling upward revision of the rental charge on an annual basis based on the consumer price index. The Group made payments under operating leases of US$567 million during the year (2014: US$431 million). A portion of this amount relates to arrangements containing non-lease elements, which are not practicable to separate.

Recognition and measurement

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives received are recognised in the income statement as a part of total lease expense.

E.3 Employee benefits

(a) Employee benefits

Employee benefits for the reporting period are as follows:

	2015 US$m	2014 US$m
Employee benefits	239	353
Share-based payments	26	23
Defined contribution plan costs	28	38
Defined benefit plan expense	1	2
	294	416

Recognition and measurement

The Group's accounting policy for employee benefits other than superannuation are set out in Note D.4. The policy relating to share-based payments is set out in Note E.3(c).

All employees of the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plan. The majority of employees are party to a defined contribution scheme and receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. The Group also operates a defined benefit superannuation scheme, the membership of which is now closed. The asset for the defined benefit plan at 31 December 2015 was US$13 million (2014: US$14 million liability).

(b) Compensation of key management personnel

Key management personnel (KMP) compensation for the financial year is as follows:

	2015 US$	2014 US$
Short-term employee benefits	12,202,619	14,435,970
Post employment benefits	312,647	134,409
Share-based payments	7,084,981	4,180,339
Long-term employee benefits	250,114	115,211
Termination benefits	-	519,090
	19,850,361	19,385,019

(c) Share plans

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments whereby employees render services for shares (equity-settled transactions).

Woodside equity plan (WEP) and supplementary Woodside equity plan (SWEP)

WEP is available to all Australian-based employees including executives, other than the CEO and any executive directors. The number of Equity Rights (ERs) offered to each eligible employee will be calculated with reference to salary and performance. The linking of performance to an allocation allows the Group to recognise and reward eligible employees for high performance. The ERs have no further ongoing performance conditions after allocation, and do not require participants to make any payment in respect of the ERs at grant or at vesting. SWEP is available to a number of employees identified as being retention critical. Participants do not make any payment in respect of the ERs at grant or at vesting. Each ER entitles the participant to receive a Woodside share on the vesting date three years after the grant date.

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

E.3 Employee benefits (cont.)

Executive incentive plans (EIP)

Short term awards (STA)

Restricted shares (from 2012) and time-tested Variable Pay Rights (VPRs) (prior to 2012) are delivered in the form of restricted shares to executives, including all executive KMP. Restricted shares entitle their holder to receive dividends. There are no further performance conditions for vesting of deferred STA. Participants are not required to make any payments in respect of STA awards at grant or at vesting.

Long term awards (LTA)

LTA is granted in the form of VPRs to executives, including all executive KMP. Vesting of LTA is subject to achievement of relative total shareholder return (RTSR) targets, with 33% measured against the ASX 50 and the remaining 67% tested against an international group of oil and gas companies. Subject to performance, LTA may vest after a four-year performance period. If any of the LTA does not vest it will be re-tested on the fifth anniversary, but will only vest if RTSR exceeds the ranking achieved in the prior year and is at or above the median of the relevant comparator group. Participants are not required to make any payments in respect of LTA awards at grant or at vesting.

Recognition and measurement

All compensation under WEP, SWEP and executive share plans is accounted for as share-based payments to employees for services provided. The cost of equity-settled transactions with employees is measured by reference to the fair values of the equity instruments at the date at which they are granted. The fair value of share-based payments is recognised, together with the corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the shares. At each balance sheet date, the Group reassesses the number of awards that are expected to vest based on service conditions. The expense recognised each year takes into account the most recent estimate.

The fair value of the benefit provided for the WEP, SWEP and time-tested variable pay rights are estimated using the Black-Scholes option pricing technique. The fair value of the restricted shares is estimated as the closing share price at grant date. The fair value of the benefit provided for the RTSR variable pay rights was estimated using the Binomial or Black-Scholes option pricing technique combined with a Monte Carlo simulation methodology, where relevant using historical volatility to estimate the volatility of the share price in the future.

The number of performance rights and movements for all share plans are summarised as follows:

	Number of performance rights			
	Employee plans		Executive plans	
	WEP	SWEP	STA	LTA
Year ended 31 December 2015				
Opening balance	6,286,402	38,270	626,123	2,232,777
Granted during the year[1,2]	1,974,741	-	267,645	610,410
Vested during the year	(1,603,731)	-	(78,417)	(154,143)
Forfeited during the year	(540,572)	-	(31,081)	(322,764)
Performance rights at 31 December 2015	6,116,840	38,270	784,270	2,366,280
	US$m	US$m	US$m	US$m
Fair value of rights granted during the year	36	-	8	11

	Number of performance rights			
	Employee plans		Executive plans	
	WEP	SWEP	STA	LTA
Year ended 31 December 2014				
Opening balance	5,998,321	-	456,867	1,885,443
Granted during the year [1,2]	2,016,678	52,620	264,300	623,872
Vested during the year	(1,262,072)	-	(42,256)	-
Forfeited during the year	(466,525)	(14,350)	(52,788)	(276,538)
Performance rights at 31 December 2014	6,286,402	38,270	626,123	2,232,777
	US$m	US$m	US$m	US$m
Fair value of rights granted during the year	63	2	9	11

1. *For the purpose of valuation, the share price on grant date for the 2015 WEP and SWEP allocations was US$20.89 (2014: US$35.62).*
2. *For the purpose of valuation, the share price on grant date for the 2015 STA and LTA allocations was US$31.15 (2014: US$34.80).*

For more detail on these share plans and performance rights issued to KMPs, refer to the Remuneration Report included in the Directors' Report (pages **52** to **69**).

(d) CEO sign-on incentive shares

Mr Coleman gave up certain rights with his former employer to join Woodside as CEO. To recognise these interests, he was paid a one-off sign-on incentive. Woodside acquired Woodside shares to the value of US$3 million to be held in trust for Mr Coleman. The final tranche of these shares vested on 30 May 2014.

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

E.4 Related party transactions

(a) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the 2014 financial year. Royal Dutch Shell Group (Shell Group) is no longer deemed a related party effective from 17 June 2014. We continue to transact with Shell at an arm's length basis. The transactions disclosed below relate to transactions that occurred when Shell Group was deemed a related party:

	Transactions with related parties				
	Sales to US$m	Purchases from US$m	Receivables from US$m	Payables to US$m	Commitments US$m
Entities with significant influence over the Group:					
Royal Dutch Shell Group (Shell Group)					
Shell Company of Australia					
2014	-	25	-	-	-
Other members of Shell Group					
2014	38	4	-	-	-

(b) Terms and conditions of transactions with related parties

Sales to and purchases from related parties were made at arm's length on normal market prices and on normal commercial terms.

(c) Transactions with directors

There were no transactions with directors during the year other than those disclosed in Note E.3(b). During the prior year, as part of the CEO's relocation costs, A$200,000 was paid in connection with transfer duty in Western Australia.

E.5 Auditor remuneration

The auditor of Woodside Petroleum Ltd is Ernst & Young (EY)

	2015 US$'000	2014 US$'000
(a) Amounts received or due and receivable for an audit or review of the financial report of the entity and any other entity in the Group by:		
EY Australia	1,532	1,359
Other EY firms	143	73
	1,675	1,432
(b) Amounts received or due and receivable for non-audit services in relation to the entity or any other entity in the Group by:		
EY Australia for other assurance services	742	440
EY Australia for other advisory services	400	400
EY Australia for taxation services	139	214
Other EY firms for other assurance services	3	-
	1,284	1,054

E.6 Events after the end of the reporting period

As announced to the market on 1 February 2016, subsequent to the year end, the Group was advised by the operator of the Wheatstone Project that the forecast for first LNG is now mid-2017. This revised schedule was incorporated in the impairment assessment of the Wheatstone CGU as discussed in Note B.4.

On 10 February 2016, Woodside Energy Shipping Singapore Pte Ltd entered into two 15-year shipping vessel charters for $779 million. The ships are due for delivery in 2016 and 2017.

E.7 Joint arrangements

(a) Interest percentage in joint operations

	Group interest %	
	2015	2014
Producing and developing assets		
Oceania		
North West Shelf	12.5 - 50.0	12.5 - 50.0
Enfield and Vincent	60.0	60.0
Laminaria-Corallina	59.9 - 66.7	59.9 - 66.7
Stybarrow	50.0	50.0
Balnaves	65.0	-
Pluto	90.0	90.0
Wheatstone	13.0 - 65.0	-
Exploration and evaluation assets		
Oceania		
Browse Basin	30.6 - 75.0	17.0 - 75.0
Carnarvon Basin	15.8 - 75.0	15.8 - 90.0
Bonaparte Basin	26.7 - 35.0	26.7 - 35.0
Outer Canning Basin	55.0	43.9 - 55.0
New Zealand	70.0	70.0
Africa		
Morocco	25.0 - 75.0	25.0 - 75.0
Gabon	40.0	40.0
Cameroon	30.0	-
The Americas		
Peru	35.0	35.0
Kitimat[1]	50.0	-
Nova Scotia	20.0	-
Asia		
Republic of Korea	50.0	50.0
Myanmar	40.0 - 55.0	40.0 - 50.0
Europe		
Ireland	60.0 - 90.0	60.0 - 90.0
Canary Islands	30.0	30.0

1. *On 10 April 2015, Woodside Energy International (Canada) Limited acquired a 50% interest in Pacific Trail Pipelines Management Inc. and a 50% interest in Pacific Trail Pipelines Limited Partnership. The remaining 50% interests are held by Chevron Canada Limited.*

The principal activities of the joint operations above are exploration, development and production of hydrocarbons. There were no permits and/or licence areas as at 31 December 2015 which were subject to government and regulatory approval.

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

E.7 Joint arrangements (cont.)

(b) Interest percentage in joint ventures

Entity	Principal activity	Group interest % 2015	2014
North West Shelf Gas Pty Ltd	Marketing services for ventures in the sale of gas to the domestic market.	16.67	16.67
North West Shelf Liaison Company Pty Ltd	Liaison for ventures in the sale of LNG to the Japanese market.	16.67	16.67
China Administration Company Pty Ltd (formerly North West Shelf Australia LNG)	Marketing services for ventures in the sale of LNG to international markets.	16.67	16.67
North West Shelf Shipping Service Company Pty Ltd	LNG vessel fleet advise.	16.67	16.67

Recognition and measurement

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such the Group recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method.

Key estimates and judgements

Accounting for interests in other entities

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, Woodside may obtain control, joint control or significant influence over the entity or arrangement. Judgement is applied when determining the relevant activities of a project and if joint control is held over them. Relevant activities include, but are not limited to, work program and budget approval, investment decision approval, voting rights in joint operating committees, amendments to permits and changes to joint arrangement participant holdings. Transactions which give Woodside control of a business are business combinations. If Woodside obtains joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If Woodside has neither control nor joint control, it may be in a position to exercise significant influence over the entity, which is then accounted for as an associate.

The Group's interest in Pacific Trail Pipelines Management Inc. and Pacific Trail Pipelines Limited Partnership were assessed to be joint operations based upon the underlying draft joint operating agreement for the Kitimat project.

E.8 Parent entity information

	2015 US$m	2014 US$m
Woodside Petroleum Ltd		
Current assets	373	128
Non-current assets	7,073	7,512
Current liabilities	-	(271)
Non-current liabilities	(368)	(355)
Net assets	7,078	7,014
Issued and fully paid shares	6,547	6,547
Shares reserved for employee share plans	(27)	(38)
Employee benefits reserve	129	121
Foreign currency translation reserve	296	303
Retained earnings	133	81
Total Shareholder Equity	7,078	7,014
Profit of parent entity	1,783	1,842
Total comprehensive income of parent entity	1,776	1,842

Guarantees

Woodside Petroleum Ltd and Woodside Energy Ltd (a subsidiary company) are parties to a Deed of Cross Guarantee as disclosed in Note E.9. The effect of the Deed is that Woodside Petroleum Ltd has guaranteed to pay any deficiency in the event of winding up of the subsidiary company under certain provisions of the *Corporations Act 2001*. The subsidiary company has also given a similar guarantee in the event that Woodside Petroleum Ltd is wound up.

Woodside Petroleum Ltd has guaranteed the discharge by a subsidiary company of its financial obligations under debt facilities disclosed in Note C.3. Woodside Petroleum Ltd has guaranteed certain obligations of subsidiaries to unrelated parties on behalf of their performance in contracts. No liabilities are expected to arise from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

E.9 Subsidiaries

(a) Subsidiaries

Name of entity	Note
Parent entity	
Woodside Petroleum Ltd	(1,2,3)
Subsidiaries	
Company name	
Woodside Energy Ltd	(2,3,4)
Woodside Browse Pty Ltd	(2,4)
Woodside Burrup Pty Ltd	(2,4)
Burrup Facilities Company Pty Ltd	(5)
Pluto LNG Pty Ltd	(5)
Burrup Train 1 Pty Ltd	(5)
Woodside Energy (Algeria) Pty Ltd	(2,4)
Woodside Energy Australia Asia Holdings Pte Ltd ◢	(4)
Woodside Energy (Carbon Capture) Pty Ltd	(2,4)
Woodside Energy Holdings International Pty Ltd	(2,4)
Woodside Energy Mediterranean Pty Ltd	(2,4)
Woodside Energy International (Canada) Limited ♦	(4,11)
Woodside Energy (Canada LNG) Limited ♦	(4)
Woodside Energy (Canada PTP) Limited ♦	(4,10)
KM LNG Operating General Partnership ♦	(4,8,10)
KM LNG Operating Ltd ♦	(4,10)
Woodside Energy Holdings Pty Ltd	(2,4)
Woodside Energy Holdings (USA) Inc. ▼	(4)
Woodside Energy (USA) Inc. ▼	(4)
Gryphon Exploration Company ▼	(4)
Woodside Energy (Cameroon) SARL ■	(4)
Woodside Energy (Gabon) Pty Ltd	(2,4)
Woodside Energy (Ireland) Pty Ltd	(2,4)
Woodside Energy (Korea) Pte Ltd ◢	(4)
Woodside Energy (Myanmar) Pte Ltd ◢	(4)
Woodside Energy (Morocco) Pty Ltd	(2,4)
Woodside Energy (New Zealand) Limited ◤	(4)
Woodside Energy (New Zealand 55794) Limited ◤	(4)
Woodside Energy (Peru) Pty Ltd	(2,4)
Woodside Energy (Tanzania) Limited ◘	(6)
Woodside Energy Holdings (South America) Pty Ltd	(2,4,7)
Woodside Energia (Brasil) Investimento em Exploracao de Petroleo Ltda. ●	(7)
Woodside Energy Holdings (UK) Pty Ltd	(2,4)
Woodside Energy (UK) Limited ▲	(4)
Woodside Energy (France) SAS ○	(4,9)
Woodside Energy Iberia S.A. ◖	(4)
Woodside Energy (N.A.) Ltd ▲	(4)
Woodside Energy Julimar Pty Ltd	(2,4,10)
Woodside Energy (Kenya) Pty Ltd	(2,4)
Woodside Energy (M.E.) Pty Ltd	(2,4)
Woodside Energy Middle East and Africa Pty Ltd	(2,4)
Woodside Energy (Norway) Pty Ltd	(2,4)
Woodside Energy (SL) Pty Ltd	(2,4)
Woodside Energy Technologies Pty Ltd	(2,4)
Woodside Energy Trading Singapore Pte Ltd ◢	(4)
WelCap Insurance Pte Ltd ◢	(4)
Woodside Energy Shipping Singapore Pte Ltd ◢	(4)
Woodside Guangdong Shipping (One) Pty Ltd	(2,4)
Woodside Guangdong Shipping (Two) Pty Ltd	(2,4)
Subsidiaries	
Company name (cont):	
Woodside West Africa Pty Ltd	(2,4)
Metasource Pty Ltd	(2,4)
Woodside Finance Limited	(2,4)
Woodside Petroleum (Northern Operations) Pty Ltd	(2,4)
Woodside Petroleum (Timor Sea 19) Pty Ltd	(2,4)
Woodside Petroleum (Timor Sea 20) Pty Ltd	(2,4)
Woodside Petroleum (W.A. Oil) Pty Ltd	(2,4)
Woodside Petroleum Holdings Pty Ltd	(2,4)
Mermaid Sound Port and Marine Services Pty Ltd	(2,4)

1. *Woodside Petroleum Ltd is the ultimate holding company and the head entity within the tax consolidated group.*
2. *These companies were members of the tax consolidated group as at 31 December 2015.*
3. *Pursuant to ASIC Class Order 98/1418, relief has been granted to the controlled entity, Woodside Energy Ltd, from the Corporations Act 2001 (Cth) requirements for the preparation, audit and publication of accounts. As a condition of the Class Order, Woodside Petroleum Ltd and Woodside Energy Ltd are parties to a Deed of Cross Guarantee.*
4. *All subsidiaries are wholly owned except those referred to in Notes 5,6,7 and 8.*
5. *Kansai Electric Power Australia Pty Ltd and Tokyo Gas Pluto Pty Ltd each hold 5% of the shares in these companies. These companies are deemed to be controlled.*
6. *As at 31 December 2015, Woodside Energy Holdings Pty Ltd held a 99.99% interest in Woodside Energy (Tanzania) Limited and Woodside Energy Ltd held the remaining 0.01% interest.*
7. *As at 31 December 2015, Woodside Energy Holdings (South America) Pty Ltd held a 99.99% interest in Woodside Energia (Brasil) Investimento em Exploracao de Petroleo Ltda and Woodside Energy Ltd held the remaining 0.01% interest.*
8. *As at 31 December 2015, Woodside Energy International (Canada) Limited and Woodside Energy (Canada LNG) Limited were the general partners of the KM LNG Operating General Partnership holding a 99.99% and 0.01% partnership interest respectively.*
9. *These entities were incorporated during the reporting period.*
10. *These entities were acquired during the reporting period.*
11. *During the reporting period, Woodside Energy International (Canada) Limited acquired a 50% interest in each of Pacific Trail Pipelines Management Inc. and the Pacific Trail Pipelines Limited Partnership. The remaining 50% interest in each of these entities is held by Chevron Canada Limited.*

All subsidiaries incorporated in Australia unless identified with one of the following symbols:

● Brazil	◤ New Zealand	▲ UK
■ Cameroon	◢ Singapore	▼ USA
♦ Canada	◖ Spain	
○ France	◘ Tanzania	

Recognition and measurement

Subsidiaries are all the entities over which the Group has the power over the investee such that the Group is able to direct the relevant activities, has exposure, or rights, no variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns.

(b) Subsidiaries with material non-controlling interests

The Group has two Australian subsidiaries with material non-controlling interests (NCI).

Name of entity	Principal place of business	NCI held
Burrup Facilities Company Pty Ltd	Australia	10%
Burrup Train 1 Pty Ltd	Australia	10%

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

E.9 Subsidiaries (cont.)

The NCI in both subsidiaries is 10% held by the same parties (refer to footnote 5 above for details).

The summarised financial information (including consolidation adjustments but before intercompany eliminations) of subsidiaries with material NCI is as follows:

	2015 US$m	2014 US$m
Burrup Facilities Company Pty Ltd		
Current assets	579	123
Non-current assets	5,343	5,461
Current liabilities	(431)	(283)
Non-current liabilities	(427)	(336)
Net assets	5,064	4,965
Accumulated balance of NCI	506	497
Revenue	1,076	1,212
Profit	533	619
Profit allocated to NCI	53	62
Dividends paid to NCI	(44)	(29)
Operating	813	1,002
Investing	(10)	(18)
Financing	(803)	(984)
Net increase/(decrease) in cash and cash equivalents	-	-
Burrup Train 1 Pty Ltd		
Current assets	483	194
Non-current assets	3,151	3,205
Current liabilities	(395)	(307)
Non-current liabilities	(305)	(235)
Net assets	2,934	2,857
Accumulated balance of NCI	293	286
Revenue	1,796	1,990
Profit	337	402
Profit allocated to NCI	34	40
Dividends paid to NCI	(27)	(23)
Operating	519	641
Investing	(16)	(25)
Financing	(503)	(616)
Net increase/(decrease) in cash and cash equivalents	-	-

(c) Deed of Cross Guarantee and Closed Group

Woodside Petroleum Ltd and Woodside Energy Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the other. By entering into the Deed, the entities have been granted relief from the *Corporations Act 2001* requirements for the preparation, audit and publication of accounts, pursuant to Australian Securities and Investments Commission (ASIC) Class Order 98/1418. The two entities represent a Closed Group for the purposes of the Class Order.

The consolidated income statement and statement of financial position of the members of the Closed Group are set out below:

	2015 US$m	2014 US$m
Closed Group Consolidated Income Statement and Statement of Retained Earnings		
Profit before tax	157	1,349
Taxes	(56)	(304)
Profit after tax	101	1,045
Retained earnings at the beginning of the financial year	5,637	6,356
Dividends	(1,730)	(1,764)
Retained earnings at the end of the financial year	4,008	5,637
Closed Group Consolidated Statement of Financial Position		
Current assets		
Cash and cash equivalents	99	93
Receivables	882	934
Inventories	59	120
Tax receivable	182	-
Other assets	-	30
Assets held for sale	145	-
Total current assets	1,367	1,177
Non-current assets		
Receivables	-	4
Inventories	6	11
Other financial assets	24,896	19,414
Exploration and evaluation assets	879	964
Oil and gas properties	3,476	4,235
Other plant and equipment	72	79
Deferred tax assets	30	107
Total non-current assets	29,359	24,814
Total assets	30,726	25,991
Current liabilities		
Payables	396	371
Tax payable	-	300
Other financial liabilities	21	18
Other liabilities	47	73
Provisions	131	184
Liabilities held for sale	156	-
Total current liabilities	751	946
Non-current liabilities		
Payables	17,208	10,178
Deferred tax liabilities	364	430
Other financial liabilities	11	10
Other liabilities	92	122
Provisions	936	1,349
Total non-current liabilities	18,611	12,089
Total liabilities	19,362	13,035
Equity		
Issued and fully paid shares	6,547	6,547
Shares reserved for employee share plans	(27)	(38)
Other reserves	836	810
Retained earnings	4,008	5,637
Total equity	11,364	12,956

NOTES TO THE FINANCIAL STATEMENTS E: Other items

for the year ended 31 December 2015

E.10 Other accounting policies

(a) Summary of other significant accounting policies

Derivative financial instruments

Derivatives embedded in the Group's contracts that change the nature of a host contract's risk and are not clearly and closely related to the host contract are initially recognised at fair value on the date the contract is entered into. Subsequent fair value movements of the derivative are recognised in the income statement.

Financial guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Tax consolidation

The parent and its wholly owned Australian controlled entities have elected to enter tax consolidation, with Woodside Petroleum Ltd as the head entity of the tax consolidated group. The members of the tax consolidated group are identified at Note E.9.

The tax expense/(benefit), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group, using the stand alone approach.

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the tax funding agreement, Woodside Petroleum Ltd and each of the entities in the tax consolidated group have agreed to pay or receive a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities, should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(b) New and amended standards and interpretations issued but not yet effective

A number of new standards, amendment of standards and interpretations have recently been issued but are not yet effective and have not been adopted by the Group as at the financial reporting date.

The Group has reviewed these standards and interpretations, and with the exception of the items listed below for which the final impact is yet to be determined, none of the new or amended standards will significantly affect the Group's accounting policies, financial position or performance.

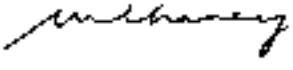
Title	Application date of the standard	Summary
AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (AASB 1 & AASB 11)*	Periods beginning on or after 1 January 2016	AASB 11 *Joint Arrangements* now provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The impact of this change to the Group is that such acquisitions will be accounted for as business combinations and not asset acquisitions.
AASB 9 *Financial Instruments*	Periods beginning on or after 1 January 2018	A finalised version of AASB 9 which contains accounting requirements for financial instruments, replacing AASB 139 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and derecognition.
AASB 15 *Revenue from Contracts with Customers*	Periods beginning on or after 1 January 2018	AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.
IFRS 16 *Leases*	Periods beginning on or after 1 January 2019	IFRS 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. IFRS 16 contains disclosure requirements for lessees.

DIRECTORS' DECLARATION

In accordance with a resolution of directors of Woodside Petroleum Ltd, we state that:

1. In the opinion of the directors:
   (a) the financial statements and notes thereto, and the disclosures included in the audited 2015 Remuneration Report, comply with Australian Accounting Standards and the *Corporations Act 2001*;
   (b) the financial statements and notes thereto give a true and fair view of the financial position of the Group as at 31 December 2015 and of the performance of the Group for the financial year ended 31 December 2015;
   (c) the financial statements and notes thereto also comply with International Financial Reporting Standards as disclosed in the 'About this report' section within the notes to the 2015 Financial Report;
   (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
   (e) there are reasonable grounds to believe that the members of the Closed Group identified in Note E.9 will be able to meet any obligations or liabilities which they are or may become subject to, by virtue of the Deed of Cross Guarantee.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 31 December 2015.

For and on behalf of the Board



M A Chaney, AO
Chairman
Perth, Western Australia

17 February 2016

P J Coleman
Chief Executive Officer and
Managing Director
Perth, Western Australia

17 February 2016

INDEPENDENT AUDIT REPORT

Independent auditor's report to the members of Woodside Petroleum Ltd

Report on the financial report

We have audited the accompanying financial report of Woodside Petroleum Ltd, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the notes to the financial statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Opinion

In our opinion:

a. the financial report of Woodside Petroleum Ltd is in accordance with the Corporations Act 2001, including:
   - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
   - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

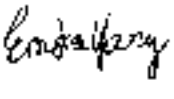
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages **52** to **69** of the Directors' Report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Woodside Petroleum Ltd for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young

R J Curtin, Partner
Perth, Western Australia
17 February 2016

Liability limited by a scheme approved under Professional Standards Legislation.

As at 12 February 2016

SHAREHOLDER STATISTICS

Number of shareholdings

There were 226,268 shareholders. All issued shares carry voting rights on a one for one basis.

Distribution of shareholdings

Size of shareholding	Number of holders	Number of shares	% of issued capital
1 - 1,000	165,658	64,672,143	7.85
1,001 - 5,000	53,766	109,497,510	13.29
5,001 - 10,000	4,717	32,709,995	3.97
10,001 - 100,000	2,030	40,962,737	4.97
100,001 and over	97	576,068,272	69.92
Total	**226,268**	**823,910,657**	**100.00***

*Small differences are due to rounding.

Unmarketable parcels

There were 3,417 members holding less than a marketable parcel of shares in the company.

Twenty largest shareholders

	Shares held	% of issued capital
HSBC Custody Nominees (Australia) Limited	156,170,060	18.95
Shell Energy Holdings Australia Limited	111,847,852	13.58
J P Morgan Nominees Australia Limited	106,833,484	12.97
National Nominees Limited	62,637,897	7.60
Citicorp Nominees Pty Limited	59,773,014	7.25
BNP Paribas Noms Pty Ltd <DRP>	13,171,660	1.60
Citicorp Nominees Pty Limited <Colonial First State INV A/C>	6,153,510	0.75
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	5,265,243	0.64
Citicorp Nominees Pty Limited <Citibank NY ADR DEP A/C>	4,141,924	0.50
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	3,577,399	0.43
Australian Foundation Investment Company Limited	3,282,886	0.40
Pacific Custodians Pty Limited <WPL Plans CTRL A/C>	3,225,696	0.39
Network Investment Holdings Pty Ltd	3,027,570	0.37
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	2,153,594	0.26
AMP Life Limited	2,098,600	0.25
UBS Wealth Management Australia Nominees Pty Ltd	1,954,390	0.24
Argo Investments Limited	1,700,873	0.21
Navigator Australia Ltd <MLC Investment Sett A/C>	1,657,147	0.20
HSBC Custody Nominees (Australia) Limited - A/C 2	1,478,719	0.18
National Nominees Limited <DB A/C>	1,312,150	0.16
Total	**551,463,668**	**66.93**

Substantial shareholders as disclosed in substantial shareholder notices given to the company are as follows:

Shell Energy Holdings Australia Limited#	**111,847,852**	**13.58**

#Shell Energy Holdings Australia Limited's most recent notice of change of interests of substantial shareholder was given on 23 June 2014.

Annual General Meeting

The 2016 Annual General Meeting (AGM) of Woodside Petroleum Ltd will be held at 10.00 am (AWST) on 21 April 2016, at the Perth Convention & Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia. Details of the business of the meeting will be provided in the AGM notice.

The AGM will be webcast live on the internet. An archive version of the webcast will be placed on the Woodside website to enable the proceedings to be viewed at a later time.

Copies of the Chairman's and the CEO's speeches will be available on the company's website.

Share registry: Enquiries

Investors seeking information about their shareholdings should contact the company's share registry:

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

Postal address: GPO Box D182
Perth, Western Australia 6840

Telephone: 1300 558 507 (within Australia)

+61 3 9415 4632 (outside Australia)

Facsimile: +61 3 9473 2500

Email: web.queries@computershare.com.au
Website: www.investorcentre.com/wpl

The share registry can assist with queries on share transfers, dividend payments, the dividend reinvestment plan, notification of tax file numbers and changes of name, address or bank account details.

Details of shareholdings can be checked conveniently and simply by visiting the share registry website at www.investorcentre.com/wpl

For security reasons, you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) when communicating with the share registry.

The share registry website allows shareholders to make changes to address and banking details online.

Dividend payments

Woodside declares its dividends in US dollars as it is our functional and presentation currency. Woodside pays its dividends in Australian dollars unless a shareholder's registered address is in the United Kingdom (UK) where they are paid in UK pounds sterling, or in the United States of America (USA) where they are paid in US dollars.

Shareholders who reside outside of the USA can elect to receive their dividend in US dollars, payable into a USA financial institutional account. Shareholders must make an election to alter their dividend currency by the business day after the record date for the dividend by contacting the share registry on 1300 558 507 (within Australia) or +61 3 9415 4632 (outside Australia).

Shareholders may have their dividends paid directly into any bank or building society account in Australia, the USA, or the UK. Payments are electronically credited on the dividend payment date and confirmed by payment advice. To request direct crediting of dividend payments, please contact the share registry or visit the share registry website (www.investorcentre.com/wpl).

The history of dividends paid by the company can be found on the company's website.

Dividend reinvestment plan

Shareholders with registered addresses in Australia and New Zealand can elect to participate in Woodside's dividend reinvestment plan and have the dividends on some or all of their shares automatically reinvested in additional shares. Information on the dividend reinvestment plan is available on the company's website. Election forms are available from the company's website or from the share registry.

Change of address or banking details

Shareholders should immediately notify the share registry of any change to their address or banking arrangements for dividends electronically credited to a bank account.

Changes can be made online at the share registry website www.investorcentre.com/wpl

Australian Securities Exchange listing

Woodside Petroleum Ltd securities are listed on the ASX under the code WPL.

Share price information can be accessed on the company's website.

American Depositary Receipts

Citbank (Citi) sponsors a level one American Depositary Receipts (ADR) program in the USA. One Woodside share equals one ADR and trades over the counter under the symbol 'WOPEY'.

ADR holders should deal directly with Citi on all matters related to their ADRs.

Enquiries should be directed to:
Citibank Shareholder Services
P.O. Box 43077
Providence, Rhode Island 02940-3077

Contact information

USA Toll Free Number: 1-877-CITI-ADR

Number for international callers:
1-781-575-4555

Fax: 1-201-324-3284

E-mail: Citibank@shareholders-online.com

Investor Relations: Enquiries

Requests for specific information on the company can be directed to Investor Relations at:

Investor Relations
Woodside Petroleum Ltd
Woodside Plaza
240 St Georges Terrace,
Perth, WA 6000

Postal address: GPO Box D188
Perth, WA 6840

Telephone: +61 8 9348 4000
Facsimile: +61 8 9214 2777

Email: investor@woodside.com.au
Website: www.woodside.com.au

BUSINESS DIRECTORY

Registered office Perth
Woodside Petroleum Ltd
240 St Georges Terrace, Perth, WA 6000
Telephone: +61 8 9348 4000
Postal address: GPO Box D188
Perth, WA 6840

Broome
29 Coghlan Street, Broome, WA 6725
Telephone: 1800 036 654

Karratha
3747 Balmoral Road, Karratha, WA 6714
Telephone: 1800 634 988

KEY ANNOUNCEMENTS 2015

February	Woodside achieves full-year profit of US$2.414 billion
March	Woodside signs production sharing contracts for Myanmar offshore acreage
April	Woodside closes purchase of Apache interests in Australian assets
	Gas discovery at Pyxis-1
	Woodside closes purchase of Apache interests in Kitimat asset
May	Corpus Christi liquefaction LLC conditions satisfied
June	Woodside to investigate LNG Development in Texas
July	FEED phase entered for Browse FLNG Development
September	Woodside proposal to Oil Search Limited
December	Woodside withdraws proposal to merge with Oil Search Limited
	North West Shelf Project Approves Development of GWF-2 Project

EVENTS CALENDAR 2016

Key calendar dates for Woodside shareholders in 2016.
Please note dates are subject to review.

January	21	Fourth quarter 2015 report
February	17	2015 full-year result and final dividend announcement
	22	Ex-dividend date for final dividend
	24	Record date for final dividend
April	8	Payment date for final dividend
	19	Annual General Meeting (AGM) proxy returns close at 10.00 am (AWST)
	20	First quarter 2016 report
	21	AGM
May	20	Investor Briefing day – Sydney
June	30	Woodside half-year end
July	21	Second quarter 2016 report
August	19	2016 half-year result and interim dividend announcement
	TBA	Ex-dividend date for interim dividend
	TBA	Record date for interim dividend
September	TBA	Payment date for interim dividend
October	20	Third quarter 2016 report
December	31	Woodside year end

GLOSSARY, UNITS OF MEASURE AND CONVERSION FACTORS

Glossary

$, $m	US dollars unless otherwise stated, millions of dollars
1P	Proved reserves
2C	Best estimate of contingent resources
2P	Proved plus Probable reserves
AGM	Annual General Meeting
Appraisal well	A well drilled to follow up a discovery and evaluate its commercial potential
ASX	Australian Securities Exchange
AUD	Australian dollars
Break-even cash cost of sales	Break-even cash cost of sales includes production costs, royalty and excise, shipping and direct sales costs, carbon costs and insurance; excludes exploration and evaluation, general administrative and other costs, depletion, depreciation and amortisation, PRRT and income tax
Brent	Intercontinental Exchange (ICE) Brent Crude deliverable futures contract (oil price)
Condensate	Hydrocarbons, which are gaseous in a reservoir, but which condense to form liquids as they rise to the surface
Cps	Cents per share
Crude oil	Oil that is produced from a reservoir after any associated gas has been removed
Development well	A well drilled for the purpose of recovering hydrocarbons
DRP	Dividend reinvestment plan
EEP	Employee equity plan
EPS	Earnings per share
Exploration licence	A licence to explore for oil or gas in a particular area issued to a company by a governing state
Farm in	Where one company acquires an interest in an exploration permit or production licence by paying some of the past or future costs of another company which is relinquishing its interest
FEED	Front-end engineering and design. Preliminary design and cost and schedule confirmation before a final investment decision
FEL	Frontier Exploration Licence
FID	Final investment decision
First half, second half	Halves of the calendar year (i.e. 1H is 1 January to 30 June, 2H is 1 July to 31 December)
Flaring	Flaring is the term used to describe the controlled burning of gas found in oil and gas reservoirs
FLNG	Floating liquefied natural gas
FPSO	Floating production storage and offloading vessel
Free cash flow	Cash flow from operating activities less cash flow from investing activities
Gas-Up and Cool-Down	An operation to cool a vessel's LNG tanks prior to loading
Gearing	Net debt divided by (net debt + equity)
GWF	Greater Western Flank
Infill well	Drilled for the purpose of increasing production
IOGP	International Association of Oil & Gas Producers
ISO	International Organisation for Standardisation
JCC	The Japan Customs-cleared Crude is the average price of customs-cleared crude oil imports into Japan as reported in customs statistics (also known as 'Japanese Crude Cocktail') and is used as the reference price for long-term supply LNG contracts.
JV	Joint venture
KGP	Karratha Gas Plant
LIBOR	London Inter-Bank Offer Rate
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
LTIF	Lost time injury frequency
Net debt	Total debt less cash and cash equivalents
NPAT	Net profit after tax
NWS	North West Shelf Project
PEP	Petroleum exploration permit
PRRT	Petroleum Resources Rent Tax
PSC	Production Sharing Contract
PSE	Process safety event
Q1, Q2, Q3, Q4	Quarters of the calendar year (i.e. Q1 is 1 January to 31 March, Q2 is 1 April to 30 June, Q3 is 1 July to 30 September, Q4 is 1 October to 31 December)
RAP	Woodside's Reconciliation Action Plan
ROE	Return on equity is a measure of company performance calculated as equity attributable to shareholders (excluding non-controlling interests) divided by reported NPAT (excluding non-controlling interests) expressed as a percentage
ROACE	Return on average capital employed is calculated as net profit after tax and net finance costs (after tax) divided by average debt and equity
SPA	Sales and Purchase Agreement
Tier 1 PSE	A typical Tier 1 PSE is loss of containment of hydrocarbons greater than 500 kg (in any one-hour period)
Tier 2 PSE	A typical Tier 2 PSE is loss of containment of hydrocarbons greater than 50 kg but less than 500 kg (in any one-hour period)
TRIR	Total recordable injury rate. The number of recordable injuries (fatalities + lost workday cases + restricted workday cases + medical treatment cases) per 1,000,000 hours worked
TSR	Total shareholder return
Unit production costs	Production costs ($ million) divided by production volume (MMboe)
USA	United States of America
USD	US dollars
WA	Western Australia

Glossary of key terms used in this report

Term	Meaning
Committee	The Human Resources & Compensation Committee
EIP	The Executive Incentive Plan
ER	Equity Right. ERs are awarded under the WEP and SWEP and each one entitles participants to receive a fully paid share in Woodside on the vesting date (or a cash equivalent in the case of international assignees). No amount is payable by the executive on the grant or vesting of an ER
Executive	A senior employee who the Board has determined to be eligible to participate in the EIP
Executive Director	Peter Coleman
Executive KMP	The Executive Directors and senior executives listed in Table 1
KMP	Key management personnel
KPI	Key Performance Indicator
LTA	Long-Term Award
NED	Non-executive director
NEDSP	The Non-executive Director Share Plan
Performance Year	The year to which an EIP award relates
Restricted Shares	Woodside ordinary shares that are awarded to executives as the deferred component of their STA. No amount is payable by the executive on the grant or vesting of a Restricted Share
RTSR	Relative Total Shareholder Return
Scorecard	A corporate scorecard of key measures that align with Woodside's overall business performance
STA	Short-Term Award
SWEP	The Supplementary Woodside Equity Plan
VAR	Variable Annual Reward
VPR	Variable Pay Right. Each VPR is a right to receive a fully paid ordinary share in Woodside (or, at the Board's discretion, as cash equivalent). No amount is payable by the executive on the grant or vesting of a VPR
WEP	The Woodside Equity Plan

Units of measure

bbl	barrel
Bcf	billion cubic feet
BCM	billion cubic metres
boe	barrel of oil equivalent
kPa	thousands of Pascals
Mcf	thousand cubic feet
MMbbl	million barrels
MMboe	million barrels of oil equivalent
MMBtu	million British thermal units
mtpa	million tonnes per annum
psi	pounds per square inch
t	tonnes
Tcf	trillion cubic feet
TJ	terajoules

Conversion factors

Product	Factor	Conversion factors[1]
Australian Pipeline Natural Gas	1 TJ	163.6 boe
Liquefied Natural Gas (LNG)	1 tonne	8.9055 boe
Condensate	1 bbl	1.000 boe
Oil	1 bbl	1.000 boe
Liquefied Petroleum Gas (LPG)	1 tonne	8.1876 boe
Gulf of Mexico Pipeline Natural Gas	1 MMBtu	0.1724 boe

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

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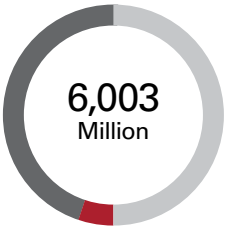
2015 SUMMARY CHARTS

PRODUCT VIEW

Investment

	2014	2015
Gas and condensate*	50%	89%
Oil*	5%	4%
Exploration and other	45%	7%

* Indicative only as some assets produce oil and gas

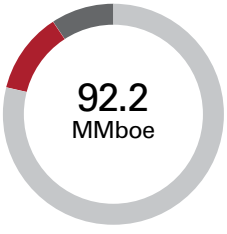


The majority of our investment expenditure was directed towards the Wheatstone, Kitimat and Balnaves asset purchases and investment on Wheatstone in 2015.

Production

	2014	2015
Natural gas*	79%	78%
Oil	12%	13%
Condensate	9%	9%

* Includes LNG, LPG and pipeline gas

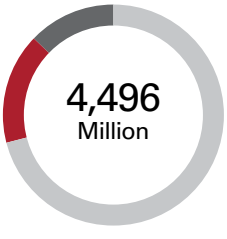


The majority of our production is from natural gas at the NWS and Pluto projects. The proportion of oil increased slightly in 2015 due to the addition of the Balnaves oil asset to our portfolio.

Sales revenue

	2014	2015
Natural gas*	71%	76%
Oil	16%	15%
Condensate	13%	9%

* Includes LNG, LPG and pipeline gas

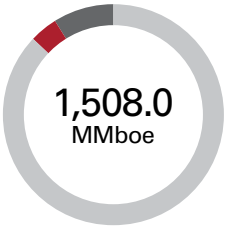


Gas continues to provide the majority of our sales revenue. The contribution of natural gas to revenue increased in 2015 due to continued strong production at the NWS and Pluto projects.

Reserves (Proved plus Probable)

	2014	2015
Natural gas*	87%	88%
Oil	4%	3%
Condensate	9%	9%

* Includes LNG, LPG and pipeline gas

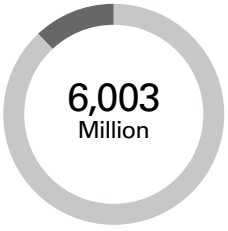


Gas represents the largest portion of Woodside's Proved plus Probable reserves, increasing in 2015 with the purchase of our interests in the Julimar Project.

REGIONAL VIEW

Investment

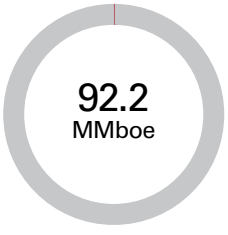
	2014	2015
Australia	88%	80%
Canada	0%	18%
Rest of World	12%	2%



Capital investment in 2015 was predominantly in the north-west of Australia, with the remainder in Canada.

Production

	2014	2015
Australia	99%	99%
Canada	0%	<1%
Rest of World	<1%	0%

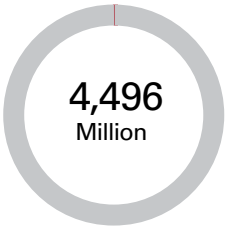


Australian projects continue to provide the majority of Woodside's production volumes.

Refer to our areas of activity map on page **2**, which shows the locations of our producing assets.

Sales revenue

	2014	2015
Australia	99%	99%
Canada	0%	<1%
Rest of World	<1%	0%

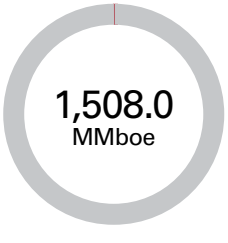


The majority of our revenue is currently derived from Australia. In 2015, revenue was also attributable to the sale of Canadian pipeline gas.

Refer to the CEO report page **8** and the Operating and Financial Review page 16, for further information on our strategy.

Reserves (Proved plus Probable)

	2014	2015
Australia	100%	99%
Canada	0%	1%
Rest of World	0%	0%



The majority of Woodside's Proved plus Probable reserves are located in Australia; however, we anticipate a greater diversity will result from our global exploration and business development activities.

TEN-YEAR COMPARATIVE DATA SUMMARY

		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Profit and Loss (USDm)[1]	Operating Revenues										
	Australia Pipeline Gas	295	376	366	367	375	309	378	320	227	182
	Australia LNG	3,095	4,563	3,347	2,834	1,509	1,310	769	1,007	619	614
	Australia LPG	34	80	88	125	127	115	94	112	92	75
	Australia Condensate	421	901	1,000	903	860	708	571	669	577	512
	Australia Oil	650	1,133	896	1,918	1,795	1,579	1,496	2,685	1,521	1,062
	Australia LNG Processing Revenue	180	198	150	125	-	-	-	-	-	-
	Australia Trading Revenue	354	161	-	-	-	-	-	-	-	-
	Other International	1	23	79	76	136	172	179	252	325	427
	Total	5,030	7,435	5,926	6,348	4,802	4,193	3,487	5,045	3,361	2,872
	EBITDAX	3,443	5,853	4,460	5,528	3,423	3,431	3,427	4,017	2,598	2,346
	EBITDA[2]	3,063	5,568	4,188	5,162	2,864	3,126	3,209	3,765	2,241	2,093
	EBIT[3]	441	3,672	2,538	3,795	2,212	2,256	2,303	2,852	1,560	1,684
	Exploration and Evaluation	380	285	272	366	559	305	218	252	357	253
	Depreciation and Amortisation	1,517	1,441	1,218	1,184	627	749	752	732	541	337
	Amortisation of Licence Acquisition Costs	22	21	45	26	28	24	35	49	83	65
	Impairment/(Impairment Reversal)	1,083	434	387	157	(3)	97	119	132	57	7
	Net Finance Costs	85	163	179	137	26	(18)	12	19	8	20
	Tax Expense	243	993	545	614	677	697	823	1,287	687	590
	Non-controlling Interest	87	102	65	61	2	2	(6)	-	-	-
	Reported NPAT	26	2,414	1,749	2,983	1,507	1,575	1,474	1,546	864	1,075
	Reported EPS (cents)[4]	3	293	213	366	190	204	210	225	128	163
	DPS (cents)	109	255	249	130	110	105	95	100	91	98
Balance Sheet (USDm)[1]	Total Assets	23,839	24,082	23,770	24,810	23,231	20,196	17,753	10,317	8,515	7,072
	Debt	4,441	2,586	3,764	4,340	5,102	4,915	4,939	2,044	903	1,435
	Net Debt	4,319	(682)	1,541	1,918	5,061	3,952	3,732	1,946	782	1,188
	Shareholder Equity	14,226	15,824	15,225	15,148	12,658	11,091	8,812	4,633	4,458	3,313
Cash Flow (USDm) and Capital Expenditure (USDm)[1]	Cash Flow from Operations	2,376	4,785	3,330	3,475	2,242	2,104	1,483	3,224	2,082	1,457
	Cash Flow from Investing	(5,456)	(617)	(1,059)	161	(3,533)	(2,941)	(4,708)	(3,892)	(1,700)	(1,432)
	Cash Flow from Financing	(58)	(3,119)	(2,470)	(1,252)	362	608	4,207	684	(522)	41
	Capital Expenditure										
	Exploration and Evaluation	1,305	261	166	383	778	703	273	418	447	376
	Oil and Gas Properties and Property, Plant & Equipment	4,309	425	420	1,145	2,651	2,933	3,992	4,031	1,965	1,091
	ROACE[5] (%)	2.0	17.5	12.0	18.3	11.8	13.5	19.0	37.1	24.3	32.4
	Reported Return on Shareholders Funds (%)	0.2	15.3	11.5	19.7	11.9	14.2	16.7	33.4	19.4	32.5
	Gearing	23.3	(4.5)	9.2	11.2	28.6	26.3	29.8	29.6	14.9	26.4
Volumes	Sales (million boe)										
	Australia Pipeline Gas	13.2	13.3	14.0	13.9	14.0	14.8	18.4	18.9	16.4	15.5
	Australia LNG	57.6	58.3	52.4	42.6	22.4	22.7	21.3	17.0	17.0	17.3
	Australia LPG	0.7	0.8	0.9	1.1	1.1	1.3	1.5	1.2	1.2	1.2
	Australia Condensate	8.5	9.4	9.5	8.6	7.8	9.1	9.7	7.9	7.8	8.0
	Australia Oil	12.5	11.2	8.0	16.8	15.7	19.8	24.3	29.8	20.4	16.5
	Other International	0.2	0.2	0.9	0.8	2.9	4.5	5.5	5.4	6.9	9.2
	Total (million boe)	92.7	93.2	85.7	83.8	63.9	72.2	80.7	80.2	69.7	67.7
	Production (million boe)										
	Australia Pipeline Gas	13.1	13.3	13.9	13.8	14.0	14.8	18.4	18.9	16.4	15.6
	Australia LNG	57.5	60.3	53.6	43.9	22.6	23.2	21.5	17.4	17.4	17.4
	Australia LPG	0.7	0.8	0.9	1.1	1.2	1.4	1.5	1.2	1.2	1.2
	Australia Condensate	8.4	9.1	9.5	9.3	7.9	9.1	9.5	7.9	8.0	8.0
	Australia Oil	12.3	11.4	8.2	16.0	16.0	19.7	24.5	30.5	20.5	16.4
	Other International	0.2	0.2	0.9	0.8	2.9	4.5	5.5	5.4	7.1	9.3
	Total (million boe)	92.2	95.1	87.0	84.9	64.6	72.7	80.9	81.3	70.6	67.9
Other ASX Data	Reserves (Proved plus Probable) Gas (Tcf)	7.59	6.65	7.09	7.51	7.80	8.02	7.79	7.90	7.80	6.90
	Reserves (Proved plus Probable) Condensate (MMbbl)	133.50	117.11	125.20	130.90	138.70	154.74	147.80	151.40	152.10	144.60
	Reserves (Proved plus Probable) Oil (MMbbl)	42.60	54.06	67.00	95.90	108.50	117.50	136.10	168.80	170.20	221.10
	Other										
	Employees	3,456	3,803	3,896	3,997	3,856	3,650	3,219	3,124	2,981	2,888
	Shares High (A$)	38.33	44.23	39.54	38.16	50.85	49.28	53.87	70.51	56.66	49.80
	Low (A$)	26.20	33.71	33.29	30.09	29.76	40.56	31.19	26.81	34.81	34.81
	Close (A$)	28.72	38.01	38.90	33.88	30.62	42.56	47.20	36.70	50.39	38.11
	Number (000's)	823,911	823,911	823,911	823,911	805,672	783,402	748,599	698,553	688,331	666,667
	Number of shareholders	225,138	227,798	217,383	208,277	205,868	201,134	175,257	141,035	131,460	119,003
	Market Capitalisation (USD equivalent at reporting date)	17,250	25,664	28,579	28,983	25,287	33,745	31,567	17,717	30,353	20,033
	Market Capitalisation (AUD equivalent at reporting date)	23,663	31,317	32,050	27,914	24,670	33,342	35,334	25,637	34,685	25,407
	Finding Costs ($/boe) (3 year average)[6]	107.45	44.09	30.43	14.09	12.67	6.12	5.71	3.35	3.60	2.47
	Reported Effective Income Tax Rate (%)	49.78	30.1	29.8	27.2	30.5	25.2	33.7	32.6	35.8	35.4
	Net Debt/Total Market Capitalisation (%)	25.0	(2.7)	5.4	6.6	20.0	11.6	11.8	11.0	2.6	5.9

1. *Comparative financial information prior to 2010 has been converted on a consistent basis in accordance with Note 1(o) to the 2010 Financial Report. Cash flow and capital expenditure have been converted using a consistent approach adopted on a conversion of expenses.*
2. *The calculation for EBITDA has been updated to exclude impairment and amortisation of license acquisition costs. 2006 to 2013 EBITDA numbers have been re stated to reflect this change in calculation.*
3. *EBIT is calculated as a profit before income tax, PRRT and net finance costs.*
4. *Earnings per share has been calculated using the following weighted average number of shares: 2015: 822,943,960; 2014: 822,771,118 2013: 822,983,715; 2012: 814,751,356 2011: 791,668,973; 2010: 773,388,154 2009: 703,310,697; 2008: 685,179,496 2007: 671,447,950; 2006: 657,178,947*
5. *The calculation for ROACE has been revised in 2014 to use EBIT as the numerator, in addition to a change in the composition of capital employed. ROACE for 2006-2013 has been restated to include this change.*
6. *Finding cost methodology is in accordance with the FAS69/SEC industry standard.*

ANNUAL REPORT 2015

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