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WOODSIDE REPORTS RECORD NET PROFIT of A$1,427.0 MILLION

RECORD HIGHLIGHTS

- **Reported net profit** after tax of A$1,427.0 million was 28.9% higher than the previous year's reported profit of A$1,107.4 million.
- **Underlying net profit** after tax of A$1,395.9 million was 34.5% higher than the 2005 underlying profit of A$1,037.7 million.
- **Production** of 67.9 million barrels of oil equivalent (MMboe), 13.8% higher than 2005 (59.7 MMboe).
- **Annual revenue** of A$3,810.4 million, 38.7% higher than 2005 (A$2,746.7 million).
- **Net operating cash flow** of A$2,348.7 million, 37.0% higher than 2005 (A$1,714.7 million).
- A **final dividend** of 77 cents per share fully franked will be paid, resulting in a **record total dividend** for 2006 of 126 cents per share, fully franked (up 35.5% compared to the 2005 total dividend of 93 cents).
- **Reserves[1] additions of 336 MMboe** (net Proved and Probable) increased the organic 3 year rolling reserves replacement ratio to 285% (excluding acquisitions and divestments)

1 Reserve details are included in the Woodside 2006 Reserves Statement released to the ASX on 21 February 2007.

FINANCIAL RESULTS

The 2006 reported net profit after tax of A$1,427.0 million includes a significant item of A$31.1 million (after tax) in relation to the sale of Woodside's interest in the Kipper gas field. By comparison, the 2005 reported net profit after tax of A$1,107.4 million had included significant items which totalled A$69.7 million, comprising the sale of Woodside's interests in Blacktip gas and associated permits (A$17.8 million) and in Hardman Resources Ltd. (A$51.9 million).

Woodside's 2006 underlying net profit after tax of A$1,395.9 million was 34.5% higher than the comparable underlying profit in 2005 largely due to increased volumes and higher product prices. The underlying net profit after tax also includes the recognition of a US tax asset totalling A$49.9 million (2005: A$95.4 million).

The effective tax rate (excluding significant items) of 29.7% for 2006 was higher when compared to 27.1% recorded in 2005, mainly due to the recognition of a lower amount of US-based tax assets than in 2005.

A copy of Woodside's 2006 Financial Report and analyst presentation will be available on the company's web site (www.woodside.com.au.

All amounts are in A$ million unless otherwise stated.

	2006 A$ million	2005 A$ million	Variance %
Production volume (MMboe)	67.9	59.7	13.8
Sales volume (MMboe)	67.7	59.5	13.8
Sales revenues	3,810.4	2,746.7	38.7
EBITDAX (before significant items)	2,978.6	2,018.3	47.6
Exploration & evaluation expensed	(422.0)	(306.4)	37.7
Depreciation and Amortisation	(545.8)	(280.0)	94.9
EBIT (before significant items)	2,010.8	1,431.9	40.4
Net Finance income/(costs)	(26.2)	(8.8)	197.7
Income tax before significant items	(588.7)	(385.4)	52.8
NPAT (before significant items)	**1,395.9**	**1,037.7**	**34.5**
Significant items (post tax)			
Gain on Sale of Blacktip (WA-279P, WA-313P)	-	17.8	n.m.[1]
Gain on Sale of Hardman Resources Ltd.	-	51.9	n.m.
Gain on sale of Kipper – VIC/RL2	31.1	-	n.m.
Reported Profit (after significant items)	**1,427.0**	**1,107.4**	**28.9**
Total dividend (c.p.s. applicable to full year)	126	93.0	35.5
Effective tax rate (before significant items %)	29.7	27.1	9.5
Net operating cash flow	2,348.7	1,714.7	37.0
Gearing (%)	26.4	20.4	29.4
Long-term debt (US$M)	1,198.0	800.0	49.8

1 n.m. = not meaningful

PRODUCTION and SALES

Total production in 2006 of 67.9 MMboe was a record assisted by new production from the Enfield and Chinguetti oil fields. It was 13.8% higher than the 2005 production and was in the range of the November estimate of 67-68 MMboe. However, due to lower than expected production from the new oil fields at Chinguetti and Enfield, the final 2006 production was lower than had been anticipated at the start of 2006.

Record annual revenue from oil and gas operations of A$3,810.4 million was 38.7% higher than 2005 primarily due to higher sales volumes and stronger product prices. Woodside's average realised oil price for 2006 was A$85.43 per barrel, 17.2% higher than that of 2005 (A$72.88 per barrel).

LIFTING COSTS

Gas lifting costs increased by 29.1% to A$108.4 million. The gas lifting cost per barrel of oil equivalent at A$2.42/boe was higher than that of last year (2005: A$1.91/boe excluding Ohanet). This was largely a consequence of an unplanned shut down of NWS Train 4, which resulted in increased costs and reduced total gas production.

Oil lifting costs (net of FPSO* costs) increased 68.6% to A$128.2 million largely due to the start-up of Chinguetti and Enfield oil fields and subsea repairs at Laminaria, Wanaea-Cossack and Legendre. The unit cost/boe (net of FPSO* costs) increased to A$6.14/boe (2005: A$5.66/boe) due to one-off costs associated with subsea repairs plus the lower than anticipated production from the higher unit cost fields of Chinguetti and Enfield.

EXPLORATION

Woodside drilled 28 exploration wells in 2006, 14 of which were hydrocarbon discoveries. A further two wells were drilling at year-end (subsequent to year end both of these wells were deemed unsuccessful and all their 2006 expenditure was included in expensed exploration). This compares to 15 exploration wells drilled in 2005.

The 2006 expensed exploration and evaluation amount of A$422.0 million was 37.7% higher than 2005. The higher expense resulted from a higher overall exploration spend of A$484.9 million in 2006 compared to A$346.2 million in 2005. Higher drilling rig rates and increased demand for seismic vessels as a consequence of higher commodity prices, have also contributed to these cost increases.

* - Floating, Production, Storage and Offloading vessel

ROYALTIES, EXCISE and PRRT CHARGES

Royalties and excise charges of A$274.6 million were lower by 6.7%, primarily due to lower production/sales volumes from oil excise assets as a result of field decline (Legendre) and operating difficulties (Cossack Pioneer). Petroleum Resource Rent Tax (PRRT) of A$200.4 million was 62.5% higher due to the start-up of the Enfield oil project and higher commodity price-driven revenues.

DEBT AND GEARING

Total US$ debt at the end of 2006 was US$1,198 million in the form of bilateral loans and three 10-year US$ bonds, up US$398 million from 2005, largely due to the progress of approved growth projects. Gearing (net debt/net debt + equity) at the end of the year increased to 26.4% compared with 20.4% at the end of 2005.

DEPRECIATION, AMORTISATION & RESTORATION

Depreciation, amortisation & restoration increased to A$545.8 million primarily due to the first full-year of Gryphon production and associated depreciation plus new charges associated with the start-up projects of Chinguetti and Enfield.

NET OPERATING CASH FLOW

The record net cash from operating activities of A$2,348.7 million was 37.0% higher than that of 2005 (A$1,714.7 million), largely in response to the significantly higher revenue achieved in 2006.

FULLY FRANKED DIVIDEND DECLARED

The Board has approved the payment of a final dividend of 77 cents per share (fully franked). Together with the interim dividend of 49 cents per share (fully franked), a record total dividend of 126 cents per share for 2006 was achieved, up from the 93 cents per share (fully franked) for 2005.

The dividend of 126 cents per share for 2006 represents a payout ratio of 60.2% on the underlying profit before significant items. In 2005, the comparative payout ratio was 59.7%. The final dividend of 77 cents per share will be paid on 28 March 2007 to shareholders registered on 2 March 2007.

The Board anticipates that the 2007 interim dividend will be declared on 22 August 2007 and paid on 26 September to shareholders registered on 31 August 2007.

RESERVES

As at 31 December 2006, Proved plus Probable Reserves of 1,579.9 MMboe were 336 MMboe higher than 2005 due largely to the recognition of Pluto reserves associated with Woodside’s heads of agreement (HoA) with Tokyo Gas and Kansai Electric (483.6 MMboe) and to a lesser extent the Pemberton and Persephone gas discoveries. Proved Reserves were similarly affected by Pluto (357.8 MMboe), resulting in a closing balance of 1,192.8 MMboe (293.2 MMboe higher than 2005).

The three-year rolling average Organic Reserves Replacement Ratio is 285% (Proved plus Probable, excluding acquisitions and divestments). This reduces to 253% if acquisitions and divestments are included.

Contingent Resources decreased 453 MMboe, to 3,141 MMboe (down 12.6%), primarily due to the transfer of Pluto HoA sales volumes into proved and probable reserves, the divestment of Kipper and decreases in Mauritania for Tiof, Banda and Tevet. These reductions were partially offset by additions from Xena, Chinguetti and Enfield. Should these volumes be proved or commercialised, Reserves would be increased by a significant volume.

Further detail on Reserves is in the Woodside 2006 Reserves Statement released to the ASX today.

2006 OPERATING HIGHLIGHTS

LNG

- **NWSV delivered first LNG cargo to China.** The delivery of the inaugural cargo to China in May marked the official start of a 25-year trade relationship between the Venture and its newest customer, Guangdong Dapeng LNG Company Ltd.
- **NWSV delivered its 2,000th LNG cargo.**
- **NWSV LNG HoAs with 7 Japanese customers.** The HoAs are for the supply of volumes from 2009, and represent more than 40 million tonnes to be delivered over 6-12 years. At oil prices of around US$60 these contracts represent a 15-20% increase in LNG prices over the current Japanese contracts.
- Activities were stepped-up to progress a potential **Pluto LNG** Development. A Heads of Agreement between Woodside and Kansai Electric was signed in March for the supply of between 1.75 and 2 million tonnes of LNG per year for 15 years, commencing end 2010. The project proceeded to front end engineering and design (FEED) in September, with the view to building one initial train with a capacity of 5-6 million tonnes per annum. The Pluto LNG Development received State and Commonwealth environmental approval for tank site preparation activities. The formal Final Investment Decision for the project is to be considered around mid 2007, however in December 2006 the Woodside Board approved expenditure of up to A$1.4 billion for Pluto long-lead items and site preparation works. Earth moving for the tank site preparation work started in early 2007.
- **Browse LNG** appraisal activity proceeded with the acquisition of 3D seismic (Torosa North) and the drilling of three appraisal wells (Brecknock-3, Torosa-1 and Torosa-3) to better define the gas resource that will be used in producing LNG. Concept feasibility studies commenced with two development concepts being considered, one of which is offshore-based and the other onshore-based.
- **Woodside Natural Gas Inc.** announced the OceanWay project, including the site selection. The OceanWay project is designed to facilitate sales of Woodside's equity LNG into California. In August the group submitted its US deepwater port permit application to the US Coast Guard and City of Los Angeles.

Oil & Gas

- **Chinguetti oil project produced first oil.** Chinguetti production was achieved less than 21 months after the final investment decision and less than five years after initial discovery.
- **Enfield oil project early start-up.** Production from this new oil province commenced on 24 July, considerably earlier than the planned Q4 2006 start-up.
- **Future oil production.** The US$720 million Vincent oil project (offshore Western Australia) was approved in March with production expected to start in 2008.
- **NWSV delivered its 1,000th Condensate cargo**
- To maintain focus on core assets Woodside sold its equity in the Kipper gas field.

Exploration

- **Discovery of Xena field.** The Xena discovery, 6km east of the Pluto-2 appraisal well has added contingent resources of 400 Bcf of sales gas and is a potential tie-back to a Pluto development.
- **Libya onshore drilling campaign commenced.** 7 exploration wells were drilled in the year with 5 intersecting hydrocarbons. These discoveries are encouraging, although further work is required to confirm their commercial viability.
- **Brazilian acreage farm-in.** In November Woodside acquired a 25% interest in nine exploration blocks in the Santos Basin off south-eastern Brazil. The blocks are about 180km south-east of Sao Paulo in water depths of 150 metres to nearly 1000 metres and cover 2060sqkm.
- **Discovery of Persephone field.** The field is located in WA-1-L, immediately east of the North Rankin gas field. The field has added over 100 Bcf to Woodside's proved and probable reserves.

2007 OPERATING OBJECTIVES

- Production target of 72-78 MMboe (an increase of 6-15% over 2006). Takes into account the sale of Legendre assets and potential for delay at Otway gas and Neptune oil projects.

LNG

- Progress the Pluto LNG development with a view to achieving the final investment decision target of mid-2007.
- Further appraise the Browse LNG fields through additional drilling and seismic acquisition.
- Progress the proposed OceanWay project and other LNG opportunities to access North American and European markets.
- Yesterday the Parliament of Timor-Leste voted to ratify the International Unitisation Agreement (IUA) and the treaty for Certain Maritime Arrangements in the Timor Sea (CMATS). This now provides legal and regulatory certainty for the development of the Greater Sunrise gas fields and is a significant step forward. In order to progress Sunrise we now need to focus on reaching agreement on the optimal development concept, marketing of the resource and conclusion of fiscal certainty arrangements.

Oil & Gas

- Increase production at Enfield oil project by way of seismic and a focused drilling campaign.
- Maximise Chinguetti production through seismic and further potential drilling campaigns.
- Pursue opportunities for infill drilling and operating cost reductions at our Australian oil fields.
- Maximise production from US Gulf of Mexico existing shelf assets and bring on-line new developments in a timely manner to deliver production growth.
- At Otway onshore gas plant, achieve mechanical completion and begin plant commissioning in Q2 2007.
- Target first production from Neptune oil by end-2007/early 2008.
- Appraise Mauritanian opportunities to examine options to maximise their value.
- Further appraisal of Libya onshore discoveries with a view to determining their commerciality.

Exploration

- Drill around 24 exploration wells in Australia, Africa and the Gulf of Mexico (a 23% decrease in the number of wells compared to 2006). The Company plans to spend about A$420 million on exploration in 2007, a decrease of 16%.
- Start Libyan offshore drilling end Q1/early Q2.

GROWTH PROJECTS – awaiting Final Investment Decisions (FID)

	Estimated FID	Estimated Production
Pluto	Mid-2007	End 2010
NWSV Western Flank	2008	2011
Browse	2008-2010	2012-2014
Tiof	Reviewing	Reviewing
Sunrise	Under consideration *	Under consideration *

* Waiting on fiscal certainty

Woodside Petroleum Ltd.'s 36th Annual General Meeting will be held in Perth, Western Australia on Thursday, 19 April 2007.