2004 Half Yearly Report

WOODSIDE

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Bankers

JP Morgan Chase Bank

Auditors

Ernst & Young

ABN 55 004 898 962

Contents

WOODSIDE

1954 2004

Commitment to Growth

On 26 July 2004 Woodside marked the 50th Anniversary of its founding. The Company's history charts a remarkable tale of humble beginnings, tenacity and determination, technical achievement and hard-earned success.

Growing from a single-project company to operator of some 40 joint ventures – Woodside has transformed itself from a struggling junior explorer to a major Australian energy entity.

While Australia remains Woodside's heartland, the Company has broadened its horizons and manages a portfolio of exploration and development interests in key regions of focus across the globe.

While celebrating our proud history, Woodside's assets and efforts are firmly focussed on our mission of creating

outstanding growth

and

shareholder wealth

while conforming to our core values of:

- strong performance
- care and respect
- integrity and trust
- initiative and accountability
- creativity and enterprise
- working together

Highlights

6 month period to 30 June 2004

Profit Increase

First half (1H) 2004 net profit after tax (NPAT) was A$724.6 million compared to the 1H 2003 NPAT of A$272.2 million. The 1H result includes a significant item of A$373.6 million (post-tax) being profit on the sale of a 40% interest in the Enfield oil project and WA-271-P.

Production On Target

2004 aspirational production target is unchanged at 58 million barrels of oil equivalent (MMboe). First half production of 28MMboe is expected to be exceeded in the second half of 2004.

LNG Expansion

The NWS Venture LNG expansion project is near completion. First gas came to shore through the new second offshore trunkline in February, the Venture's 9th LNG carrier loaded its first cargo in April and gas was introduced into the 4.2 million tonne-a-year fourth processing train in June. Subsequent to 1H, LNG production from Train 4 to storage tanks commenced in September 2004.

Revenue Increase

The underlying NPAT (pre-significant items) of A$351.0 million was up 29% with contributions from unrealised foreign exchange gains. Revenue benefits from a 22% increase in average realised oil prices were largely offset by a 19% increase in the average A$/US$ exchange rate.

Projects On Schedule

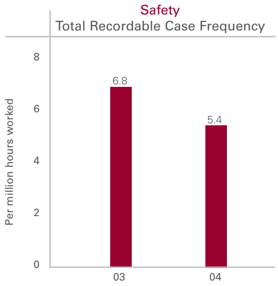
Woodside committed to three major projects in the 1H 2004. The three projects, Enfield, Thylacine-Geographe and Chinguetti, with a total capital expenditure of approximately A$3.0 billion (Woodside share: A$1.7 billion) are on budget and on schedule to start-up in 2006.

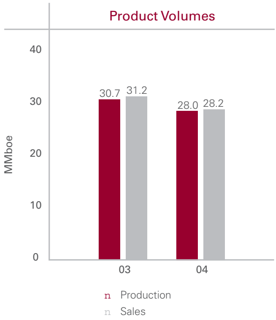
Dividend Up

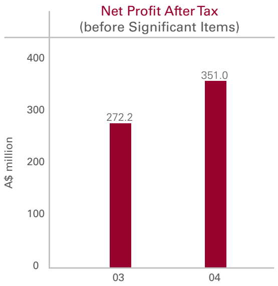
Interim fully franked dividend of 27 cents per share (cps), up by 6 cps from the 1H 2003.

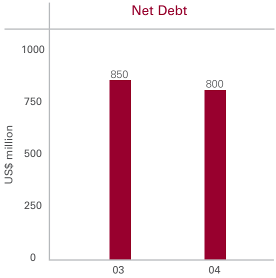
Strong Cash Flow

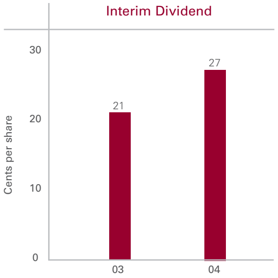
Net operating cash flow of A$539.4 million was down 5% compared to A$569.6 million.

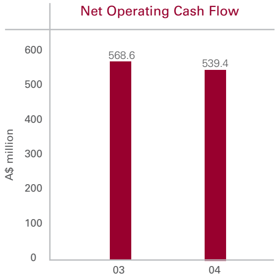

Safety
Total Recordable Case Frequency
Per million hours worked
8
6
4
2
0
6.8
5.4
03
04


Product Volumes
MMboe
40
30
20
10
0
30.7
31.2
28.0
28.2
03
04
Production
Sales


Net Profit After Tax
(before Significant Items)
A$ million
400
300
200
100
0
272.2
351.0
03
04


Net Debt
US$ million
1000
750
500
250
0
850
800
03
04


Interim Dividend
Cents per share
30
20
10
0
21
27
03
04


Net Operating Cash Flow
A$ million
600
500
400
300
200
100
0
568.6
539.4
03
04

Financial and Production Performance

Financial Performance

The reported net profit after tax of A$724.6 million for the first half (1H) of 2004 was up strongly (1H 2003: A$272.2 million). The increase was mainly due to a significant item after tax of A$373.6 million arising from the profit on the sale of Woodside's 40% equity in the Enfield oil project and WA-271-P.

The underlying net profit after tax (pre-significant items) of A$351.0 million for the 1H 2004 was up 29% (1H 2003: A$272.2 million). This increase was achieved against lower oil and gas revenues.

Revenues from oil and gas operations were A$994.4 million, down 11% from A$1,118.6 million in the 1H 2003. Sales volumes were down 9.6% with lower sales volumes in all products offset marginally by the introduction of volumes from the Ohanet operation in Algeria, which came into production at the end of October 2003. During the half-year, the US$ realised oil price increased to US$35.04/boe, (up 22%), however increases in the average A$/US$ exchange rate to 0.7336 (up 19%) largely offset these oil price benefits.

During the period, the US dollar cash proceeds from the sale of a 40% participating interest in WA-271-P (including the Enfield project) were received and placed on interest bearing deposit. The translation of these US cash proceeds and deposits plus the translation gains and losses on receivables resulted in a net gain position of A$89.9 million before tax (1H 2003: A$42.8 million loss). These unrealised gains arose from the 30 June 2004 AUD/USD exchange rate of 0.6910 (31 December 2003: 0.7488).

An interim dividend of 27 cents per share (cps) fully franked will be paid on 24 September 2004 to all shareholders registered at 3 September 2004.
(1H 2003: 21cps fully franked)

Expensed exploration of A$98.7 million (before tax) was down 43% due to a decreased activity level in the period compared to 1H 2003. Prior period acquisition costs of A$10.9 million have been expensed in the 1H 2004 following decisions relating to commerciality of carried fields, in the 1H 2003 prior period expenditure was larger at A$49 million.

Depreciation of A$136.0 million was up 20% due to increased depreciation on specific assets after reassessment of useful life. This increase includes a once-off change reflecting the impact on operating assets of the Goodwyn Low Pressure Train project.

Tax expense on operating profit before significant items increased by A$25.6 million to A$190.2 million primarily due to the increased profit result. The effective tax rate of 35.1% (1H 2003: 37.7%) is marginally lower given the proportionate impact of relatively reduced overseas exploration activities in the 1H 2004.

At June 30, net debt was US$284.3 million (1H 2003: US$824.2 million). Total outstanding debt stood at US$800 million, comprising three unsecured US dollar denominated bond issues. As of the reporting date, the group had US$465 million undrawn borrowing capacity within its bilateral loan and revolving credit facilities plus a A$300 million undrawn commercial paper, medium-term note program.

Production Performance

The 1H 2004 production of 28 million barrels of oil equivalent (MMboe) was 9% less than the 30.7 MMboe of 1H 2003, due to expected natural field decline. Woodside anticipates that the full-year production for 2004 will be similar to the previously disclosed aspirational target of 58 MMboe.

Corporate Matters

Management Changes

In February, the Board announced the appointment of Mr Don Voelte as Managing Director and Chief Executive Officer of the Woodside Group of companies. Acting Chief Executive Officer, Mr Keith Spence, was appointed Chief Operating Officer of Woodside Energy Ltd., the operating arm of the Group. Both appointments were effective from 5 April 2004.

Health, Safety and Environment

Woodside's safety performance during the period improved with the Company's total recordable case frequency (all injuries more serious than first aid cases, including lost time injuries) at 5.4 per million hours worked. This was a 20.5% improvement from the rate of 6.8 recorded in the 1H 2003. In addition, the Supply Operations division worked 3 million hours without injury in June 2004.

During the 1H 2004, Woodside was awarded the APPEA Safety Award for improvements in 2003. Improvements were achieved via improved systems and processes, increased hazard reporting, implementation of behavioural-based observation programs and enhanced safety leadership and accountability.

Health performance remained relatively steady during the period, with Total Recordable Occupational Illnesses at 1.4 for each million hours worked, compared with 1.3 in the 1H 2003.

Woodside's environmental performance improved in the 1H 2004, with two Reportable Environmental Incidents to the end of June (1H 2003: 15 incidents). This improvement is related to a reduction in offshore facility shutdowns and improved Operator focus. A significant reduction in emissions from the Karratha Onshore Gas Plant has been achieved via the change-out of solvent in LNG Train 1. The change-out process for all LNG Trains is expected to be completed in 2005.

Financial Risk Management

Woodside's management of financial risk is aimed at assisting the Company to ensure net cash flows are sufficient to:

- meet all its financial commitments as and when they fall due;
- maintain the capacity to fund its forecast project development and exploration strategy;
- continue to pay dividends; and
- sustain financial ratios which maintain an investment grade credit rating.

Woodside continually monitors and tests its forecast financial performance and position and hedges only when it is considered necessary to meet these objectives. No new long-term oil price or exchange rate hedges were placed during the 1H 2004.

Hedging Impact

The statement of financial performance for 1H 2004 includes A$25.4 million for the after tax cost of oil price hedging settlements and A$11.4 million after tax gains from foreign exchange hedging settlements. This compares with oil price hedging costs of A$45.3 million and foreign exchange hedging gains of A$0.9 million in H1 2003.

Hedging Position

The 30 June 2004 hedge positions outlined below will impact on Woodside's future reported financial performance in line with the settlement of the hedge and recognition of the underlying hedged item in the relevant future periods.

- **Oil**

  As at 30 June 2004, 0.895 MMboe had been sold forward using floating to fixed price swaps with varying maturities out to January 2005 at a weighted average West Texas Intermediate (WTI) price of US$21.63 per barrel. The mark-to-market valuation was a loss of A$18.6 million at 30 June 2004, compared to a loss of A$53.2 million as at 30 June 2003. The amount sold forward equates to 2% of identified barrels of oil equivalent exposure over this period and approximately 1% of forecast production. There are no hedges in place beyond January 2005.

- **Currency**

  As at 30 June 2004, US$130.3 million was hedged using forward exchange contracts with varying maturities out to April 2006 at an average rate of 0.5394 and a mark-to-market valuation of a gain of A$40.1 million, compared to a gain of A$49.0 million at 30 June 2003.

Interest Rate Management

Woodside maintains a diversified funding portfolio with the objectives of spreading its borrowing, maintaining a spread of maturities, and achieving a balance between fixed and floating rate debt liabilities. This balance is achieved through the issue of fixed and floating rate debt and, where appropriate, the use of derivative instruments which consist of primarily fixed-to-floating rate swaps.

Production and Sales

(Woodside’s share unless otherwise stated)

Domestic Gas and LNG

Production and sales volumes of domestic gas for the Western Australian market during the 1H 2004 were lower than the 1H 2003 in response to customers undertaking plant maintenance, repair or expansion construction activities. Woodside’s share during the period averaged 293 terajoules per day (tj/d) (1H 2003: 302 tj/d).

LNG production volume for the 1H 2004 totalled 659,754 tonnes (1H 2003: 666,875 tonnes). A sales volume of 636,092 tonnes (1H 2003: 657,442 tonnes) was slightly lower due to timing of cargo uplifts.

The North West Shelf Venture (NWS Venture) delivered 67 cargoes of LNG in the period (including 1 spot cargo) compared to 69 cargoes in the 1H 2003. Consequently, Woodside's domestic gas and LNG sales revenue during this period was lower at A$316.9 million (1H 2003: A$358.3 million).

For the 2004 period, a total of 147 committed cargoes are planned, compared to 138 cargoes in 2003.

Condensate

Woodside’s share of condensate production from the NWS Venture for the 1H 2004 was 4,603,750 barrels (1H 2003: 5,198,646 barrels) due to natural depletion of the Goodwyn field. Woodside’s share of condensate sales volume during the period totalled 4,717,163 barrels, (1H 2003: 5,229,222 barrels) and was reflected in condensate revenue which was lower at A$217.4 million (1H 2003: A$233.0 million).

The Ohanet Joint Venture received maximum US$ revenue entitlement for the six months to June 2004. This was the first full half-year of operation and Woodside's condensate production entitlement for the period was 417,992 barrels which delivered sales revenue of A$24.6 million.

Crude Oil

Production volumes from the NWS Venture facilities in the 1H 2004 was 2,876,569 barrels (1H 2003: 3,272,308 barrels) due to natural field decline and unplanned shutdowns. Crude oil sales volume for the period was 3,141,882 barrels (1H 2003: 3,871,214 barrels). Woodside's revenue during this period was A$154.3 million (1H 2003: A$180.0 million) reflecting lower volumes.

Woodside's Laminaria-Corallina crude oil production for the reporting period totalled 3,102,044 barrels (1H 2003: 4,697,671 barrels). This 34% decrease was due to natural field decline, a lower than expected result from the Corallina-2 sidetrack and a facility maintenance shutdown of 12 days. Laminaria-Corallina crude oil sales volume for the 1H 2004 totalled 3,377,926 barrels (1H 2003: 4,492,989 barrels). Consequently, revenue in the 1H 2004 was A$154.6 million (1H 2003: A$186.0 million).

Legendre production in the 1H 2004 was 1,672,446 barrels (1H 2003: 2,097,574 barrels). The drilling and successful commissioning in late June of the infill well Legendre North 5H (LN-5H) partially lifted production and offset natural reservoir decline. Woodside's Legendre crude sales during the period were 1,570,247 barrels (1H 2003: 2,282,463 barrels). Revenue for the period was A$76.6 million (1H 2003: A$102.2 million).

LPG

Woodside's share of NWS Venture LPG production in the 1H 2004 was 62,540 tonnes (1H 2003: 65,316 tonnes). Woodside's LPG sales volume during the period was 44,513 tonnes (1H 2003: 82,015 tonnes) due to timing of liftings. Consequently revenue was A$15.6 million (1H 2003: A$37.6 million).

The Ohanet Joint Venture received maximum US$ revenue entitlement for the six months to June 2004. This was the first full half-year of operation and Woodside's LPG production entitlement for the period was 31,216 tonnes which achieved sales revenue of A$15.7 million.

Review of Operations

Australia and the Timor Sea

- ### NWS Venture

Domgas and LNG

(Woodside 50% and 16.67% respectively)

LNG sales and purchase agreements were signed with Chubu Electric Power Company, Inc for the annual supply of 0.6 million tonnes of LNG for 15 years, starting in 2009 and with Kansai Electric Power Company, Inc for 0.5 million tonnes a year between 2009 and 2014, lifting to 0.925 million tonnes a year between 2015 and 2023.

A gas sales and purchase agreement was signed with Western Power Corporation for a total of 700 petajoules of gas. The Western Power contract extends to the end of 2022 or until the 700 petajoules of gas is consumed, whichever comes first.

LNG Expansion Project

The LNG Expansion project includes the development of a 4.2 million tonne per annum fourth Train at the Karratha Gas Plant and a second gas trunkline between the NWS Venture's offshore production facilities and onshore gas plant.

Gas began flowing to shore through the Venture's new second offshore trunkline in February and was followed, in April, by the arrival and loading of the Venture's ninth LNG carrier, *Northwest Swan*.

Gas was introduced into the front end of Train 4 in June and will progress through the train as construction and commissioning is complete. As at mid-July 2004, the construction phase of Train 4 was 98% complete and commissioning was 95% complete. Total estimated expansion project costs remained at A$2.7 billion.

China LNG Supply

To support China's Guangdong LNG project, the NWS Venture participants and CNOOC Limited (a listed subsidiary of China National Offshore Oil Corporation) signed conditional agreements in May 2003 for equity participation in the NWS Venture. Partial payment of the equity participation was made at the end of 2003 by CNOOC by way of a refundable deposit of 90% of US$53 million to each joint venturer, with the balance to be paid on the agreement fulfilling all conditions.

The agreement, due to expire at the end of 2003, was extended to end June 2004. Subsequently it was extended to 18 December 2004 to allow finalisation of the total commercial package that was offered to the Guangdong LNG project proponents. First LNG deliveries to China are expected in 2006.

Wanaea-Cossack Lambert-Hermes Oil

The NWS Venture is currently planning to drill in-fill wells on the Wanaea-Cossack Lambert-Hermes oil complex. Two in-fill wells, (Wanaea-8 and Lambert-6) are planned for the second-half 2004. Completion on both wells is expected in December 2004 and, depending on drilling success, their contribution to production from early 2005 may slow the anticipated rate of decline.

Goodwyn Low-Pressure Train

Modification of process equipment of one train on the NWS Venture's Goodwyn A platform to a low-pressure train will continue to mid-2005. This work will allow Goodwyn reserves to be produced at a lower system pressure enabling higher reserves recovery and enable Woodside to meet projected gas demand in 2005-2006. The low-pressure train is expected to be fully on-line in October 2005 following a four-month commissioning period.


Perseus-over-Goodwyn Gas Project

The Perseus-over-Goodwyn gas project will make use of spare Goodwyn production capacity as it becomes available. To that end, the NWS Venture is considering a subsea tieback of the Perseus reservoir to the Venture's Goodwyn A platform. The joint venture is also considering the development of the liquids-rich Searipple gas field as a potential Goodwyn tieback. A final investment decision by Woodside and its co-venturers is expected by early 2005, with the project aiming for start-up in 2007.

Angel Gas Field Development

The Venture is also considering plans for the basis of design of the liquids-rich Angel gas field development (WA-3-L) to be completed in early 2005, with a final investment decision planned for the second half of 2005. Production from Angel is likely to start in 2008 and has already been accounted for in the Woodside production projection that has been disclosed to the market.

- ## Legendre

  WA-20-L – Woodside 45.94%, Operator

  Production following the successful drilling and completion of the Legendre North-5H (LN-5H) infill well was in line with expectation. At the end of June 2004, production was averaging 33,810 barrels per day (Woodside share 15,535 bbl/d). Before LN-5H well completion, the field was producing about 20,000 bbl/d.

Enfield Project

WA-28-L – Woodside 60%, Operator

In March 2004, Woodside sold a 40% interest in the WA-271-P exploration permit and associated Enfield production licence (WA-28-L), to Mitsui E&P Australia Pty Ltd for US$464.5 million. Under the sale and joint operating agreements, Mitsui became a full joint venture participant in WA-271-P and the Enfield production licence WA-28-L.

The sale followed Woodside's decision, announced earlier in March, to invest A$1.48 billion in the Enfield oil development. The development will be the Company's first production in the Exmouth region, with initial output planned at about 100,000 barrels per day. It also provides growth potential through the tie-back of nearby discoveries.

The Enfield development will include five production wells, six water injection wells and two gas injection wells with flowlines to a disconnectable floating production, storage and offtake vessel. The vessel, to be operated by Woodside, is due for delivery in mid-2006. The project remains on schedule for production start-up in the fourth quarter of 2006.

Mutineer-Exeter Oil Project

WA-191-P – Woodside 8.2%

Production licences were awarded for the Mutineer and Exeter fields (WA-26-L and WA-27-L) and the project is on budget and tracking to plan for production start-up by mid-2005. Development drilling began in February and will continue through to the first quarter of 2005.

- ## Blacktip Gas Project

  WA-279-P, WA-313-P, WA-278-P, NT/P57 – Woodside 53.85%, 50%, 35%, 66.7% respectively, Operator

  In June 2003, a heads of agreement was signed by Woodside, Eni Australia B.V. and Alcan Gove Pty Ltd for the supply of 40 petajoules of natural gas a year from the Blacktip gas field to Alcan's Gove alumina and bauxite refinery in the Northern Territory. The agreement is conditional on project approvals, all regulatory approvals and the construction and operation of the 940 kilometres onshore gas pipeline from the Joseph Bonaparte Gulf to Alcan's plant at Gove. The Blacktip project approval is now expected in the second quarter of 2005 (previously last quarter 2004) primarily because of the delay to the timetable for the onshore gas pipeline. This, in turn, is due to the extended 2003-2004 northern Australia wet season. Accordingly, the project's expected start-up is now fourth quarter 2007.

- ## Thylacine - Geographe Gas Project

  T/30P, VIC/P43 – Woodside 51.55%, Operator

  In May, the joint venture participants approved development of the A$1.1 billion Thylacine - Geographe gas project. Over the project's life, the fields are expected to supply 950 billion cubic feet of raw gas which equates to 885 petajoules of sales gas, 12.2 million barrels of condensate and 1.7 million tonnes of LPG.

  The project involves initial expenditure of A$810 million on the Thylacine gas field in Tasmanian permit T/30P. Construction remains on target to begin in the fourth quarter of 2004 and will involve a remotely operated platform, offshore and onshore pipelines and a new gas plant to be built near the Iona gas plant adjacent to Port Campbell. The Geographe field, in Victorian permit Vic/P43, will be connected to the main offshore pipeline in a later development phase.

  The project initially will produce about 60 petajoules of sales gas a year and production is scheduled to begin in mid-2006.

The development decision followed the signing in April of a gas sales agreement with TXU Electricity Ltd under which TXU will buy Woodside's share of natural gas from the project at up to 30 petajoules a year for more than 10 years. Condensate from the project is expected to be sold to an Australian refinery, while LPG is expected to be sold to distributors operating in Victoria.

- **Kipper, Basker, Manta and Gummy Gas Fields**
  VIC/RL 2 – Woodside Eastern Energy Pty Ltd 30%,
  Vic/RL 6,9,10 – Woodside Eastern Energy Pty Ltd 100%

  In February, Woodside announced the conditional sale of its Bass Strait exploration interests to Anzon Energy Australia Limited for A$65 million. The transaction included Woodside's 100% interests in VIC/RL6, VIC/RL9 and VIC/RL10 which contain the Basker, Manta and Gummy oil and gas fields and the Company's 30% interest in VIC/RL2, containing the Kipper gas field. The sale of Woodside's 100% interests was completed on 15 March 2004. However, the sale of the Company's interest in VIC/RL2 was not completed and Woodside terminated its agreement with Anzon in respect of VIC/RL2 on 29 June 2004.

  In June 2004, the Designated Authority advised that the VIC/RL2 Joint Venture's application to renew the lease had been rejected, giving the Venture the option of applying for a production licence within 12 months. Woodside and its co-venturers are evaluating the options for development of the VIC/RL2 resource.

Timor Sea

- **Sunrise Gas Project**
  NT/RL2 – Woodside Energy Ltd 26.67%, NT/P55 – Woodside Energy Ltd 35.90%, JPDA O3-19 – Woodside Petroleum (Timor Sea 19) Pty Ltd 27.67%, Operator

  The Timor-Leste Government's ratification of the International Unitisation Agreement (IUA) and securing foundation LNG customers are pre-requisites for the further progress of the Sunrise gas project. The IUA,

signed by the Governments of Australia and Timor-Leste on 6 March 2003 was ratified by the Australian Parliament on 30 March 2004. The already ratified and in force Timor Sea Treaty and related IUA are both designed to enable resource developments to proceed ahead of both countries agreeing permanent maritime borders. The agreements do not prejudice either country's border claims. Without the IUA being ratified by the Parliament of Timor-Leste by year end the Sunrise project will stall.

The Sunrise participants are working towards the selection of a single development option from the three development options under review: floating LNG, an onshore LNG facility near Darwin and an onshore LNG facility in Timor-Leste.

- **Metasource**

  During the 1H 2004, two investments in the Metasource portfolio achieved significant milestones. Ceramic Fuel Cells Limited (Metasource Pty Ltd 35%) raised A$25 million capital and was listed on the Australian Stock Exchange on 5 July 2004. Geodynamics Limited (Metasource Pty Ltd 15%) completed the injection well and granite fracturing for its "hot dry rock" geothermal project in the Cooper Basin and raised capital for the drilling of its production well, due to be completed in 2004.

Africa

- **Algeria**

  ### Ohanet Operations

  Woodside Energy (Algeria) Pty Ltd 15%

  The Ohanet operations are run under a Risk Service Contract with Sonatrach (Algerian National Oil Company). Under the terms of the contract, the participants receive a fixed rate of return based on product price and volume, limited to a maximum revenue entitlement.

The Ohanet Joint Venture received full revenue entitlement for the six months to June 2004. This was the first full half-year of operation and Woodside's entitlement for the period was 417,992 barrels of condensate and 31,216 tonnes of LPG.

• Mauritania

Agip Mauritania B.V. Acquisition

PSC Area A, PSC Area B – WEL Mauritania B.V. 18.846%, Woodside Mauritania Pty Ltd 35%, Operator

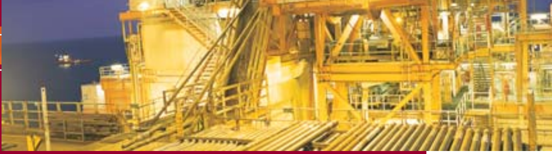
In December 2003, Woodside announced it had agreed to acquire Agip Mauritania B.V., the holder of a 35% interest in each of PSC Area A, containing the Banda discovery, and PSC Area B, containing the Chinguetti and Tiof discoveries. In February, Woodside Energy Ltd concluded the acquisition of Agip Mauritania B.V. (now known as WEL Mauritania B.V.) and on-selling arrangements associated with the transaction.

As part of this acquisition, WEL Mauritania B.V. on-sold to the remaining joint venturers in each contract area, their pro rata share of the interest acquired. Following the transaction, Woodside Mauritania Pty Ltd and WEL Mauritania B.V. have a combined 53.846% interest in both PSC Areas A and B.

Chinguetti Oil Project

PSC Area B – WEL Mauritania B.V. 18.846%, Woodside Mauritania Pty Ltd 35%, Operator

In May, joint venture participants announced approval of the Chinguetti oil project in PSC Area B with total joint venture capital investment to execute Phase 1 expected to be about US$600 million. The field development will include six production wells, one gas injection well and four water injection wells with flowlines to a permanently moored floating production, storage and offloading vessel. First oil is expected to be produced by March 2006 at an initial rate of 75,000 barrels a day.



Exploration

Australia and the Timor Sea

Woodside participated in four exploration and appraisal wells during the H1 2004. Three of these wells encountered hydrocarbons. Stybarrow-3/4 was successful, while the commerciality of the Bounty-2/3 and Eskdale-2 wells is yet to be determined.

In the Exmouth basin, Stybarrow-3 successfully appraised a 2003 oil discovery on behalf of the WA-255-P Joint Venture (WEL 50%). The well penetrated 2 metres of oil and was side-tracked updip as Stybarrow-4, where it encountered 11 metres of oil bearing reservoir. Eskdale-2 was also drilled in WA-255-P and encountered a 24 metre gas column and a 13 metre oil column with no oil-water contact penetrated. Assessment of the commerciality of this discovery is underway. The Knott-1 well in the same permit was a dry hole. An area of the adjacent WA-271-P exploration permit was excised and issued to Woodside as a production licence for the Enfield field (WA-28-L).

In the Northern Carnarvon basin, Bounty-2, in WA-191-P, encountered two modest oil columns before it was plugged back and side-tracked as Bounty-3 to appraise oil sands 500 metres to the north. Analysis is underway to assess the commercial significance of these oil accumulations.

Woodside was awarded 100% equity in gazettal blocks WA-350-P and WA-353-P in and next to the Carnarvon basin. The Company increased its interest in the WA-296-P and WA-294-P permits in the Beagle basin and took up Encana's interests in the Outer Carnarvon basin (WA-205-P) and the Great Australian Bight (EPP 28-31). Woodside withdrew from permit WA-280-P in the Bonaparte basin.

In Papua New Guinea, Woodside Petroleum (PNG) Pty Ltd indicated its intention to relinquish PPL-218. The Company still holds a 40.45% interest in PRL-10 (Uramu gas discovery) in the Gulf of Papua.

Africa

Mauritania

Exploration activity focused on maturing prospects for drilling in the second half of 2004 and acquisition of the 2006km^2 Tanit 3D seismic survey to assist with prospect delineation in PSC Area B.

In July 2004, Woodside announced Woodside Mauritania Pty Ltd and WEL Mauritania B.V. will proceed with drilling up to 21 exploration, appraisal and development wells across offshore acreage containing the Chinguetti, Tiof and Banda discoveries. The exploration and appraisal program will commence in August 2004 and continue until the start of the Chinguetti development drilling. The program will cover one commitment well, the Dorade prospect in PSC Area C2, up to five exploration wells in PSC Areas A and B and up to four appraisal wells on the Tiof discovery. The exploration wells to be drilled in PSC Areas A and B are expected to include the Tevet, Capitaine and Merou prospects with additional wells yet to be confirmed.

The development drilling program on Chinguetti will start in the fourth quarter of 2004 and will involve up to six oil production wells, four water injection wells and one gas injection well in the Phase 1 Chinguetti oil project (PSC Area B).

Algeria

In Algeria, Woodside Energy (Algeria) Pty Ltd holds a 35% non-operating interest in Block 401D. During the period, the Company participated in the RERC-1 well which was dry. A second well, RERW-1, was spudded in July. Woodside Energy (Algeria) participated in the 234 km Berkine 2D seismic survey to assist with future exploration in this area.

United States

Woodside Energy (USA) Inc. participated in three wells in the Gulf of Mexico during the H1 2004. Neptune-7 continued the appraisal of the Neptune oil field (Atwater Valley, Woodside 20%) encountering a net oil column of 114ft (34.7 metres). A joint study group is examining opportunities for development. Midway-1 discovered gas (Woodside 50%). Development of Midway will depend on the results of a production test which is planned for the fourth quarter of 2004.

The Kansas 2/3 well, also in the Atwater Valley area, was plugged and abandoned as a dry hole.

Woodside Energy (USA) Inc. also strengthened its acreage position in the Gulf of Mexico purchasing interests in 21 blocks at lease sales. The Company purchased 15 leases in Green Canyon with ConocoPhillips, two leases in Mississippi Canyon with Marathon Oil Company and four leases with Pioneer Natural Resources in the West Cameron, East Cameron and Vermillion areas. Woodside Energy (USA) Inc. increased its interests in Keathley Canyon blocks 286/287 and 301/302, as well as Garden Banks 935, 936, 937 and 979.

Outlook

Production Aspiration Maintained

Woodside is expecting to achieve 58 MMboe for calendar year 2004 with additional contribution from the NW Shelf Venture LNG Train 4 and higher production from the Legendre field in the second half of the year.

Condensed Statement of Financial Performance

For the Half-Year ended 30 June 2004

	Economic Entity 30 June 2004 $000	Economic Entity 30 June 2003 $000
Revenues from oil & gas operations	**994,446**	1,118,601
Cost of sales	**(393,124)**	(435,900)
Gross profit	**601,322**	682,701
Other revenues from ordinary activities	**768,154**	61,078
Share of associates net profits / (losses)	**(3,475)**	(2,553)
Borrowing costs expensed	**(29,066)**	(28,975)
Other expenses from ordinary activities	**(359,148)**	(275,497)
Profit/(Loss) from ordinary activities before Income Tax	**977,787**	436,754
Income Tax attributable to ordinary activities	**(253,154)**	(164,592)
Net Profit/(Loss) attributable to members of Woodside Petroleum Ltd.	**724,633**	272,162
Basic and diluted earnings per share (cents)	**108.7**	40.8
Dividend per share (cents / share)	**27.0**	21.0

All amounts rounded and expressed in Australian dollars.

Condensed Statement of Financial Position

As at 30 June 2004

	Economic Entity 30 June 2004 $000	Economic Entity 31 December 2003 $000
CURRENT ASSETS		
Cash assets	**761,442**	177,601
Receivables	**559,415**	260,878
Inventories	**20,014**	14,007
Other financial assets	**50,035**	73,123
Other assets	**19,530**	11,342
TOTAL CURRENT ASSETS	**1,410,436**	536,951
NON-CURRENT ASSETS		
Receivables	**138,769**	307,252
Inventories	**11,756**	18,264
Equity accounted investments	**2,309**	9,096
Other financial assets	**120,550**	106,034
Exploration & evaluation	**346,584**	653,518
Oil & gas properties	**3,277,965**	2,985,154
Other plant & equipment	**119,008**	137,910
Deferred tax assets	**179**	649
Other assets	**95,704**	27,471
TOTAL NON-CURRENT ASSETS	**4,112,824**	4,245,348
TOTAL ASSETS	**5,523,260**	4,782,299
CURRENT LIABILITIES		
Payables	**297,664**	335,783
Current tax liabilities	**128,518**	100,992
Provisions	**56,714**	55,064
Other liabilities	**134,320**	86,747
TOTAL CURRENT LIABILITIES	**617,216**	578,586
NON-CURRENT LIABILITIES		
Interest bearing liabilities	**1,158,748**	1,068,376
Deferred tax liabilities	**492,512**	455,090
Provisions	**164,380**	156,552
Other liabilities	**98,907**	90,164
TOTAL NON-CURRENT LIABILITIES	**1,914,547**	1,770,182
TOTAL LIABILITIES	**2,531,763**	2,348,768
NET ASSETS	**2,991,497**	2,433,531
EQUITY		
Contributed equity	**706,491**	706,491
Retained profits	**2,285,006**	1,727,040
TOTAL EQUITY	**2,991,497**	2,433,531

All amounts rounded and expressed in Australian dollars.

Condensed Statement of Cash Flows

For the Half-Year Ended 30 June 2004

	Economic Entity 30 June 2004 $000	Economic Entity 30 June 2003 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**1,039,740**	1,156,607
Interest received – other entities	**8,130**	5,530
Dividends received – other entities	**7,609**	11,190
Payments to suppliers and employees	**(159,722)**	(174,557)
Borrowing costs paid (net of capitalised amounts)	**(26,379)**	(31,772)
Management and other fees – other entities	**13,250**	19,270
Royalty, excise and PRRT payments	**(155,462)**	(241,901)
Income tax / GST paid	**(187,735)**	(175,771)
Net Cash from Operating Activities	**539,431**	568,596
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital & exploration expenditure	**(472,489)**	(408,992)
Proceeds from sale of oil & gas properties	**41,253**	6,558
Proceeds from sale of exploration & evaluation	**588,903**	-
Proceeds from sale of other plant & equipment	**18,963**	-
Payments for investments in other entities	**(23,233)**	-
Payments for investments in controlled entity	**(64,535)**	-
Realisation of foreign exchange difference on receivable	**46,567**	-
Prepayment of deposit on purchase consideration	**70,633**	-
Advances to employees relating to employee share plan	**(24,920)**	(17,531)
Repayments from employees relating to employee share plan	**15,372**	8,305
Net Cash from/(used in) Investing Activities	**196,514**	(483,660)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	-	578,713
Repayment of borrowings	-	(503,312)
Dividends paid	**(166,667)**	(273,333)
Net Cash from / (used in) Financing Activities	**(166,667)**	(197,932)
NET INCREASE/(DECREASE) IN CASH HELD	**569,278**	(112,996)
CASH AT THE BEGINNING OF THE HALF-YEAR	**177,601**	155,352
Effects of exchange rate changes on the balances of cash held in foreign currencies	**14,563**	(3,639)
CASH AT THE END OF THE HALF-YEAR	**761,442**	38,717

All amounts rounded and expressed in Australian dollars.

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