

Exploration Strategy

Commitment to Growth

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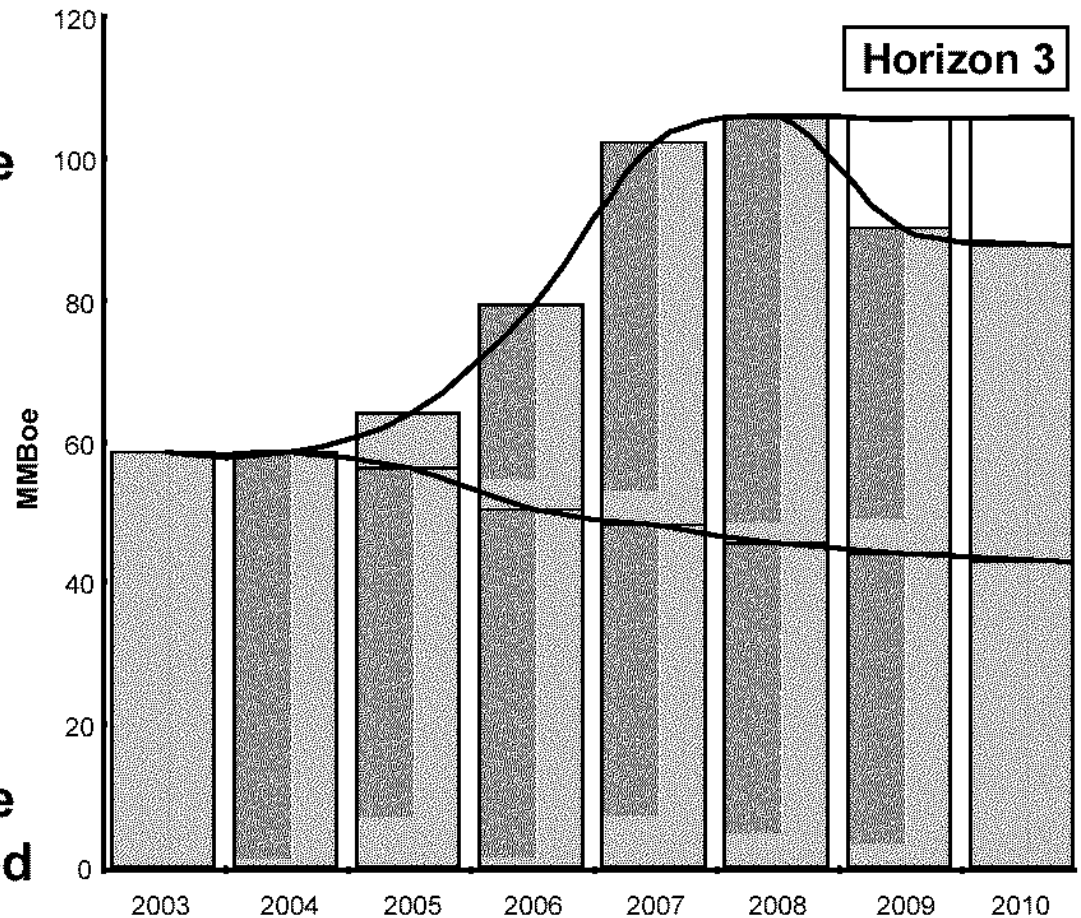
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All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

Horizon 3 – Creating new business

- Exploration's role is to discover reserves to create new business
- Targeting 1.2 billion boe's over the next 10yrs
- Need to invest now to ensure continued growth
- Woodside's exploration strategy is to leverage core competencies in a balanced portfolio approach

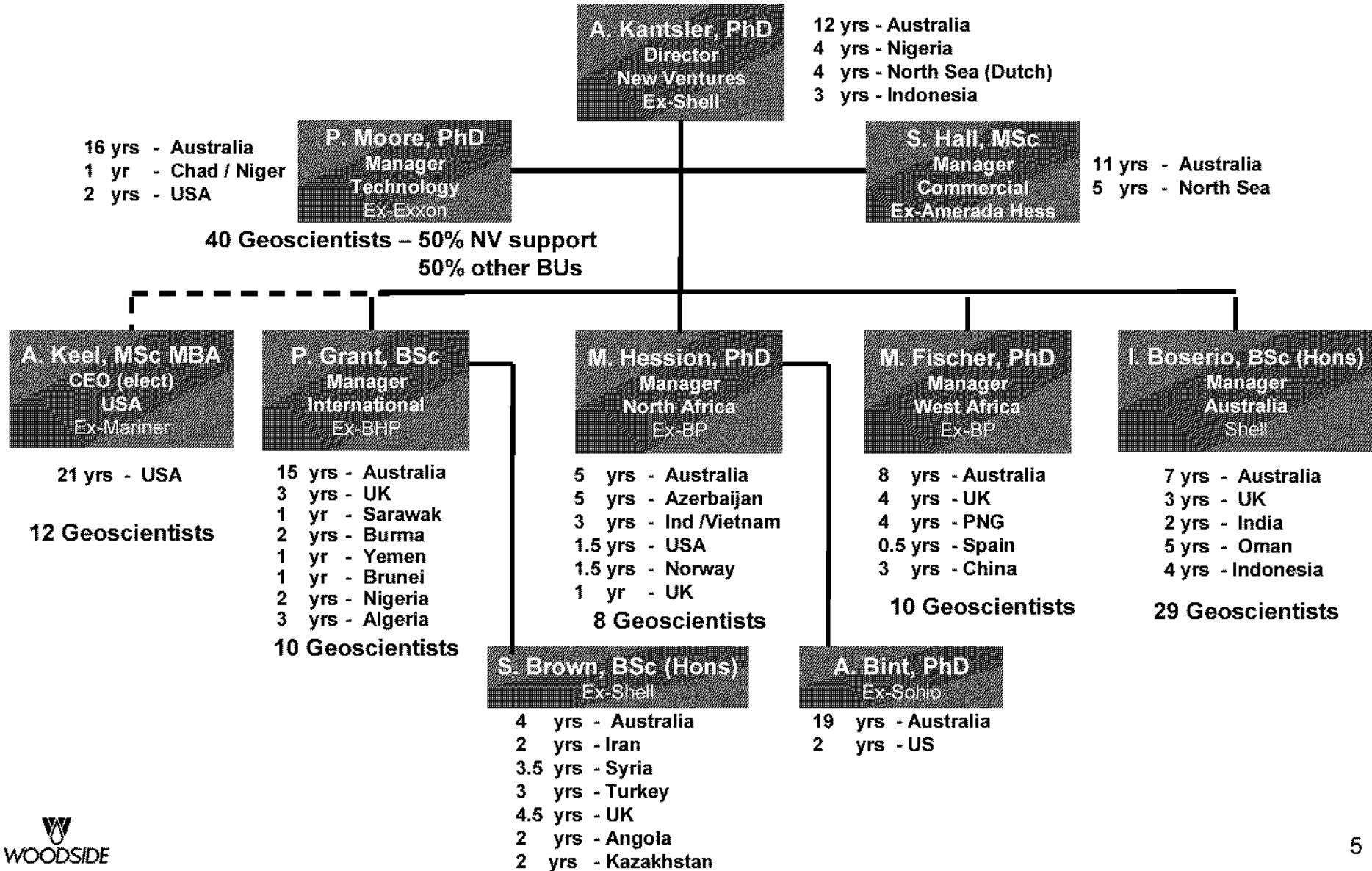


Woodside's Competitive Advantage

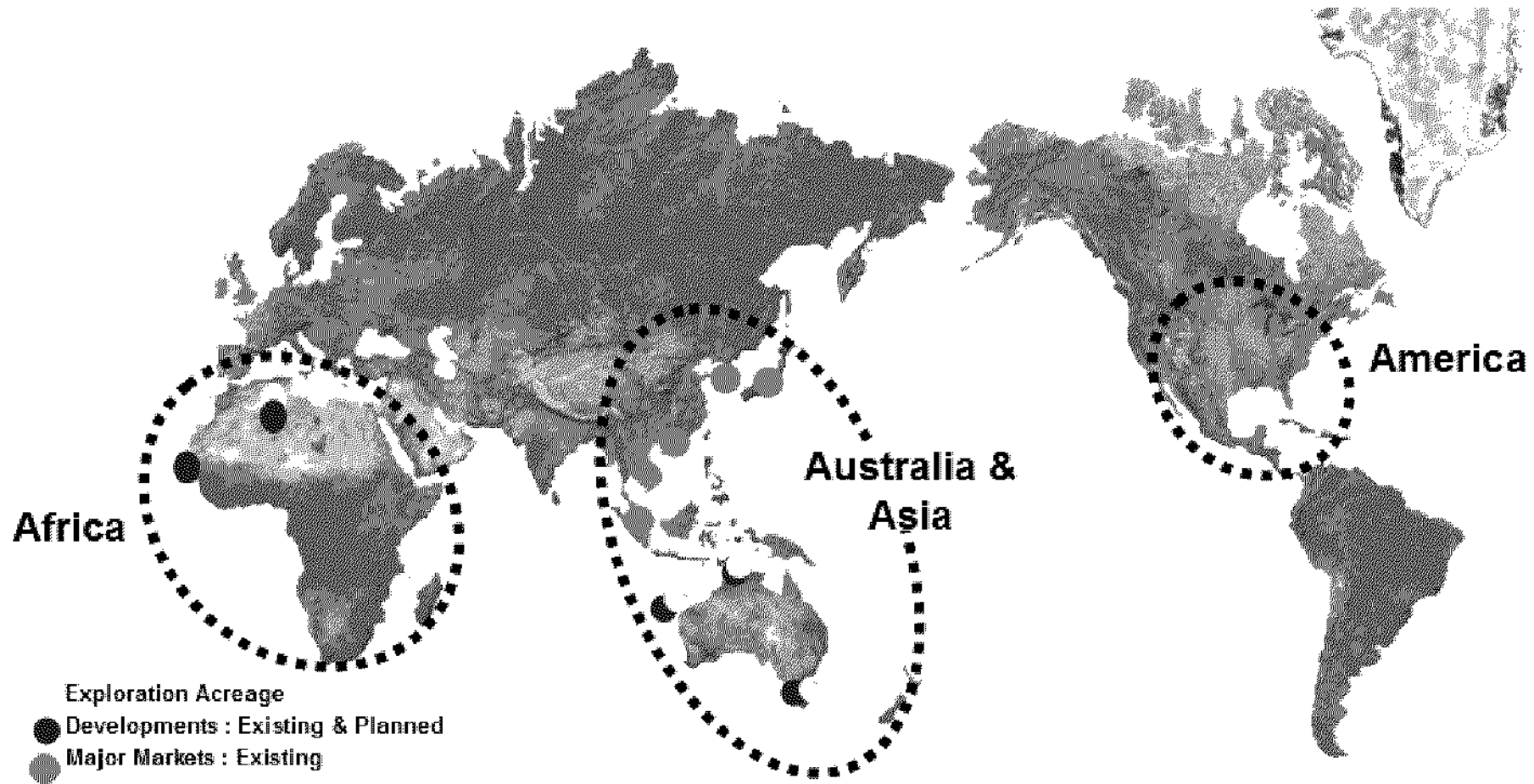
- **Australian Identity**
 - Neutral, few historical issues, welcome in Middle East and North Africa
- **Competencies**
 - Subsurface skills
 - Leading offshore E&P Operator (FPSO's)
 - Gas expertise, including LNG
 - Drilling
 - Subsea completions
 - Operations
- **Size**
 - Mid-cap independent, non-threatening to many host governments or super majors
- **Strong Balance Sheet**
- **Opportunity Set**
 - Can exploit niches not immediate focus of super majors



Woodside's International Capability



Woodside's International Presence



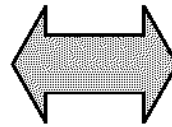
- Recent strategy is thematic, based on matching capabilities with opportunities

Matching Capabilities with Opportunities

Making strategic choices:

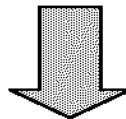
Woodside's Profile

- Strong Australian Position
- Offshore Operator
- Technology Driven
- Mid-cap Independent



Global Opportunity Portfolio

- Frontier Onshore/shelf
- Frontier Deepwater (Mauritania, Kenya)
- Proven Onshore/shelf (Australia, Algeria)
- Proven Deepwater (GoM)
- Inefficient Production
- Efficient Production
- Long Term Gas



Exploration Focus

- Australian Heartland
- International Proven Provinces
- International Frontier Deepwater

Strategy for “Organic Growth”

We will pursue strategic themes:

Australia

- Tie back opportunities
- Selected longer term gas opportunities

International Proven Provinces

- Focus on existing positions (GOM and Algeria)
- Grow from these initial positions
- Develop other entry options

International Frontier Deepwater

- Maintain an evergreen portfolio of low entry cost, phased options
- Mauritania, Canary Islands, Kenya,

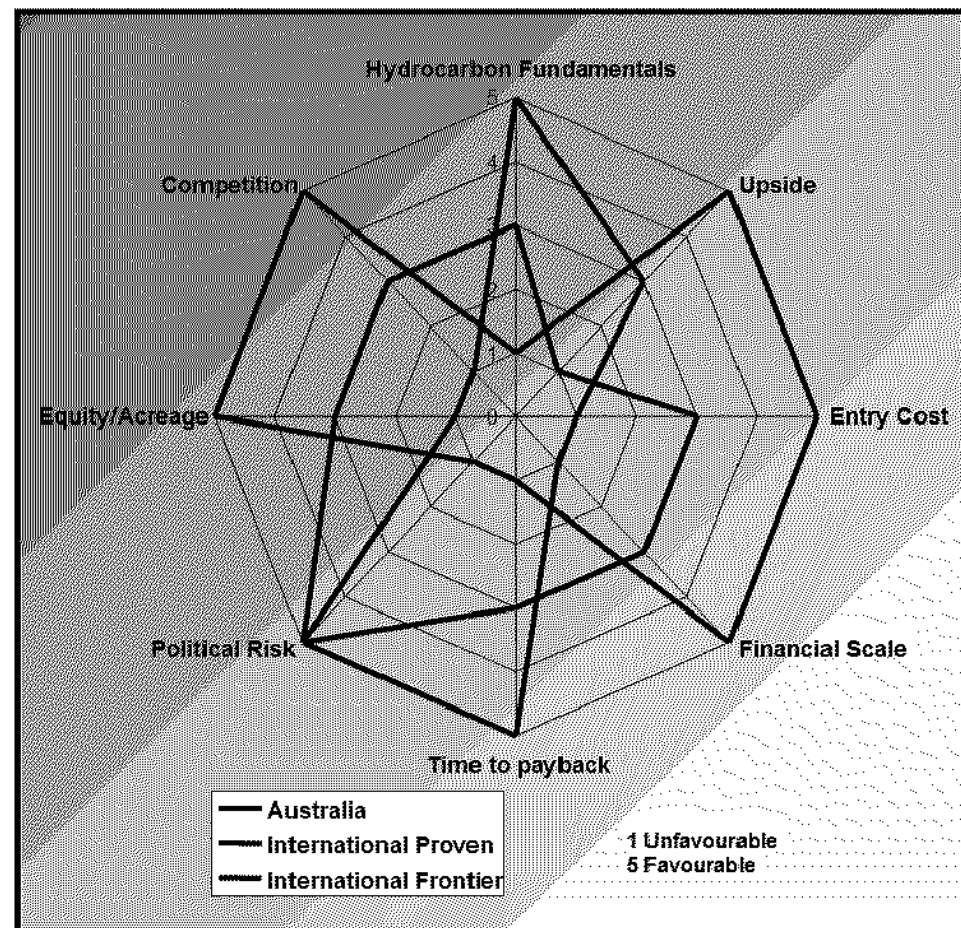
Achieving a Balanced Portfolio

No one strategic theme has all the characteristics

It is essential to maintain a balance of risk & reward while providing exposure to growth.

Currently expecting activity in

- 75% Proven, 25% Frontier
- 60% Oil, 40% Gas
- 60% OECD Countries



..... balance is achieved by a combination of the 3 chosen themes

Australian Heartland

Woodside's core business

In depth knowledge

... target the best opportunities

Strong existing position

... limited oil potential

Economically attractive

... but lower probability of success

Selective competition

... but limited in Woodside's heartland

Growth by acquisition

... can deliver reserves and production



International Proven Provinces

A mature international business

Low technical risk

... moderate upside

Higher entry cost

... and ongoing expenditure

Existing infrastructure

... earlier cashflow

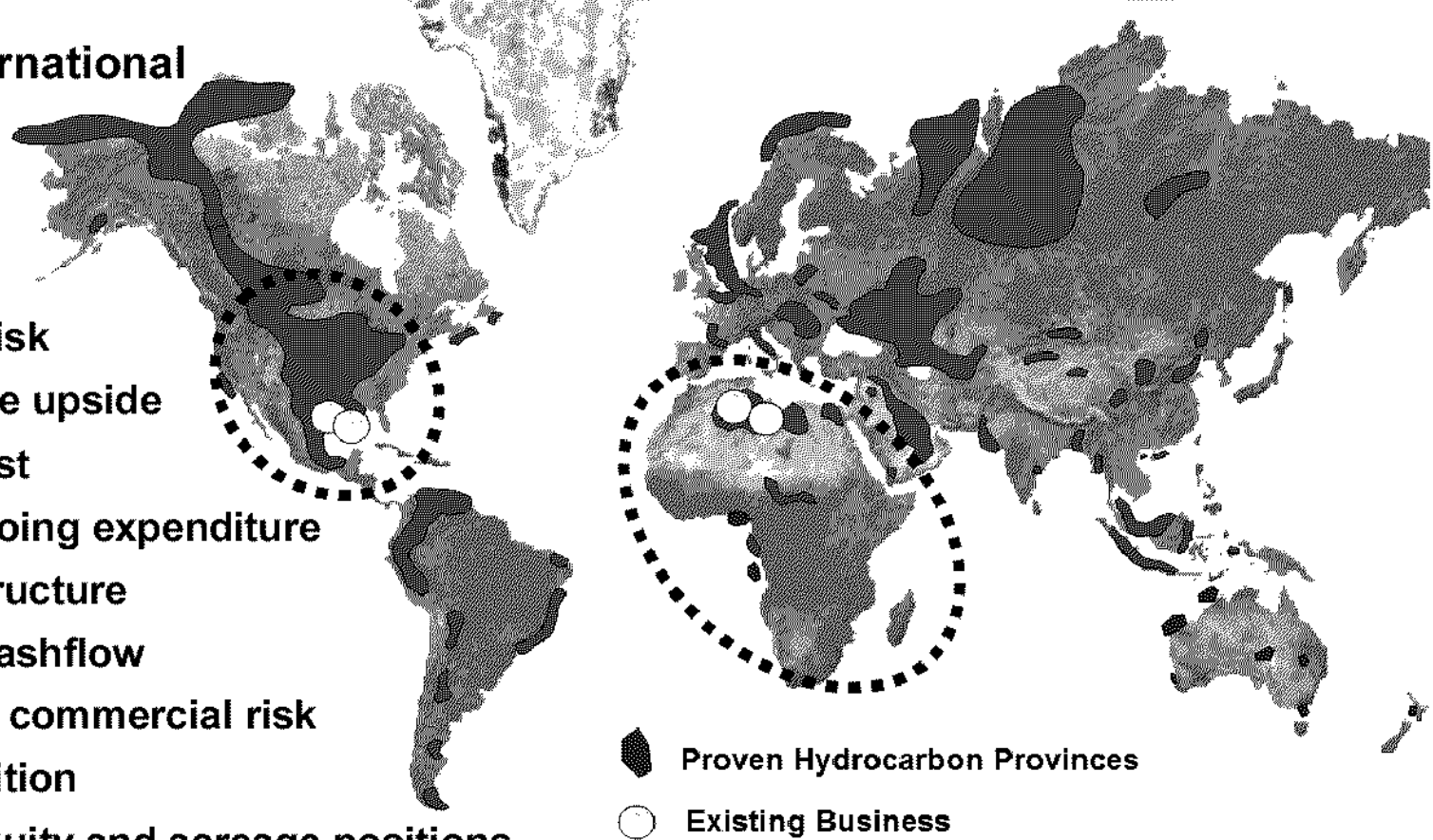
Generally lower commercial risk

Intense competition

... lower equity and acreage positions

Growth by acquisition

... can deliver reserves and production



..... provides the ability to grow from an initial position

International Frontier & Deepwater

Emerging opportunities.....

Higher technical risk

... significant upside

Lower entry cost

... and early exit options

Limited infrastructure

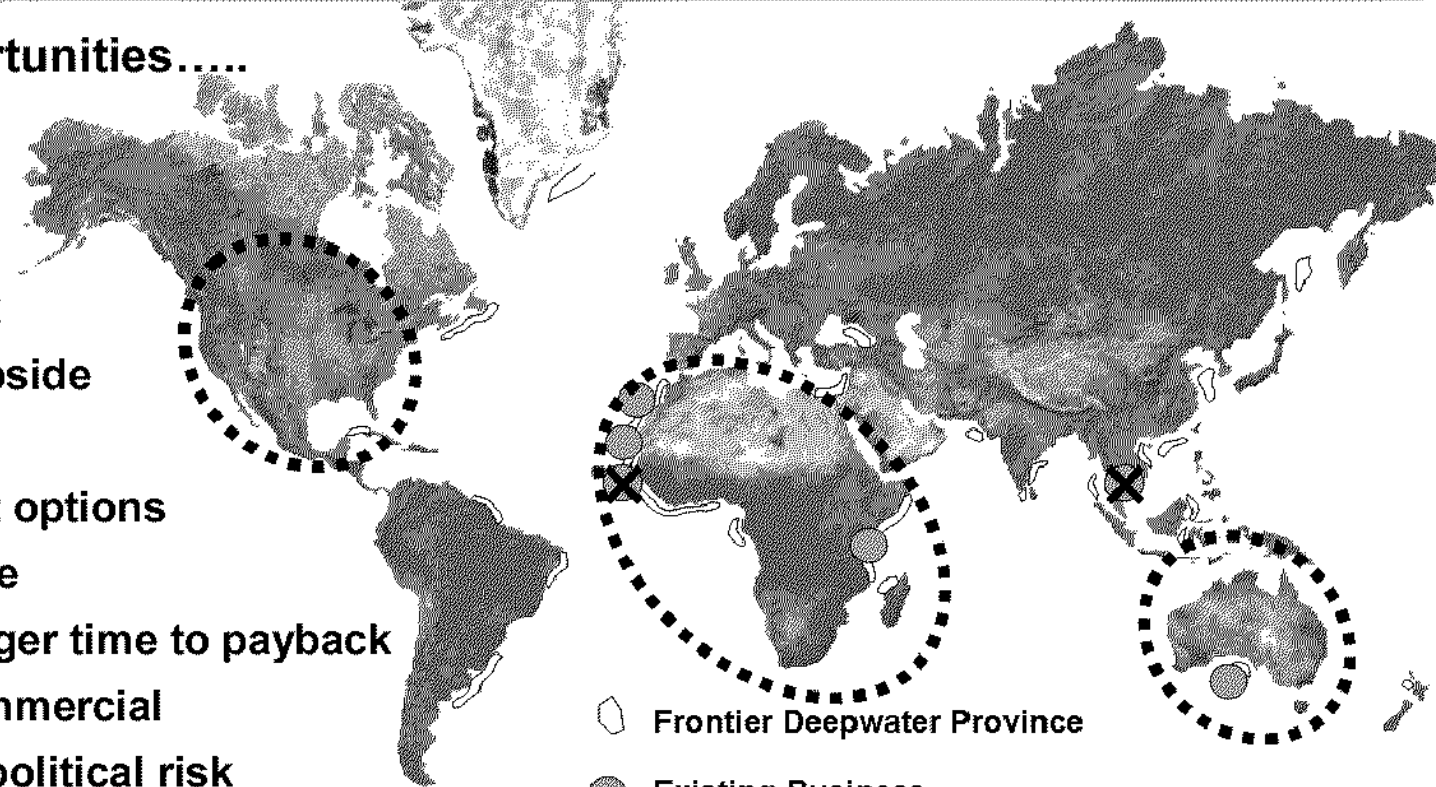
... generally longer time to payback

Generally higher commercial

... and country/political risk

Less competition

... higher equity / acreage positions



○ Frontier Deepwater Province

● Existing Business

⊗ Relinquished

..... will be accessed via an active portfolio approach
(5-7 opportunities with turnover)

2004 Exploration Focus

Australia

Tie-back opportunities to existing or planned facilities

- Drill where technical risk minimised
- De-risk other high potential areas

Selected longer term gas opportunities

International - Frontier

Mauritania

- Timely exploration to maximise Chinguetti value and establish new development “hubs”

Canaries

- Early test of prospectivity, drill country’s first exploration well

Kenya

- Assess merit of acquiring regional 3D seismic

Build a portfolio of frontier opportunities

International – Proven Basins

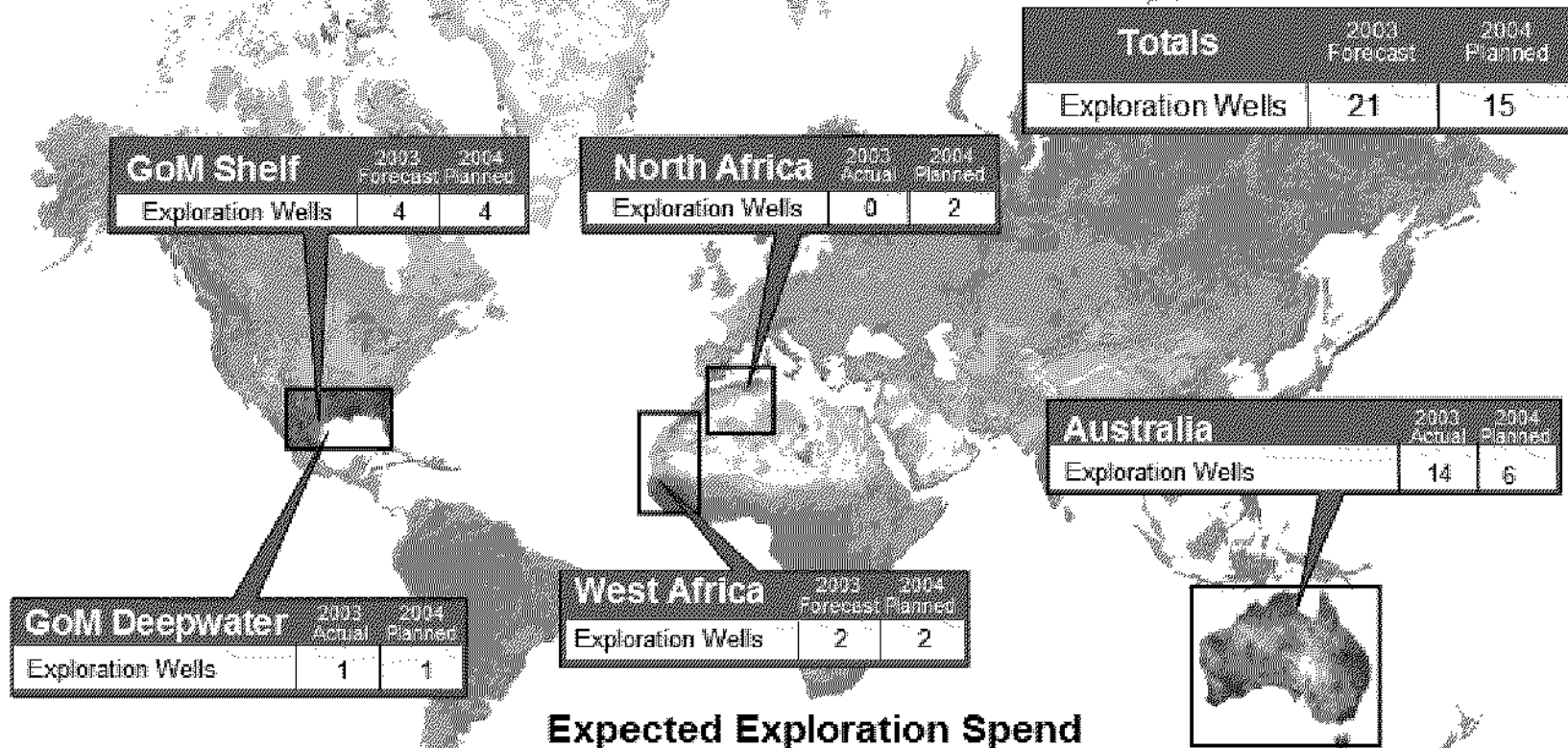
Gulf of Mexico

- Shelf: drill in Texas and build acreage position in Louisiana
- Deepwater: build acreage position and mature portfolio.

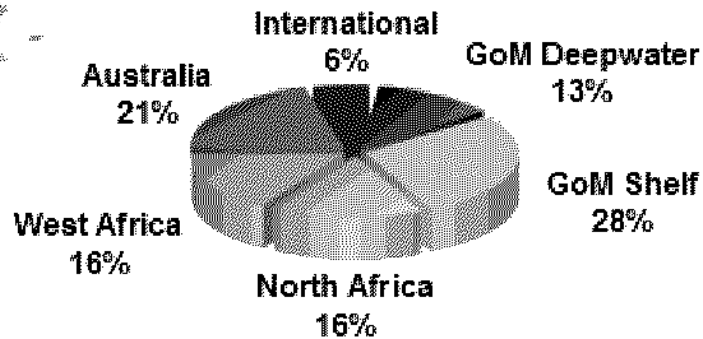
North Africa

- Drill in Algeria
- Expand Algerian portfolio

2004 Exploration Plan

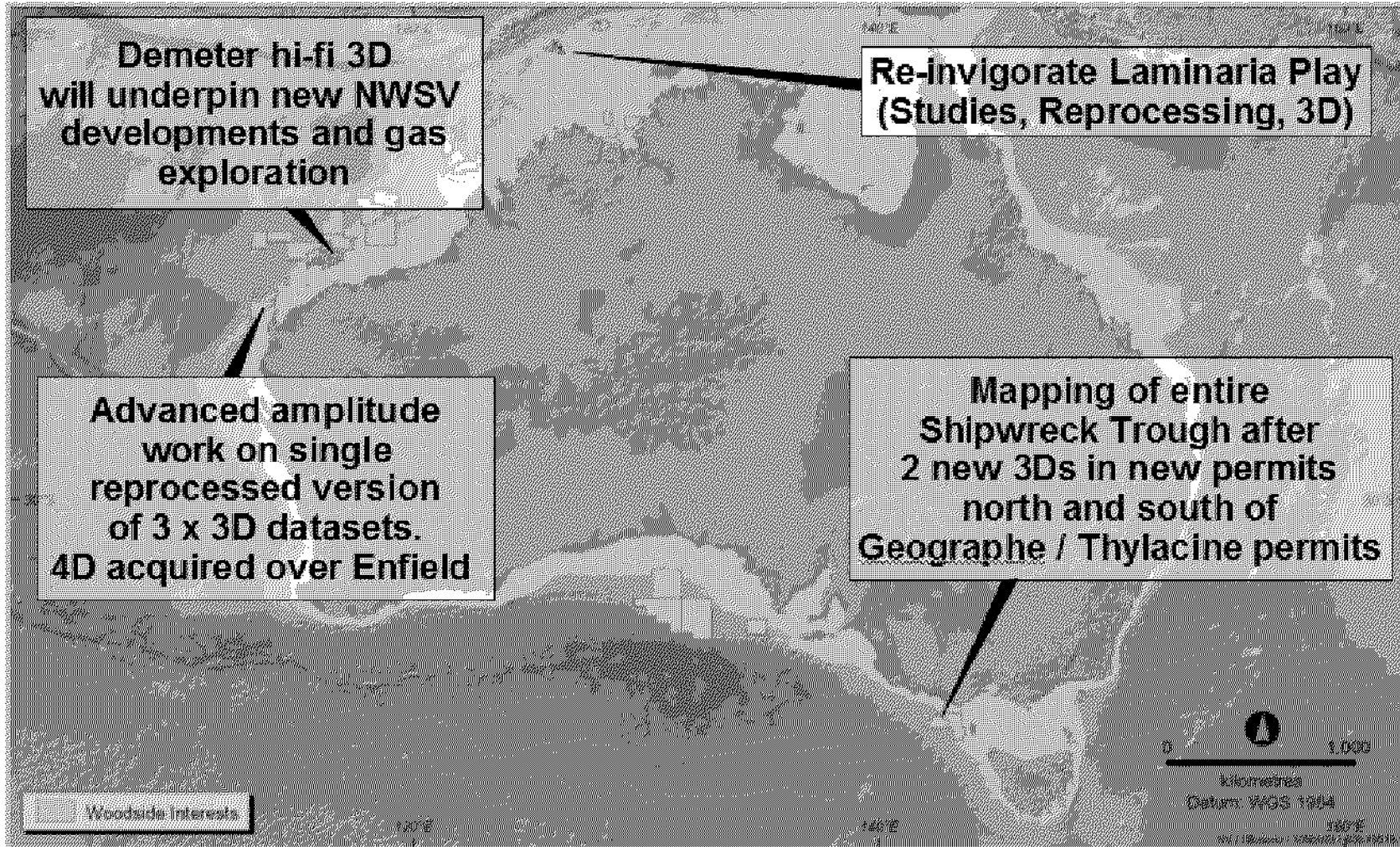


Expected Exploration Spend

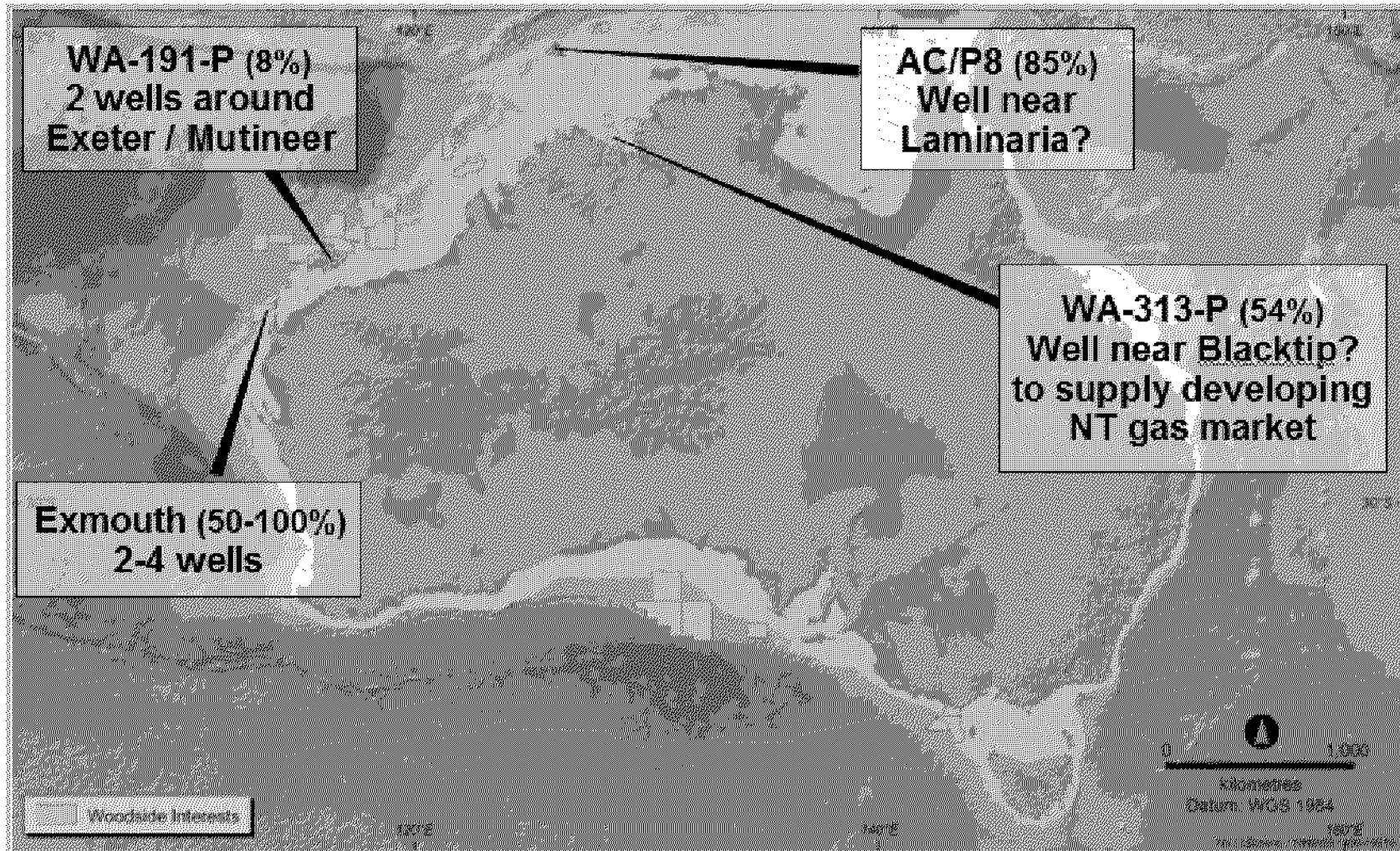


Australian Exploration in 2004 : A year of rebuilding the portfolio

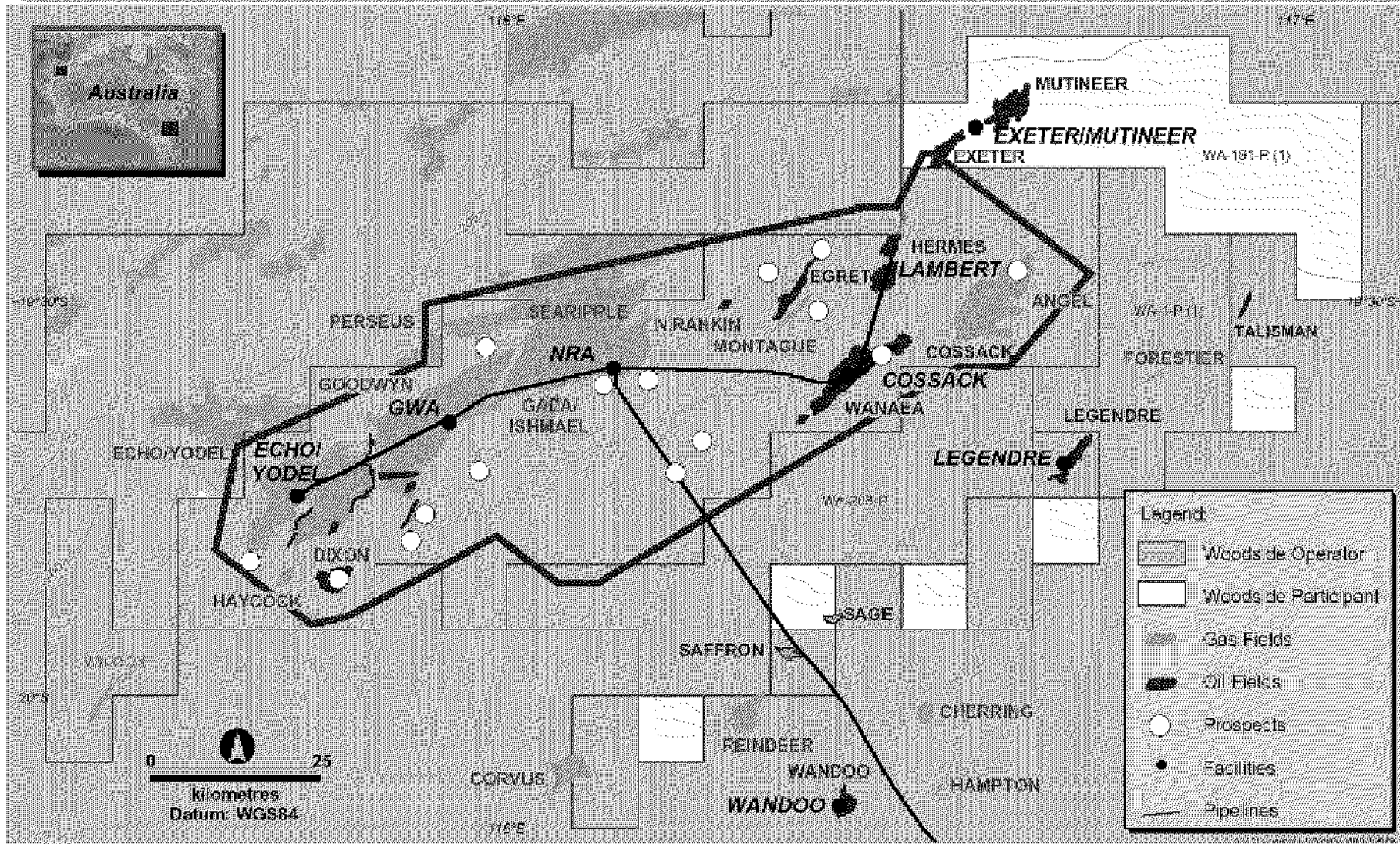
- Several New 3D Datasets and Studies will lead to 10+ well proposals



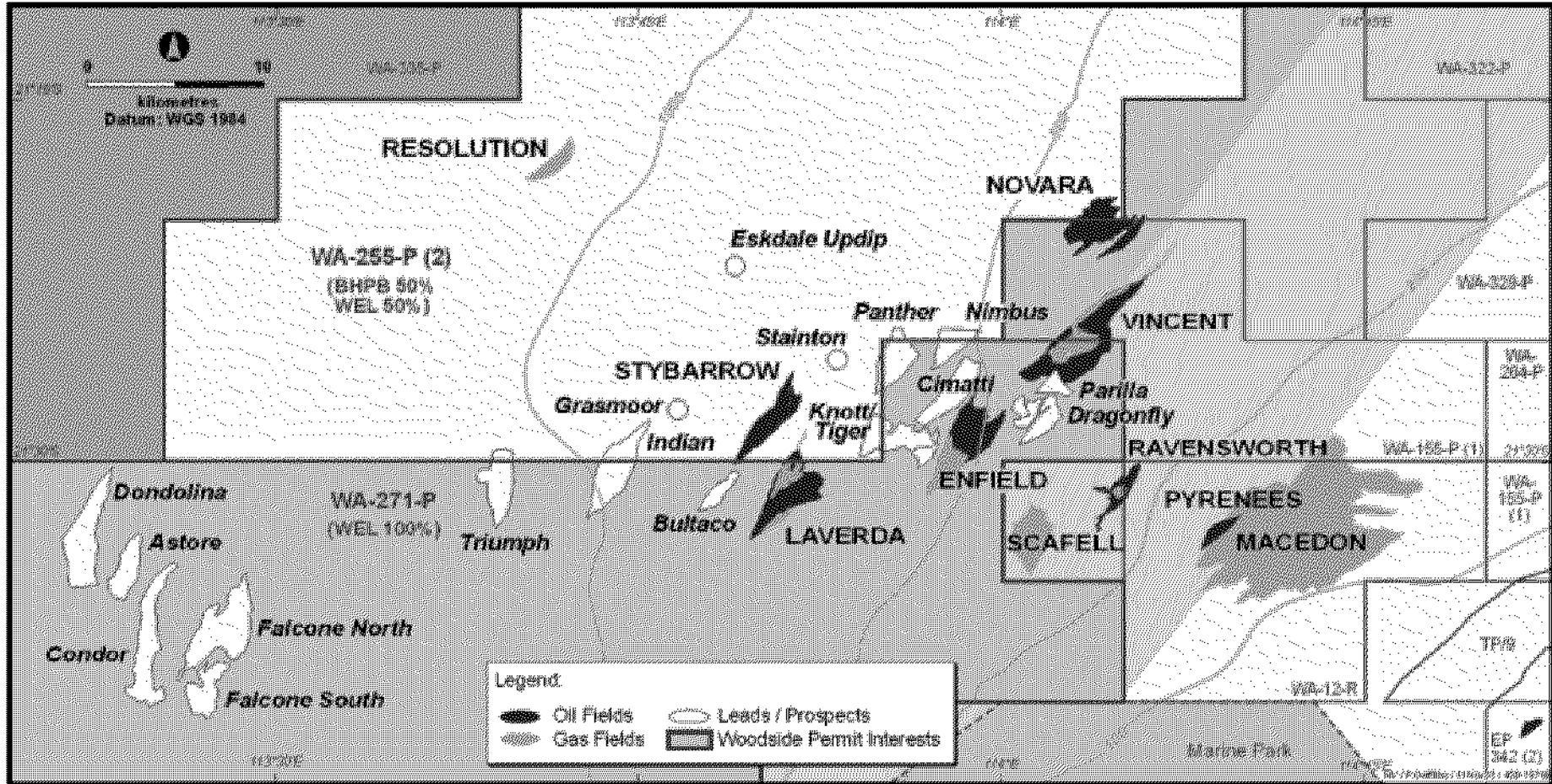
Exploration Drilling in 2004 : Focus on near-field opportunities



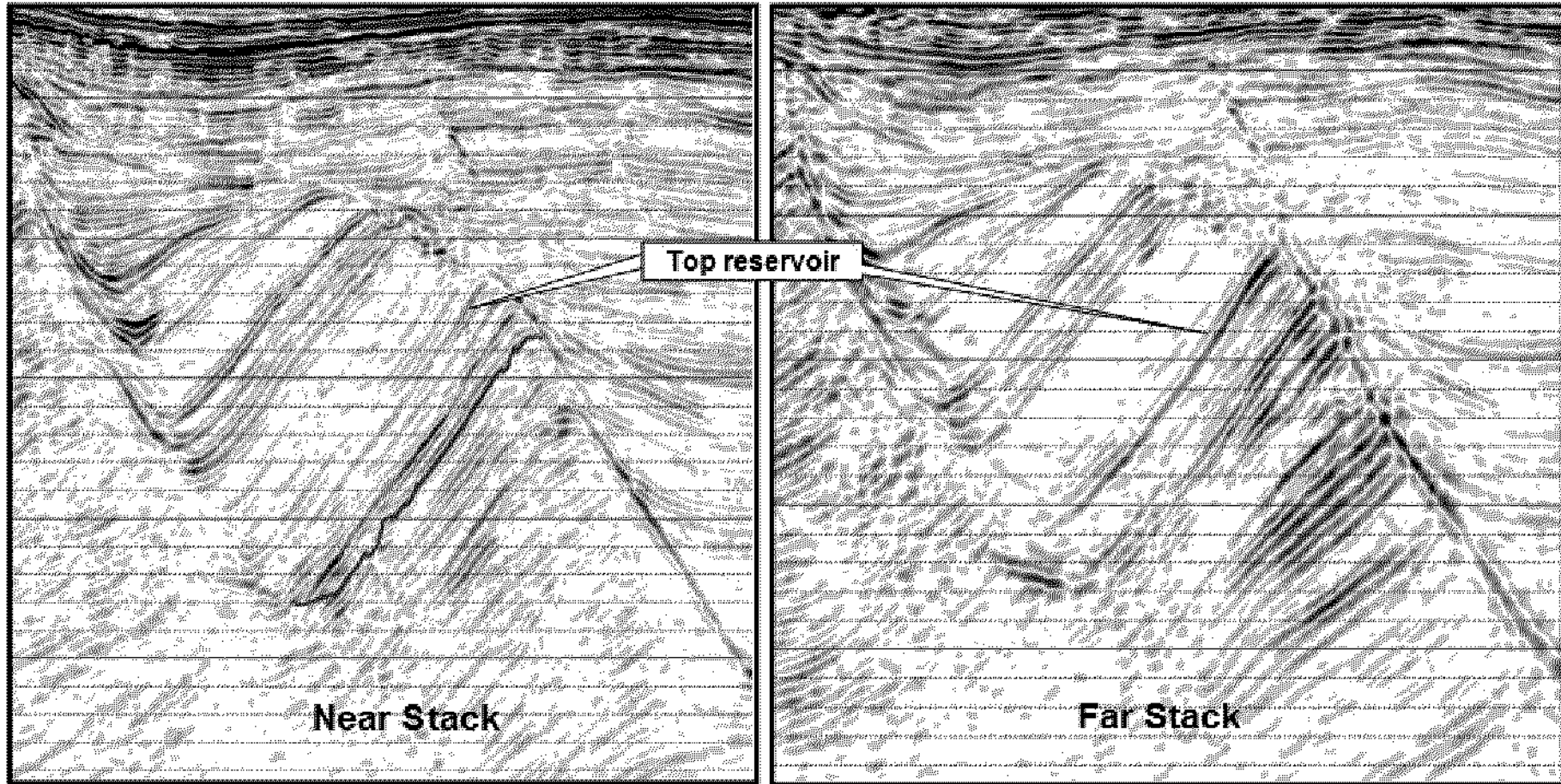
Demeter Hi-Fi 3D Survey (3500km²) : Unlocking further value from the NWSV



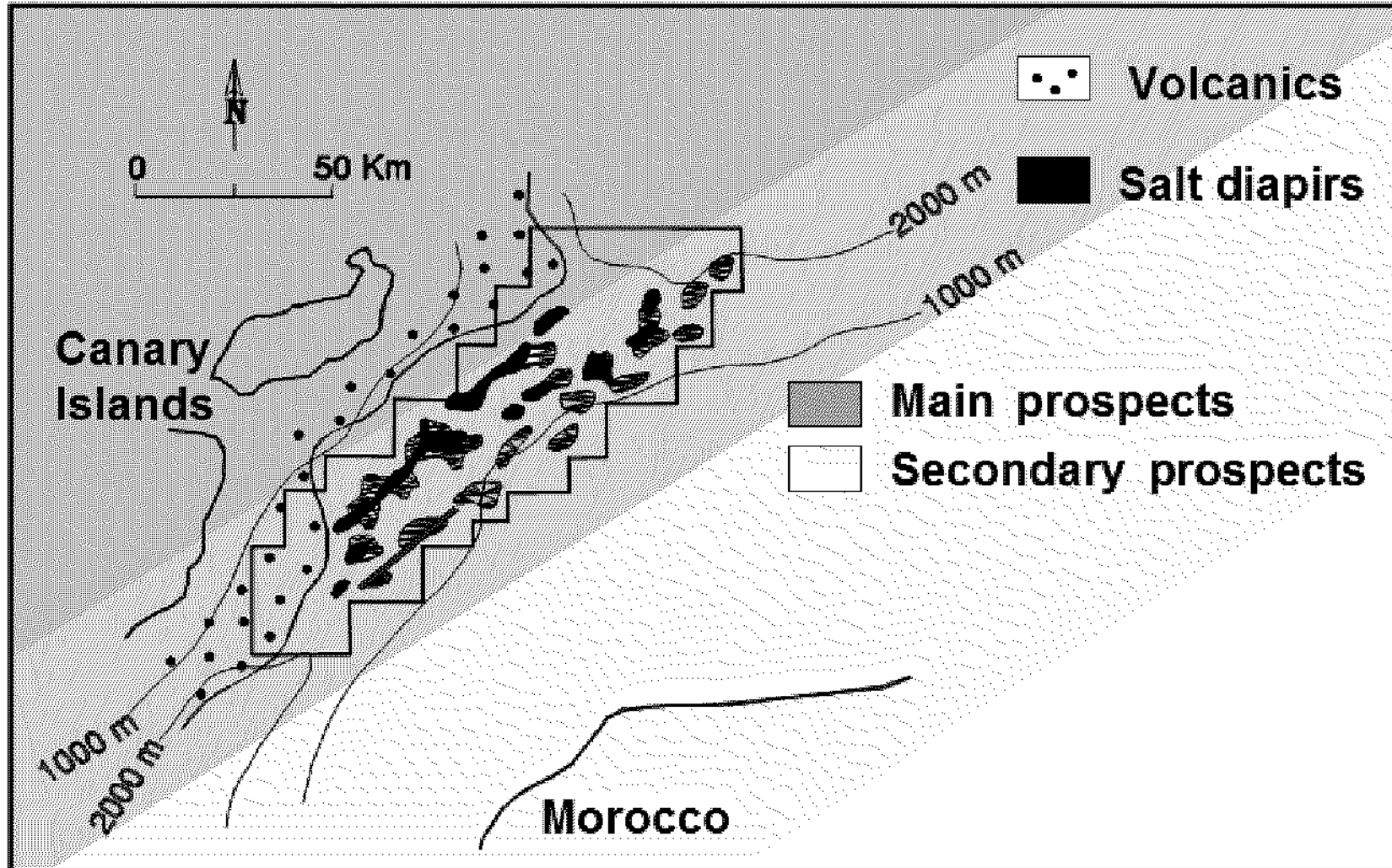
Exmouth Area : 2-4 exploration wells



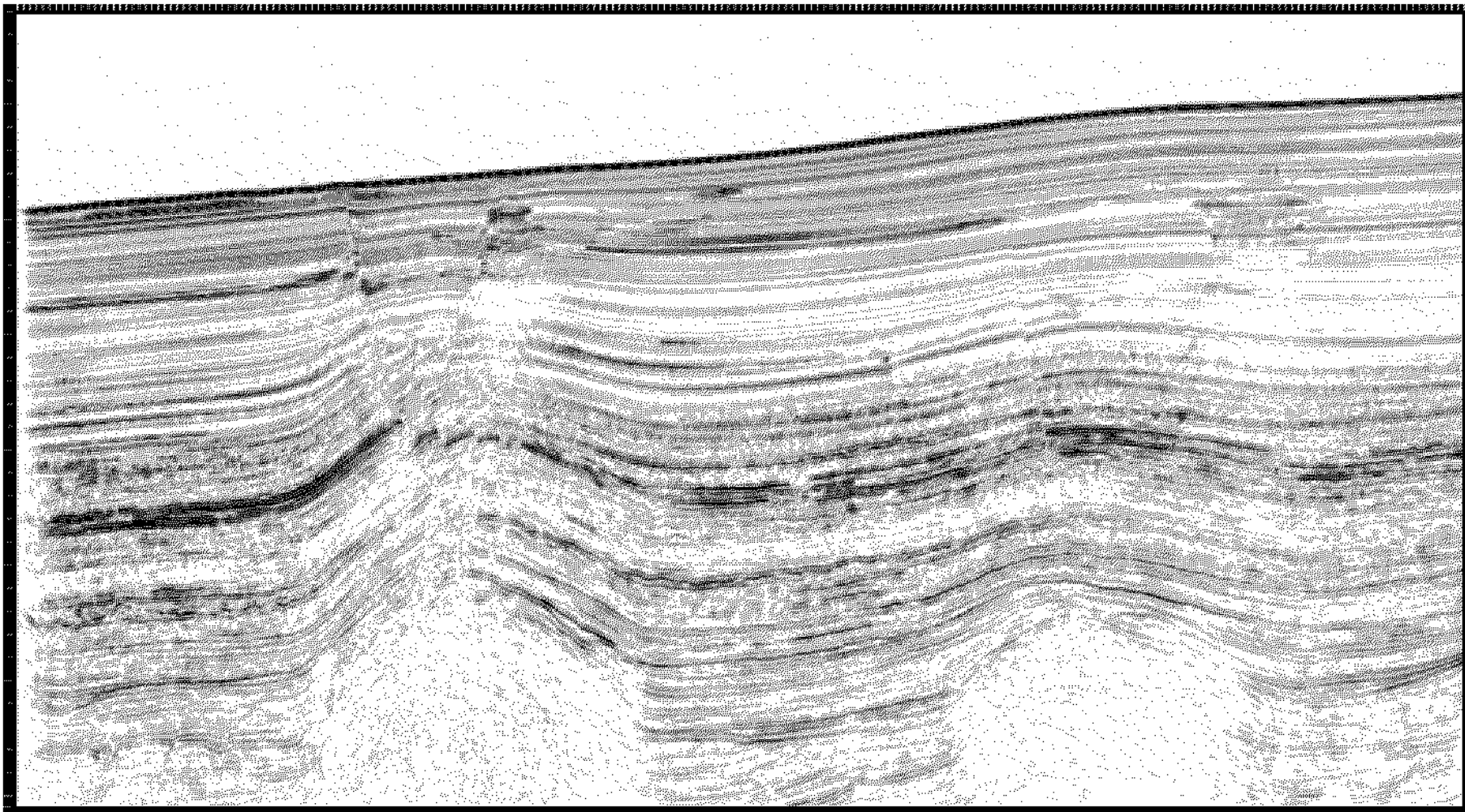
Exmouth Area: Condor Prospect Frontier Potential



Canaries : Frontier Deepwater

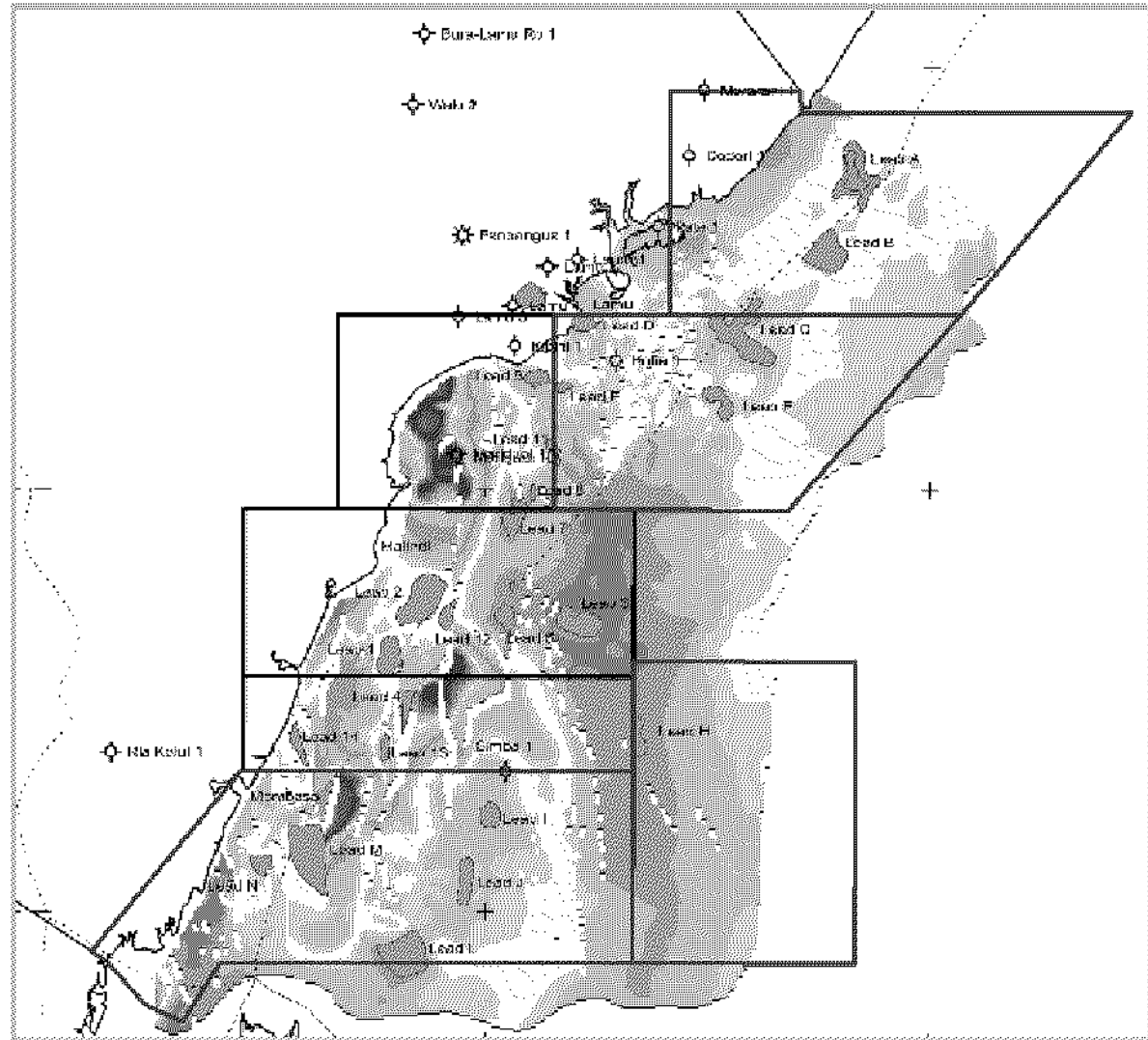


Canaries : 2003 3D Seismic

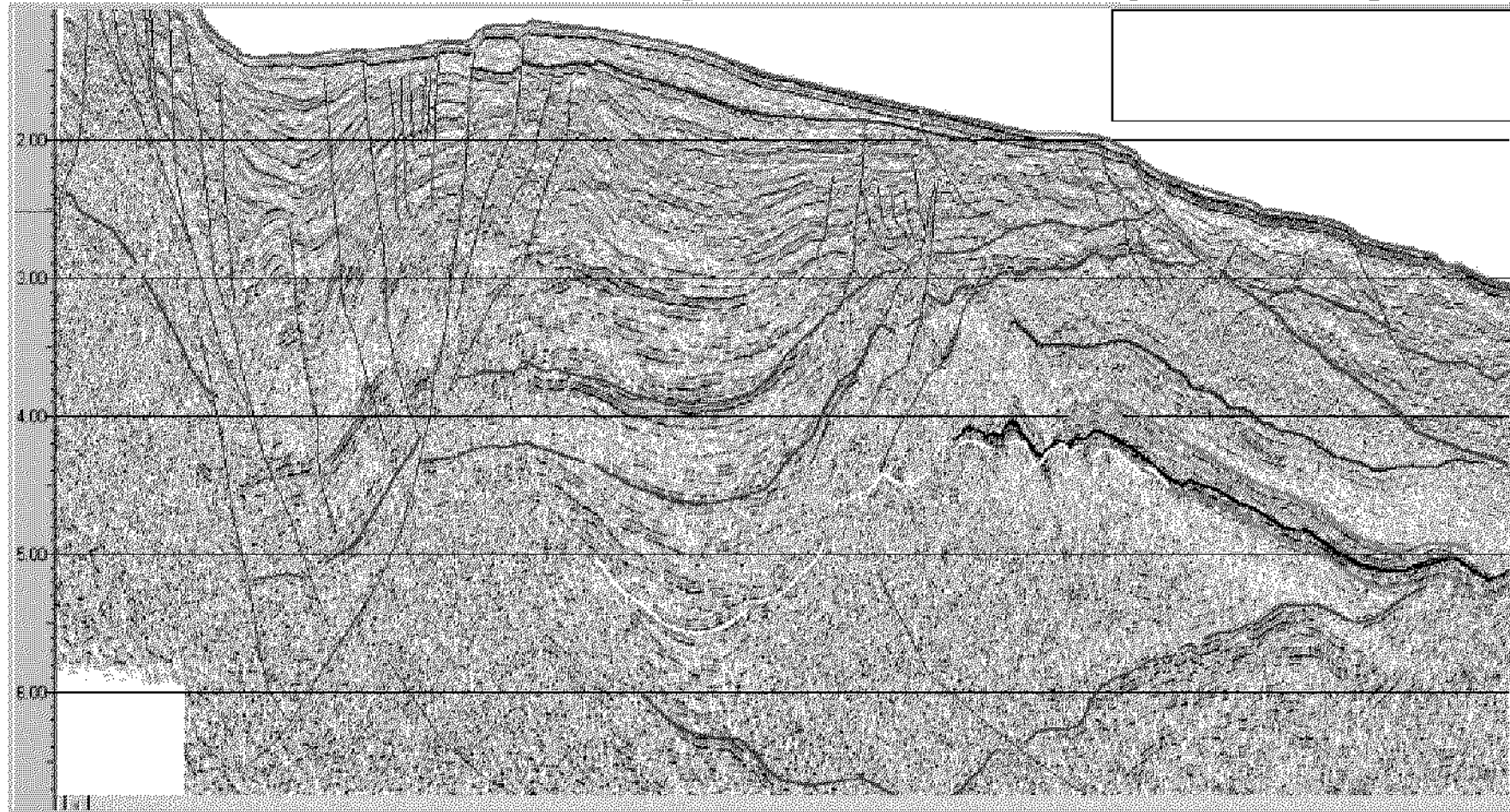


Kenya : Frontier Shelf & Deepwater

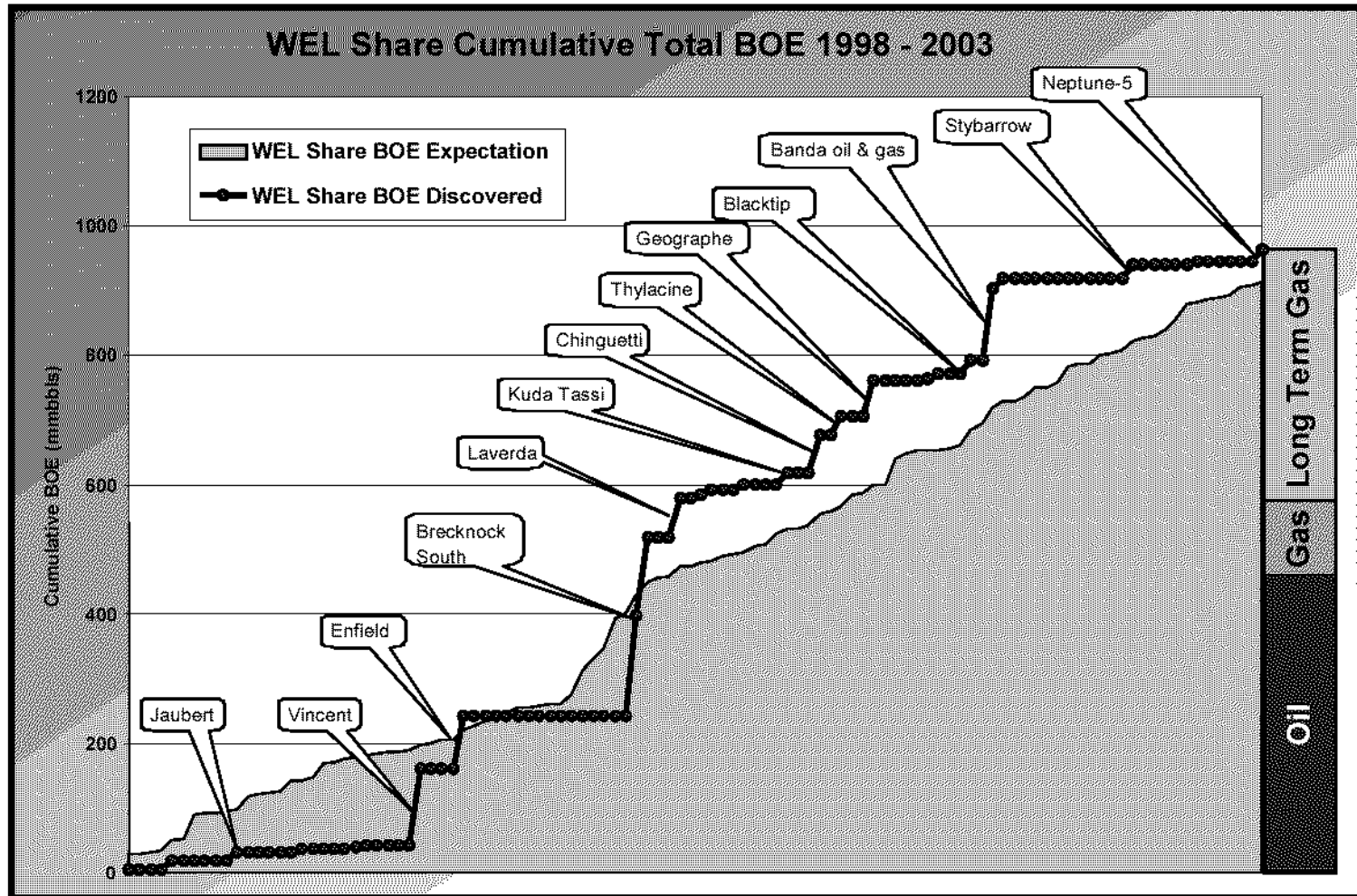
- Low cost entry to under-explored frontier
- Woodside 40-50% and operator in seven blocks (70,000 sq km)
- 7,000km 2D seismic acquired in 2003
- Staged approach – can exit in Q4 2004, prior to decision to drill
- Variety of leads (50 million to 1 billion barrel potential)



Kenya : Regional Seismic



Exploration Track Record



.....we have the capability to deliver