

Woodside Enters Major Gas Discovery Offshore Israel

Woodside has reached an agreement in principle to acquire a participating interest in one of the largest recent gas discoveries worldwide, which could see the company play a key role in the potential development of an LNG industry in Israel.

The Leviathan JV participants, Noble Energy Mediterranean Ltd., Delek Drilling LP, Avner Oil Exploration LP and Ratio Oil Exploration (1992) LP, have reached agreement with Woodside on the key commercial terms under which Woodside will acquire a participating interest in each of the 349/Rachel and 350/Amit petroleum licences which contain the Leviathan field.

Under the agreement Woodside will acquire a 30% interest in the Leviathan field, which is estimated to contain about 17 Tcf of recoverable natural gas. The agreement will also allow Woodside to participate in further exploration opportunities in the Leviathan licences.

Woodside will be the operator of any LNG development of the field, while Noble Energy will remain upstream operator. Noble Energy targets initial production to the domestic gas market in 2016. A pre-FEED (front-end engineering and design) assessment for an LNG project is underway.

Woodside CEO Peter Coleman said the agreement was a significant step towards realising Woodside's ambition to secure world-class growth opportunities.

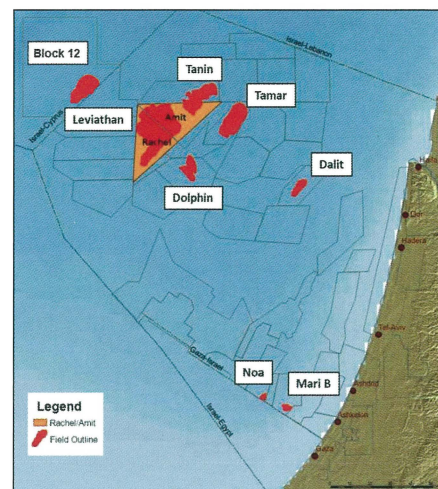
"Acquiring an interest in these permits is an exciting opportunity to grow our portfolio in the emerging Eastern Mediterranean basin and we look forward to finalising the agreement," Coleman said.

The agreement involves an initial upfront payment of US\$696 MM. Woodside has offered the following contingent payments:

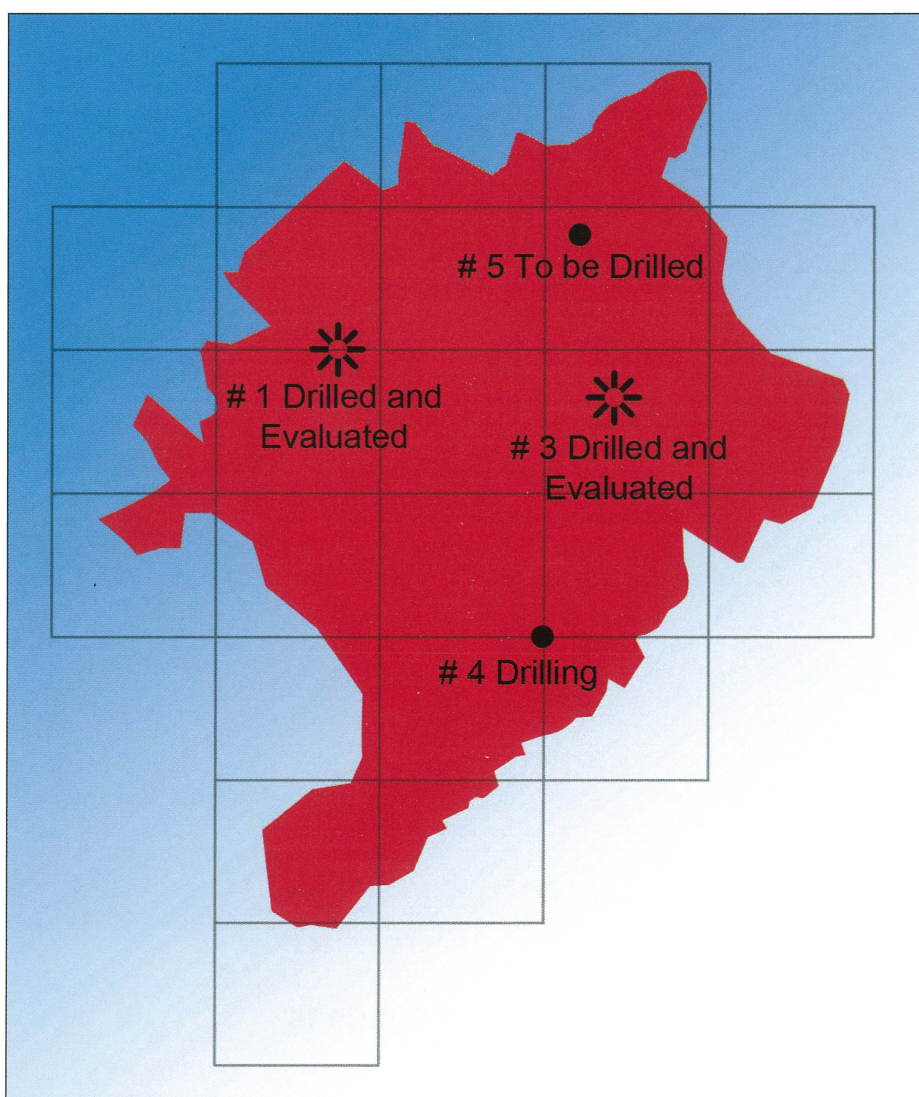
- A payment of US\$200 MM once laws permitting LNG export from Israel are in force.
- A payment of US\$350 MM on a final investment decision in relation to an LNG development.

- Potential annual LNG revenue sharing payments equal to 11.5% of Woodside's incremental revenue above an agreed escalating price threshold, over the life of the project (capped at US\$1 B).
- Carry of expenditure up to US\$50 MM in relation to costs associated with the drilling of a deep oil exploration well targeted for late 2013.

The agreement is subject to a number of conditions including execution of fully termed agreements, completion of confirmatory due diligence and obtaining the necessary government and regulatory approvals. ■



Location of Leviathan gas field in the Rachel and Amit permits.



Gross unrisked resource potential.