



Please direct all responses/queries to:  
Richard O'Loughlin  
T: +61 8 9348 4844 F: +61 8 9214 2777  
E: Richard.O'Loughlin@woodside.com.au

Woodside Energy Ltd.  
ACN 005 482 986  
Woodside Plaza  
240 St Georges Terrace  
Perth WA 6000  
Australia  
T: +61 8 9348 4000  
F: +61 8 9214 2777  
[www.woodside.com.au](http://www.woodside.com.au)

15 February 2017

Ivan de Souza Monteiro  
Financial and Investor Relations Director  
Petrobras Headquarters  
Av. República do Chile, nº 65 - Centro  
Rio de Janeiro - 20031-912

Dear Mr de Souza Monteiro,

**RE: SALE PROCESS OF BM-S-40 ("BAUNA") AND BM-C-36 ("TARTARUGA") INTERESTS**

I am writing to follow up on our telephone call in November, in relation to your process for the sale of interests in the Bauna and Tartaruga assets. This call was difficult from my perspective due to the quality of the conference call line, but even more so because there appeared to be a misunderstanding of Woodside's position in this process. We have now ceased any activity in relation to the sale process, but nevertheless, I would like to clarify the nature of Woodside's involvement in the bid for the assets submitted by Karoon.

Woodside was first approached by Karoon in August 2016 regarding a potential joint bid for the assets. Consistent with our standard process for screening opportunities, we then arranged access to the Petrobras data room with a dedicated due diligence team commencing a review process shortly thereafter. Most importantly, Woodside was not a party to the letter sent by Karoon to Petrobras on 26 September 2016 setting out the details of the Karoon bid. To ensure this was clear to Petrobras, we requested that Karoon provide a clarification letter to Petrobras stating that Woodside was not a party to their bid. Karoon informed Woodside that this letter was sent to Petrobras on 7 October 2016.

During October 2016 Woodside sent its due diligence team to Rio de Janeiro for management presentations, interviews and physical data room reviews. The objective of this activity was to enable Woodside to undertake its own valuation of the assets and assess key risks that had been identified during early due diligence. Following this activity, it became clear that we were unable to support the valuation underpinning Karoon's bid and as such we informed Karoon that we would not be participating further in the transaction.

The teleconference held on 22 November 2016 provided Woodside the opportunity to explain to Petrobras that we could not support Karoon's bid. Furthermore, we wanted to raise with you potential value levers which may help bridge the gap to Karoon's bid. In particular, we sought Petrobras' consideration to changes to the FPSO lease terms. It became apparent, during the teleconference, that Petrobras was unaware that Woodside was not a party to and had indeed not supported the Karoon bid. It is clear to us now that Woodside and Petrobras should have communicated directly earlier in this process to better avoid any misunderstandings.

I trust the above has provided some clarity to Petrobras regarding Woodside's involvement in the sale process and the teleconference held on 22 November 2016. We do look forward to potentially working with you at some stage in the future.

Should you wish to discuss the above or any other matter, please feel free to contact me.

Regards,

**Lawrie Tremaine**  
EVP & Chief Financial Officer

Copy: Mrs. Anelise Lara Quintão