Canada-Newfoundland and Labrador

Benefits

QUARTERLY REPORT
APRIL 1 – JUNE 30, 2014
**Table of Contents**

1.0 Introduction..................................................................................................................... 3
2.0 White Rose Project Employment Summary ................................................................. 3
3.0 White Rose Extension Project Employment Summary ............................................... 4
4.0 Procurement Summary (Contracts > $250,000)............................................................ 6
5.0 Exploration...................................................................................................................... 7
6.0 Photographs ................................................................................................................... 8
1.0 Introduction

The following represents Husky Energy’s (Husky’s) Canada-Newfoundland and Labrador Benefits Report for the quarter ending June 30, 2014, as required under the Conditions set out in Decision 2001.01 for the White Rose Development Project.

This report provides a summary of progress/activities related to Husky Energy’s Atlantic Region and includes activities of its major sub-contractors as well.

2.0 White Rose Project Employment Summary

As of June 30, 2014, a total of 1787 people were reported employed on Husky’s White Rose Operations of which 604 were located offshore. This includes people employed with Husky and its contractors and includes North Amethyst, West White Rose Pilot Scheme and South White Rose Extension (SWRX).

Of this total, 1610 or 90% were residents of Newfoundland and Labrador when hired, while another 109 or 6% were residents of other regions of Canada at the time of hire. The majority of these positions were located in Newfoundland and Labrador as of March 31, 2014. The number of females employed on White Rose operations was 290 or approximately 16% of the total workforce (Table 2.1).

Employment for the White Rose Extension Project is reported separately in Section 4.0

<table>
<thead>
<tr>
<th>Table 2.1 - Employment Summary by Location, as of June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Region Contractor Stats</td>
</tr>
<tr>
<td>Head Count By Location</td>
</tr>
<tr>
<td>White Rose - Q2 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Newfoundland Male</th>
<th>Newfoundland Female</th>
<th>Newfoundland Subtotal</th>
<th>Other Canadian Male</th>
<th>Other Canadian Female</th>
<th>Other Canadian Subtotal</th>
<th>Foreign Male</th>
<th>Foreign Female</th>
<th>Foreign Subtotal</th>
<th>Male Subtotal</th>
<th>Female Subtotal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>799</td>
<td>249</td>
<td>1,048</td>
<td>46</td>
<td>11</td>
<td>57</td>
<td>40</td>
<td>2</td>
<td>42</td>
<td>876</td>
<td>262</td>
<td>1,137</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Offshore</td>
<td>520</td>
<td>21</td>
<td>541</td>
<td>45</td>
<td>1</td>
<td>46</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>582</td>
<td>22</td>
<td>604</td>
</tr>
<tr>
<td>UK</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>USA</td>
<td>18</td>
<td>4</td>
<td>22</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>17</td>
<td>2</td>
<td>19</td>
<td>37</td>
<td>6</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>1,336</td>
<td>273</td>
<td>1,610</td>
<td>56</td>
<td>12</td>
<td>109</td>
<td>68</td>
<td>4</td>
<td>69</td>
<td>1,456</td>
<td>250</td>
<td>1,707</td>
</tr>
</tbody>
</table>
3.0 White Rose Extension Project Employment Summary

As of June 30, 2014, 717 people were reported employed on Husky’s White Rose Extension Project, representing over 280,000 person hours. The number of females employed on the project was 142 or approximately 20 percent of the total workforce.

The majority of person hours expended on the project for this quarter were by Dexter Construction related to graving dock construction at Argentia as well as ongoing engineering design work by Wood Group/Mustang. Husky hours are related to project management and engineering design support and Stantec hours were related to support in preparation of regulatory documents.

Seventy-eight percent of the person hours related to detailed engineering of the graving dock and CGS took place in Newfoundland and Labrador in this quarter (see Arup in Table 3.1) and, overall, 60 percent of person hours expended on the project occurred in Newfoundland and Labrador. The majority of detailed design for the topsides is taking place in the USA (see Mustang in Table 3.1). The Newfoundland and Labrador person hours associated with the topsides scope represents procurement management and some components of the detailed engineering for the topsides. Once construction of the CGS begins at Argentia the majority of person hours for the project will be executed in Newfoundland and Labrador.

Table 3.1 Person Hours by Contractor – White Rose Extension Project Employment
Construction of the graving dock at Argentia commenced in Q4 2013. This activity is reflected in the number of skilled trades, other field services and technicians/technologist reported in Table 3.3. The remaining positions are associated with engineering supported by administration, management, other professionals and technicians/technologists (Table 3.3).

Table 3.3 Summary by Occupation – White Rose Extension Project

Note: In Q2 2014, Husky employed 6 co-op students on the WREP. These students are included in the engineering and professionals categories above.
4.0 Procurement Summary (Contracts > $250,000)

There were two new contracts greater than $250,000 awarded during the second quarter of 2014. There were three contract extensions issued (Table 4.1).

Table 4.1 Summary of Contracts – New and Extended for Q2 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>Vendor Name</th>
<th>Vendor Location</th>
<th>Range</th>
<th>NF</th>
<th>CDN</th>
<th>FOR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directional Drilling, MWD, LWD Services</td>
<td>Schlumberger Canada Limited</td>
<td>St. John’s, NL</td>
<td>O 21%</td>
<td>31%</td>
<td>48%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Medical Services</td>
<td>Atlantic Offshore Medical Services</td>
<td>St. John’s</td>
<td>F 95%</td>
<td>4%</td>
<td>1%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>CONTRACT EXTENSIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad-Hoc Marine Crew Support Services</td>
<td>Censaip Ulgend</td>
<td>St. John’s</td>
<td>A 100%</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Provision of PLS Application Service Provider Agreement</td>
<td>Bell Canada</td>
<td>Nova Scotia</td>
<td>A 100%</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Vessel Services - Dispatcher</td>
<td>Messvik Supply Service Canada Limited</td>
<td>St. John’s</td>
<td>J 70%</td>
<td>3%</td>
<td>27%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Cost Range Code Legend

A = 250,000 - 500,000 $  
B = 500,000 - 1,000,000 $  
C = 1,000,001 - 1,500,000 $  
D = 1,500,001 - 2,000,000 $  
E = 2,000,001 - 3,000,000 $  
F = 3,000,001 - 5,000,000 $  
G = 5,000,001 - 7,500,000 $  
H = 7,500,001 - 10,000,000 $  
I = 10,000,001 - 15,000,000 $  
J = 15,000,001 - 20,000,000 $  
K = 20,000,001 - 50,000,000 $  
L = 50,000,001 - 100,000,000 $  
M = 50,000,001 - 75,000,000 $  
N = 75,000,001 - 100,000,000 $  
O = Over 100,000,000 $
5.0 Exploration

The Exploration spend for the second quarter of 2014 was approximately $2.83 million, with a content breakdown of 84.57 percent Newfoundland & Labrador, 8.75 percent Other Canadian, and 6.67 percent Foreign. This equates to expenditures totaling approximately $2.39 million, Newfoundland & Labrador, $247 thousand Other Canadian, and $189 thousand Foreign.
6.0 Photographs

Techsploration 2014

Husky staff participate in Tely Hike June 2014
Husky Energy Eastern Newfoundland Regional Science Fair – April 2014

Husky Personnel Participate in “The Pitch” Panel at NLOWE’s 2014 Conference
White Rose Extension Project Public Information Session in St. John's

White Rose Extension Project Public Information Session in Placentia