Canada-Newfoundland and Labrador Benefits

QUARTERLY REPORT
JULY 1 – SEPTEMBER 30, 2014
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1.0 Introduction

The following represents Husky Energy’s (Husky’s) Canada-Newfoundland and Labrador Benefits Report for the quarter ending September 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 September 30, 2014, a total of 1961 people were reported employed on Husky’s White Rose Operations of which 655 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, 1593 or 81% were residents of Newfoundland and Labrador when hired, while another 122 or 6% were residents of other regions of Canada at the time of hire. The lower percentage of NL residents indicated in this quarter is a result of the work related to installation of SWRX which saw several foreign installation vessels working in the White Rose field. The number of females employed on White Rose operations was 297 or approximately 15% of the total workforce (Table 2.1).

Employment for the White Rose Extension Project is reported separately in Section 3.0

Table 2.1 - Employment Summary by Location, as of September 30, 2014
3.0 **White Rose Extension Project Employment Summary**

As of September 30, 2014, 785 people were reported employed on Husky’s White Rose Extension Project, representing over 300,000 person hours. The number of females employed on the project was 159 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 and Arup Canada. Husky hours are related to project management and engineering design support.

Seventy-four 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, 62 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

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Onshore</th>
<th>Offshore</th>
<th>Subtotal</th>
<th>Other Canadian</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arup Canada Inc.</td>
<td>33,769</td>
<td>0</td>
<td>33,769</td>
<td>953</td>
<td>18,078</td>
<td>45,800</td>
</tr>
<tr>
<td>Dexter Construction</td>
<td>110,749</td>
<td>0</td>
<td>110,749</td>
<td>2,992</td>
<td>551</td>
<td>115,262</td>
</tr>
<tr>
<td>Husky</td>
<td>31,617</td>
<td>0</td>
<td>31,617</td>
<td>746</td>
<td>2,314</td>
<td>34,877</td>
</tr>
<tr>
<td>Wood Group Mustang</td>
<td>12,444</td>
<td>0</td>
<td>12,444</td>
<td>0</td>
<td>94,106</td>
<td>106,550</td>
</tr>
<tr>
<td>Total</td>
<td>188,548</td>
<td>0</td>
<td>188,548</td>
<td>6,592</td>
<td>108,246</td>
<td>392,849</td>
</tr>
</tbody>
</table>
It should be noted that while Table 3.2 indicates a high number of individuals working on the engineering of the CGS internationally, the majority of the person hours expended are being done by the personnel situated in Newfoundland and Labrador (Table 3.1). The head count shown in Table 3.2 is a snapshot of personnel who have charged hours to the project on September 30 and does not necessarily represent full time employees.

Ongoing construction of the graving dock at Argentia 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).

Note: In Q3 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 was one new contract greater than $250,000 awarded during the third quarter of 2014. There were three contract extensions issued (Table 6.1).

Table 6.1 Summary of Contracts – New and Extended for Q3 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>New Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weather Forecasting and Observations</td>
<td>Oceans Limited</td>
<td>St. John’s</td>
<td>C</td>
<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Contract Extensions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsea / Intervention Support Services</td>
<td>Technip Canada Ltd.</td>
<td>St. John’s</td>
<td>I</td>
<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Provision of Turbine Maintenance</td>
<td>Rolls Royce Canada Ltd</td>
<td>St. John’s</td>
<td>L</td>
<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Technical Support and Maintenance for FPS0 M and Auxiliary Engines</td>
<td>Wartsila Canada Inc.</td>
<td>St. John’s</td>
<td>D</td>
<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Cost Range Code Legend

- A = $250,001 - 500,000 $  
- B = $500,001 - 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 - 30,000,000 $  
- L = $30,000,001 - 50,000,000 $  
- 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 third quarter of 2014 was approximately $1.02 million, with a content breakdown of 85.87 percent Newfoundland & Labrador, 12.03 percent Other Canadian, and 2.10 percent Foreign. This equates to expenditures totaling approximately $875,000, Newfoundland & Labrador, $123,000 Other Canadian, and $21,000 Foreign.
6.0 Photographs

Load Out of SWRX Equipment – Port aux Basques, NL

Preparation for Fit Testing of Wellservicer Lifeboat to SeaForce HRF
Deck of the Wellservicer

Husky Donation to Canadian Cancer Society – July 2014
Husky Donation to YMCA – September 2014

Husky Donation to Stella’s Circle – September 2014