Husky Energy

2000 / THIRD QUARTER REPORT & NEWS RELEASE – NOVEMBER 2, 2000

Husky Energy Inc. is a publicly traded integrated energy and energy-related company that trades on The Toronto Stock Exchange under the symbol HSE.

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TO OUR SHAREHOLDERS

This is the Company's first report as Husky Energy Inc., following the completion of a Plan of Arrangement between privately held Husky Oil Limited and publicly traded Renaissance Energy Ltd., which was completed on August 25, 2000.

The Plan of Arrangement has been accounted for as a purchase by Husky Oil Limited of Renaissance's net assets using the purchase method of accounting. Husky's results include those of Renaissance for the period post August 25, 2000.

We are pleased to announce our third-quarter earnings, before ownership charges, of $158 million ($0.46 per common share on a fully diluted basis), which represents a 206% increase over earnings for the third quarter of 1999. Cash flow increased by 155% to $388 million ($1.16 per common share on a fully diluted basis), over the third quarter of 1999.

"Husky Energy achieved strong earnings and cash flow in the third quarter," said John C. S. Lau, President and Chief Executive Officer. *"The increase resulted primarily from higher commodity prices, growth in crude oil production, and the acquisition of Renaissance Energy Ltd."*

Husky has an established, diversified portfolio of high-quality assets to support growth with strong financial performance:

- It holds a broad asset base in the Western Canadian Sedimentary Basin
- It is a leading operator and interest holder on Canada's East Coast
- It enjoys world-class growth opportunities in the bitumen corridor and oilsands
- It continues to develop on the international scene, having opened the door to additional opportunities in Asia with the recent signing of a contract in China
- It is well-positioned to maximize the benefits of the resource value chain with its Lloydminster land base and strategic midstream infrastructure-including opportunities to expand the Lloydminster Heavy Oil Upgrader and the Hussar gas storage facility
- It has approximately 600 retail stations from Vancouver Island to Ontario, a refinery in Prince George, British Columbia and an asphalt refinery in Lloydminster, Alberta
- It has an extensive undeveloped land base of 9.6 million acres which provides for future growth opportunities. Rationalization of non-strategic holdings will maximize value

UPDATE ON THE HUSKY-RENAISSANCE MERGER

The Husky-Renaissance merger was completed in just over two months to August 28, 2000, the first day that Husky shares began trading on The Toronto Stock Exchange.

The integration is substantially completed. Critical factors were the integration goals, which were identified and communicated immediately after the effective date of the merger. Among the goals: combine and stabilize operations, build management teams, conclude on key processes, begin optimization of operations, capture synergies and eliminate redundancies.

In the third quarter, business and support units and management and staffing assignments were organized and implemented. Integration of the two companies' management systems is well underway. This includes the land, drilling and production reporting systems, technical applications, and the accounting and management systems.

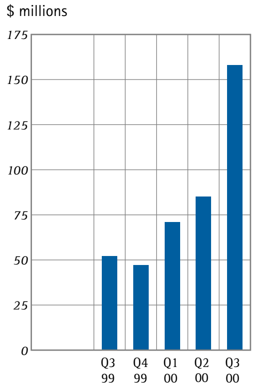
"The company is built on a foundation of high-quality assets and strong financial performance. The future for Husky will be one of accelerating growth with a focus on increasing return on invested capital," said Mr. Lau. *"I am confident of the future of Husky."*

FINANCIAL SUMMARY *(unaudited)*

(Millions of dollars except per share amounts)	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999	% Change
Sales and operating revenues, net of royalties	$ 1,352	$ 786	$ 3,321	$ 1,886	76%
Cash flow from operations	388	152	798	373	114%
Per Share – basic	1.17	0.55	2.72	1.33	105%
– fully diluted	1.16	0.55	2.70	1.33	103%
Earnings before ownership charges (1)	158	52	314	113	178%
Per Share – basic	0.47	0.18	1.04	0.37	181%
– fully diluted	0.46	0.18	1.04	0.37	181%
Net earnings	139	21	232	26	792%
Per Share – basic and fully diluted	0.41	0.06	0.76	0.05	15x

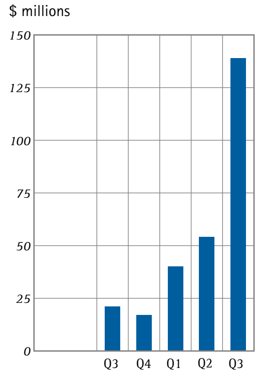
(1) Ownership charges represent interest and dividends related to the previous shareholders' capital structure in Husky Oil which was eliminated effective August 25, 2000.

Earnings
Before Ownership Charges
$ millions

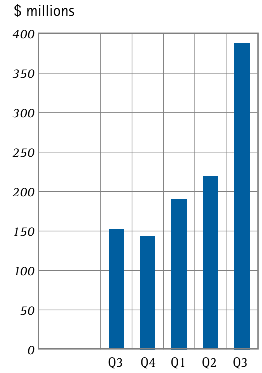


Net Earnings

$ millions



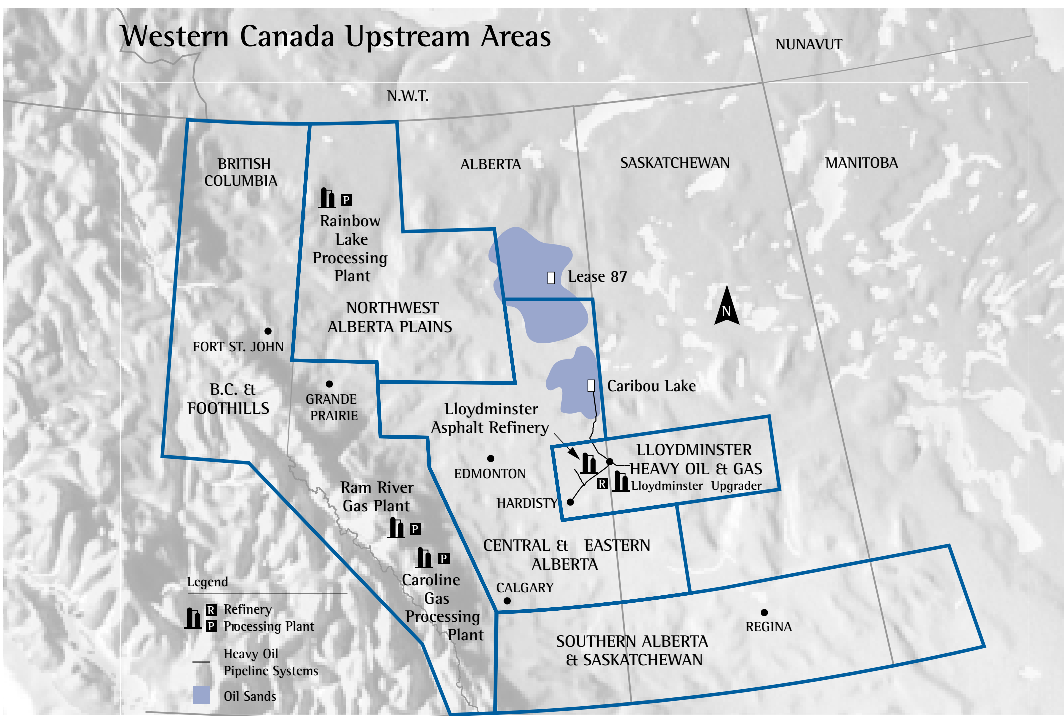
Cash Flow
from Operations
$ millions



UPSTREAM OPERATING REPORT

Western Canada

The Western Canada Upstream segment will maximize value creation by keeping operating costs low, optimizing production, maximizing reserve recovery, and generating new business opportunities to take full advantage of Husky's extensive production infrastructure.



Husky has structured its Western Canadian upstream operation into five asset areas with differentiated operating, drilling, geological, and geophysical technologies, initially sized at between 35,000 and 60,000 BOE per day of production. Three of the business units were primarily carried over from Husky Oil's operations and continue to be led by experienced managers. Similarly, the remaining two business units were for the most part Renaissance assets and continue to be managed by senior professionals with experience in these areas. The depth of talent and experience is further reinforced by the commitment of operating and technical staff from both companies in their continuing roles with Husky.

During the third quarter, Husky's heavy oil production development program performed well with production reaching 57,000 barrels per day. Strong performance from the drilling and completion of cold production wells and expanded thermal operations is expected to continue for the long term.

Third-quarter production on a proforma combined basis was 237,000 BOE per day (10:1). We expect fourth-quarter production volumes to increase as operations activity will be focused on Lloydminster heavy crude oil and increased gas production in the Northwest Alberta Plains and the British Columbia and Foothills regions. Production volumes for 2001 are expected to increase over 2000 due to continued activity in the above areas and crude oil production coming from the Terra Nova field offshore Newfoundland.

Operating costs are expected to be competitive by industry standards although they will be pressured by rising natural gas and electricity prices.

East Coast

Husky's standing as a leading holder of lands on Canada's East Coast positions the Company for significant medium and long-term upstream growth. On the Grand Banks off the east coast of Newfoundland, Husky is the largest discovery licence holder in the Jeanne d'Arc Basin, where production is expected in mid 2001 from Terra Nova and in 2004 from White Rose. Husky has significant working interests in 14 other discoveries and exploration licences.

Terra Nova

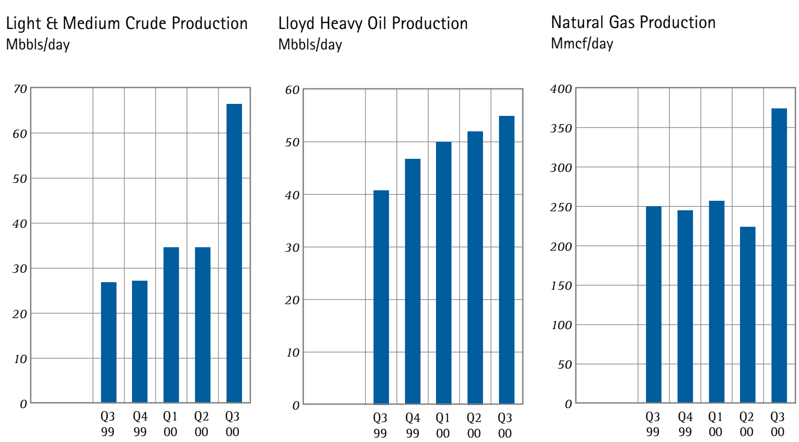
The Terra Nova oilfield, in which Husky holds a 12.51% interest, is located 50 km southwest of White Rose and is the second-largest oilfield found to date on the Grand Banks after Hibernia. Recoverable reserves are estimated by Husky at 400 million barrels and the development cost to first oil production is estimated by the operator at $2.5 billion for the field. Terra Nova is projected to deliver peak production of approximately 129,000 barrels per day.

The operator announced in September a revised first-oil date of late in the second quarter of 2001. Husky expects to achieve net working interest peak production of approximately 16,000 barrels per day by the end of 2001.

White Rose

Active offshore Newfoundland since 1982, Husky has grown its interests in the area with a philosophy of economic discipline as well as social and environmental responsibility. It is that philosophy that guides Husky's progress on White Rose, expected to be the next major offshore oil project in Canada.

The White Rose oilfield is located 350 km off the East Coast of Newfoundland, and has recoverable reserves estimated by Husky at 230 million barrels in the delineated South Avalon pool. Future delineation could prove an additional 100 million barrels of oil reserves.



Husky, as operator of the White Rose oilfield (72.5% interest), together with the joint owner of the field, announced in October that Maersk/Seabase of St. John's, Newfoundland was awarded the Front-End Engineering Design contract for the White Rose Floating Production Storage and Offloading system (FPSO). The focus of the contract is to finalize the functional design, engineering and operational aspects of the FPSO to determine firm costs for the production facility. With the awarding of this contract, Husky recognizes the importance of obtaining firm costs and design basis before project sanction.

Also in October, Husky, as operator, filed a Comprehensive Study Report with the Canada-Newfoundland Offshore Petroleum Board (C-NOPB). The report included Environmental and Socio-Economic Impact statements for the project.

Husky continues to anticipate first oil production in 2004 with White Rose peak production of approximately 92,000 barrels per day, as set out in the project description filed with the C-NOPB in March of this year.

International

Husky holds interests in China and Indonesia, and is actively pursuing other interests in South East Asia.

Laying the foundation for increased international development, Husky recently announced the signing of a petroleum contract with the China National Offshore Oil Corporation (CNOOC) to develop two high-quality oilfields in the South China Sea. The Wenchang 13-1 and 13-2 fields are located in the western Pearl River Mouth Basin, approximately 300 km south of Hong Kong and some 136 km east of Hainan Island at a water depth of 100m.

Oil production is targeted to begin in the first half of 2002 and estimated to have an approximate peak production rate of 50,000 barrels per day. CNOOC and Husky will share costs, revenue, and production on a 60/40 basis. Total development costs are estimated at approximately US$300 million.

Independent consultants have estimated recoverable reserves at approximately 100 million barrels for the two fields. The development plan has been approved and facility fabrication and development drilling are both underway.

MIDSTREAM OPERATING REPORT

The midstream and downstream segments extend and enhance the product value chain through upgrading, aggregation and consolidation of products and assets.

The midstream segment consists primarily of the Lloydminster Heavy Oil Upgrader and infrastructure and marketing activities. Infrastructure and marketing activities are focused around Husky's 1,900-km pipeline system in the bitumen corridor and the marketing activities associated with product-handling by Husky. This business also includes cogeneration of electricity and thermal energy, natural gas storage, and third-party processing.

The upgrader processes heavy oil feedstock into light synthetic crude oil which is used as a premium feedstock for the refining of transportation fuels in Canada and the United States. After a successful turnaround completed in the second quarter, the upgrader produced 66,100 barrels per day of synthetic crude oil, 5% higher than the output of 63,100 barrels per day achieved in the third quarter of 1999.

The profitability of the upgrader is predominantly dependent upon the revenues from synthetic crude oil produced which exceed the costs of the heavy oil feedstock and the related operating costs, and is therefore reliant on the differential between the price of heavy crude oil and the price of synthetic crude oil.

The strategic importance of the upgrader to Husky was highlighted in the third quarter, as the pricing differentials between heavy and light crude oil widened. The upgrading differential increased 88% to $11.00 per barrel in the quarter compared to $5.85 per barrel in the third quarter of 1999. As a result of Husky's upgrader interests, the effect of widening pricing differentials on Husky's heavy oil production is partially offset.

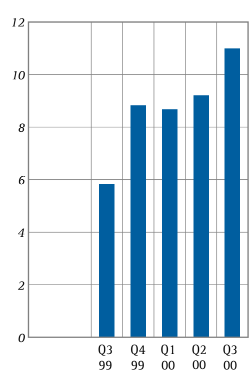
DOWNSTREAM OPERATING REPORT

The downstream segment consists of approximately 600 Husky and Mohawk-branded retail outlets, a 25,000 barrels per day asphalt refinery in Lloydminster and a 10,000 barrels per day refinery in Prince George that produces a full range of petroleum products. The retail outlets are located from Vancouver Island to Ontario and are predominantly in Western Canada.

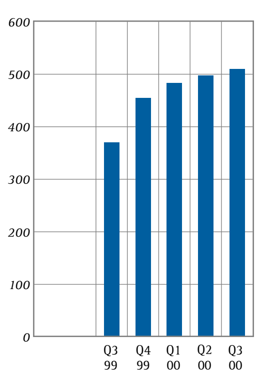
Petroleum retailing margins remained narrow during the third quarter of 2000. Refinery supply was challenged by the rupture and temporary shutdown of a third party pipeline, the Taylor-Prince George-Kamloops pipeline, which supplies the Prince George refinery. Utilizing the on-site inventory of feedstock, arranging for crude supply via truck, and purchasing replacement refined products enabled Husky to continue to meet its contractual obligations to customers during the slowdown. As the refinery operated at reduced capacity for a significant portion of the quarter, refinery utilization was down to 79% in the third quarter.

The third quarter represents peak seasonal asphalt demand. Asphalt sales averaged 27,000 barrels per day compared to 25,300 barrels per day in the third quarter of 1999 with cash margins approximately 50% higher than the same period last year.

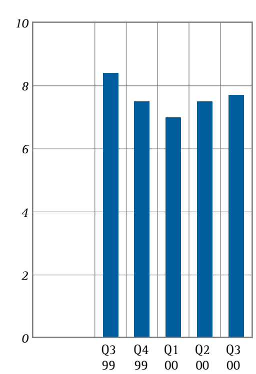
Husky Upgrading Differentials
$/Bbl



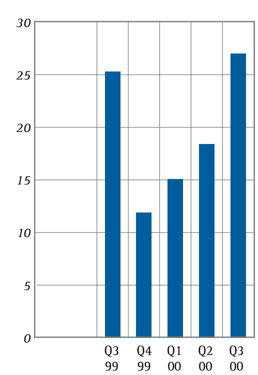
Pipeline Throughput
Mbbls/day



Light Refined Product Sales
Mm litres/day



Asphalt & Residual Sales
Mbbls/day



SEGMENTED FINANCIAL INFORMATION [4]

(Thousands of dollars) (unaudited)	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999	% Change
Sales and operating revenues, net of royalties					
Upstream	$ 437,673	$ 165,994	$ 916,768	$ 435,332	111%
Midstream – Upgrading	286,764	188,605	709,718	441,170	61%
– Infrastructure & Marketing	548,868	346,466	1,542,435	851,326	81%
	835,632	535,071	2,252,153	1,292,496	74%
Downstream	398,750	287,719	983,197	657,442	50%
Intersegment eliminations	(319,942)	(203,063)	(830,824)	(499,133)	66%
Total sales and operating revenues, net of royalties	$1,352,113	$ 785,721	$ 3,321,294	$1,886,137	76%
Earnings before ownership charges					
Upstream	$ 238,353	$ 59,664	$ 470,585	$ 129,538	263%
Midstream – Upgrading	24,709	13,156	58,726	24,967	135%
– Infrastructure & Marketing	22,947	18,753	66,459	51,178	30%
	47,656	31,909	125,185	76,145	64%
Downstream	16,000	17,682	29,892	52,605	(43%)
Operating profit [1]	302,009	109,255	625,662	258,288	142%
Corporate services [2]	(144,165)	(57,593)	(311,889)	(145,126)	115%
Total earnings before ownership charges	$ 157,844	$ 51,662	$ 313,773	$ 113,162	177%
Cash Flow					
Upstream	$ 340,533	$ 113,514	$ 700,614	$ 287,928	143%
Midstream – Upgrading	29,168	17,104	70,559	36,914	91%
– Infrastructure & Marketing	26,659	21,940	77,181	60,586	27%
	55,827	39,044	147,740	97,500	52%
Downstream	23,268	24,182	50,782	72,007	(29%)
Corporate services [2]	(31,779)	(24,571)	(101,005)	(84,768)	19%
Total cash flow	$ 387,849	$ 152,169	$ 798,131	$ 372,667	114%
Capital Expenditures [3]					
Upstream – Western Canada	$ 83,745	$ 73,325	$ 213,958	$ 162,346	32%
– East Coast	51,569	90,946	153,006	219,183	(30%)
– International	244	5,360	668	19,544	(97%)
	135,558	169,631	367,632	401,073	(8%)
Midstream – Upgrading	2,482	1,407	7,892	10,177	(22%)
– Infrastructure & Marketing	6,896	24,548	31,488	59,062	(47%)
	9,378	25,955	39,380	69,239	(43%)
Downstream	5,980	6,054	17,822	14,348	24%
Corporate	1,682	1,981	12,748	4,351	193%
Total capital expenditures	$ 152,598	$ 203,621	$ 437,582	$ 489,011	(11%)

(1) *Operating profit is total revenue less operating expenses. Operating expenses exclude general corporate expense, foreign exchange, interest expense and income taxes.*
(2) *Corporate services includes corporate administrative costs, depreciation of corporate assets, other income and expenses, interest, foreign exchange and income taxes.*
(3) *Excludes acquisition of Renaissance Energy Ltd. in the amount of $3,463,000.*
(4) *This information should be considered part of the Financial Statements included herein.*

SEGMENTED OPERATIONAL INFORMATION

(unaudited)	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999	% Change
Upstream					
Production (before royalties)					
Light and medium crude oil and NGLs (Mbbls/day)	66.5	26.9	45.4	26.3	73%
Lloyd heavy crude oil (Mbbls/day)	54.9	40.8	52.3	40.5	29%
	121.4	67.7	97.7	66.8	46%
Natural gas (Mmcf/day)	373.7	249.8	285.2	252.2	13%
Average prices before hedging					
Light and medium crude oil and NGLs	$ 40.67	$ 28.00	$ 39.16	$ 21.53	82%
Lloyd heavy crude oil	$ 32.18	$ 23.71	$ 29.91	$ 17.46	71%
Natural gas	$ 4.55	$ 2.69	$ 3.65	$ 2.33	57%
Netbacks					
Light and medium crude oil and NGLs					
Average realized price	$ 38.92	$ 25.38	$ 35.55	$ 21.79	63%
Royalties	7.93	4.74	7.00	2.65	164%
Operating costs	5.95	5.65	5.29	5.60	(6%)
Netback per barrel	$ 25.04	$ 14.99	$ 23.26	$ 13.54	72%
Lloyd heavy crude oil					
Average realized price	$ 27.07	$ 19.62	$ 24.90	$ 16.11	55%
Royalties	3.58	2.30	2.66	1.19	124%
Operating costs	6.85	6.84	6.56	6.69	(2%)
Netback per barrel	$ 16.64	$ 10.48	$ 15.68	$ 8.23	91%
Natural gas					
Average realized price	$ 4.04	$ 2.49	$ 3.31	$ 2.16	53%
Royalties	0.98	0.50	0.76	0.39	95%
Operating costs	0.59	0.50	0.55	0.45	22%
Netback per barrel	$ 2.47	$ 1.49	$ 2.00	$ 1.32	52%
Net Wells Drilled					
Exploratory Oil	5	2	7	7	
Gas	5	–	6	3	
Dry	2	2	2	5	
	12	4	15	15	–
Development Oil	94	92	232	113	
Gas	8	9	15	22	
Dry	4	5	16	14	
	106	106	263	149	77%
	118	110	278	164	70%
Success ratio	95%	94%	94%	88%	
Undeveloped Landholdings (millions of net acres)	9.6	2.4	9.6	2.4	

SEGMENTED OPERATIONAL INFORMATION *(unaudited)*

	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999	% Change
Midstream					
Synthetic crude sales (Mbbls/day)	66.1	63.1	59.0	62.4	(5%)
Husky upgrading differential	$ 11.00	$ 5.85	$ 9.74	$ 5.82	67%
Pipeline throughput (Mbbls/day)	507.8	370.3	496.3	373.1	33%
Downstream					
Refined product sales					
Light refined products (million litres per day)	7.7	8.4	7.4	7.6	(3%)
Asphalt and residuals (Mbbls per day)	27.0	25.3	20.2	18.9	7%
Refinery Throughput (Mbbls per day)					
Lloydminster refinery	25.7	21.0	22.9	20.2	13%
Prince George refinery	7.9	10.7	8.7	10.0	(13%)
Refinery Utilization	96%	91%	90%	86%	

FINANCIAL HIGHLIGHTS

CONSOLIDATED RESULTS

Prior to August 25, 2000, through a series of transactions, the indebtedness of Husky Oil Limited to its shareholders was eliminated and on August 25, 2000 all of its share capital was exchanged for shares in Husky Energy Inc. As a result, ownership charges, which consisted of interest on Subordinated Shareholders Loans and dividends on Class C shares, ceased to be a charge to earnings. Earnings before ownership charges represented earnings available for interest, dividends or other distributions to the shareholders. While earnings before ownership charges are not intended to be a substitute for net earnings, they are however considered to best reflect the results of Husky Energy Inc. for comparative purposes.

THIRD QUARTER

Consolidated earnings before ownership charges for the third quarter of 2000 were $158 million ($0.47 per common share – basic and $0.46 per common share – fully diluted), compared with $52 million ($0.18 per common share, both basic and fully diluted) during the third quarter of 1999. Cash flow from operations was $388 million ($1.17 per common share – basic and $1.16 per common share – fully diluted), compared with $152 million during the third quarter of 1999 ($0.55 per common share – both basic and fully diluted) in the third quarter of 1999.

The increase in earnings before ownership charges was primarily a result of the inclusion of Renaissance properties since August 25, 2000, higher comparative commodity prices, higher production volume of heavy crude oil from the Lloydminster operations, the January 1, 2000 inclusion of the Valhalla and Wapiti properties, higher pipeline throughput, and higher upgrading differential and throughput. These positive variances were partially offset by lower margins in the downstream light refined products operations.

NINE MONTHS ENDED SEPTEMBER 30, 2000

During the first nine months of 2000, consolidated earnings before ownership charges were $314 million ($1.04 per common share – both basic and fully diluted) compared with $113 million ($0.37 per common share – both basic and fully diluted) during the first nine months of 1999. Cash flow from operations was $798 million ($2.72 per common share – basic and $2.70 per common share – fully diluted), compared with $373 million ($1.33 per common share – both basic and fully diluted) during the first nine months of 1999.

The increases in both earnings before ownership charges and cash flow from operations were essentially due to the same factors that affected earnings in the third quarter.

BUSINESS SEGMENT PERFORMANCE

Upstream

Operating profit for upstream operations during the third quarter of 2000 was $238 million compared with $60 million during the third quarter of 1999.

- The average price before hedging for light and medium crude oil and NGLs increased from $28.00 per barrel in the third quarter of 1999 to $40.67 per barrel in the third quarter of 2000. Gross light and medium crude oil and NGLs production increased from 26.9 thousand barrels per day in the third quarter of 1999 to 66.5 thousand barrels per day in the third quarter of 2000
- The average price before hedging for Lloyd heavy crude oil increased from $23.71 per barrel in the third quarter of 1999 to $32.18 per barrel in the third quarter of 2000. Gross Lloyd heavy crude oil production increased from 40.8 thousand barrels per day in the third quarter of 1999 to 54.9 thousand barrels per day in the third quarter of 2000
- The average price before hedging for natural gas increased from $2.69 per mcf in the third quarter of 1999 to $4.55 per mcf in the third quarter of 2000. Gross natural gas sales increased from 250 mmcf/day in the third quarter of 1999 to 374 mmcf/day during the third quarter of 2000. The increase in natural gas sales reflects the inclusion of Renaissance properties from August 25, 2000
- On a unit of production basis, operating costs for the Western Canadian Basin operations averaged $6.50 per BOE during the third quarter of 2000 compared with $5.94 per BOE during the same period in 1999, based on conversion of 10 mcf of natural gas to 1 barrel of crude oil. The increase in unit operating costs was primarily a result of higher proportionate heavy crude oil production and higher cost of energy utilized in the producing operations
- Upstream capital expenditures during the third quarter of 2000 totalled $136 million compared with $170 million during the third quarter of 1999. The 1999 capital expenditures included significant White Rose appraisal drilling costs

Midstream

Operating profit for the midstream operations during the third quarter of 2000 was $48 million compared with $32 million during the third quarter of 1999.

Upgrading

Operating profit for upgrading operations amounted to $25 million during the third quarter of 2000 compared with $13 million during the same period in 1999.

- Sales of synthetic crude oil averaged 66.1 thousand barrels per day during the third quarter in 2000 compared with 63.1 thousand barrels per day during the same period in 1999
- The differential between synthetic crude oil and the blended heavy crude feedstock averaged $11.00 per barrel during the third quarter of 2000 compared with $5.85 per barrel during the same period in 1999

Infrastructure and Marketing

Operating profit for infrastructure and marketing operations amounted to $23 million during the third quarter of 2000 compared with $19 million during the same period for 1999.

- Pipeline throughput averaged 507.8 thousand barrels per day during the third quarter of 2000 compared with 370.3 thousand barrels per day during the same period in 1999
- The cogeneration operations commenced in late December 1999 and gas storage facilities were commissioned in April 2000

Downstream

Operating profit for the downstream operations amounted to $16 million during the third quarter of 2000 compared to $18 million during the same period of 1999

- Sales volume of gasoline and middle distillates averaged 7.7 million litres/day during the third quarter of 2000 compared to 8.4 million litres/day during the same period in 1999
- Sales volume of asphalt products averaged 27.0 thousand barrels per day during the third quarter of 2000 compared with 25.3 thousand barrels per day during the same period of 1999
- Cash margins continued to be under pressure during the third quarter of 2000, as the higher feedstock and manufacturing costs could not be recovered from either retail or commercial customers

CONSOLIDATED BALANCE SHEETS

(Thousands of dollars) (2000 unaudited)	September 30, 2000	December 31, 1999
ASSETS		
Current assets	$ 822,237	$ 463,660
Property, plant and equipment, net	7,614,063	4,189,138
Other assets	146,208	163,354
	$ 8,582,508	$ 4,816,152
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Other current liabilities	$ 761,221	$ 550,195
Long term debt due within one year	2,260	2,076
	763,481	552,271
Long term debt	2,751,081	1,348,455
Deferred credits	171,813	94,957
Future income taxes	1,083,526	825,167
Due to shareholders	–	1,743,328
Shareholders' equity		
Capital securities	335,549	335,876
Accrued return on capital securities	3,856	10,919
Class B shares	–	200,000
Common shares	3,388,194	1
Retained earnings	85,008	(294,822)
	3,812,607	251,974
	$ 8,582,508	$ 4,816,152

CONSOLIDATED STATEMENTS OF EARNINGS

(Thousands of dollars) (unaudited)	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Sales and operating revenues, net of royalties	$ 1,352,113	$ 785,721	$ 3,321,294	$ 1,886,137
Costs and expenses				
Cost of sales and operating expenses	924,132	607,373	2,415,884	1,423,062
Selling and administrative expenses	12,271	8,419	36,095	30,203
Depletion, depreciation and amortization	121,662	71,200	285,595	210,111
Interest - net	23,738	15,180	65,910	47,598
Foreign exchange and other, net	1,784	6,080	5,905	22,719
	1,083,587	708,252	2,809,389	1,733,693
Earnings before the following	268,526	77,469	511,905	152,444
Current taxes	3,470	1,480	7,450	4,380
Future taxes	107,212	24,327	190,682	34,902
	110,682	25,807	198,132	39,282
Earnings before ownership charges	157,844	51,662	313,773	113,162
Interest on subordinated shareholders' loans	10,893	18,469	47,465	54,676
Dividends on Class C shares	8,419	11,723	34,129	32,364
	19,312	30,192	81,594	87,040
Net earnings	$ 138,532	$ 21,470	$ 232,179	$ 26,122

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(Thousands of dollars) (unaudited)	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Balance at beginning of period	$ (294,822)	$ (322,067)
Reduction of stated capital (Note 4)	159,941	–
Net earnings	232,179	26,122
Return on capital securities	(22,100)	(22,156)
Related future income taxes	9,810	9,970
Balance at end of period	$ 85,008	$ (308,131)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of dollars) (unaudited)	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Operating activities				
Earnings before ownership charges	$ 157,844	$ 51,662	$ 313,773	$ 113,162
Add charges not affecting cash				
Depletion, depreciation and amortization	121,662	71,200	285,595	210,111
Future income taxes	107,212	24,327	190,682	34,902
Unrealized foreign exchange and other	1,131	4,980	8,081	14,492
Cash flow from operations	387,849	152,169	798,131	372,667
Net change in operating working capital	(45,413)	(3,028)	(137,448)	(20,003)
	342,436	149,141	660,683	352,664
Financing activities				
Bank operating loans financing - net	16,527	1,500	(13,144)	(16,979)
Long term debt issue	101,100	334,533	171,100	474,533
Long term debt repayment	(294,128)	(157,183)	(397,749)	(157,183)
Return on capital securities payment	(14,890)	(15,117)	(29,490)	(30,488)
Deferred credits	(361)	(1,076)	(2,422)	(3,815)
	(191,752)	162,657	(271,705)	266,068
Available for investing	150,684	311,798	388,978	618,732
Investing activities				
Capital expenditures	152,598	203,621	437,582	489,011
Acquisition costs	30,332	–	30,332	–
Asset sales	(550)	(11,353)	(1,303)	(12,970)
Other assets	(1,501)	138,953	(77,633)	138,126
	180,879	331,221	388,978	614,167
Increase (decrease) in cash	(30,195)	(19,423)	–	4,565
Cash equivalents at beginning of period	30,195	25,009	–	1,021
Cash equivalents at end of period	$ –	$ 5,586	$ –	$ 5,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

1. Changes in Accounting Policies

In 1999 the Company retroactively adopted the liability method of accounting for income taxes in accordance with the accounting recommendations of the Canadian Institute of Chartered Accountants. Prior years' financial statements have been restated for the change. The effect of the change on the balance sheets as at January 1, 1998 was to increase both property, plant and equipment and future income taxes by $171 million. The adoption also had the impact of increasing depreciation, depletion and amortization by $19 million for the year ended December 31, 1999, with an offsetting decrease in future income tax expense.

2. Commodity Trading

Crude Oil Prices

In late 1999, the Company locked in crude prices on a portion of the Company's 2000 production to reduce exposure to volatility and ensure the Company's ability to finance its growth projects. The Company has sold forward 25 mbbls/d of fourth quarter 2000 production at an average price of US$20.49/bbl. If this position was liquidated at September 30, 2000, a loss of US$24 million would result.

For the period from January to September 2000, the Company realized a loss of Cdn $108 million from upstream crude hedges on 9 million barrels of crude oil.

Natural Gas Prices

The Company has sold forward 22 mmcf/d of fourth quarter gas production at an average of Cdn $4.90/mcf, and has 7 mmcf/d of fourth quarter gas production under a collar arrangement with a floor of US$2.50/mcf and a ceiling of US$4.69/mcf. The Company has also sold forward 8 mmcf/d at an average price of Cdn $3.85/mcf. If these positions were liquidated at September 30, 2000, a net loss of US $13 million would result.

The Company also uses commodity derivatives to manage commodity price risk on physical contracts associated with trading activities. If the current gas positions were liquidated at September 30, 2000, a net gain of US $15 million would result.

3. Plan of Arrangement

On June 19, 2000 Husky Oil Limited and Renaissance Energy Ltd. ("Renaissance") jointly announced that they had agreed to a Plan of Arrangement (the "Arrangement") whereby they would merge to create a new publicly traded company, Husky Energy Inc.

On August 21, 2000 at a special meeting of the Renaissance shareholders, over 95% of the votes cast were in favour of the Arrangement. With the subsequent approval of the Court of Queen's Bench of Alberta and having obtained all other requisite approvals, the transaction became effective on August 25, 2000. The holders of Renaissance shares as at August 25, 2000 were issued one Husky Energy Inc. share in exchange for one Renaissance share (145,530,429 shares were exchanged with an assigned value of $1,734,090,000) as part of the Arrangement.

The Arrangement has been accounted for as a purchase by Husky Oil Limited of Renaissance's net assets using the purchase method of accounting. The results of the Company include those of Renaissance for the period post August 25, 2000.

The allocation of the aggregate purchase price based on the estimated fair values of the Renaissance net assets at August 25, 2000 is as follows:

(Millions of dollars)	Allocation
Net assets acquired	
Current assets	$ 154
Property, plant and equipment	3,463
Other assets	23
Acquisition costs	(100)
Current liabilities	(87)
Deferred credits	(70)
Future income taxes	(74)
Long term debt	(1,575)
	$ 1,734
Consideration	
Shares exchanged	$ 1,734

4. Earnings before ownership charges and cash flow from operations per share

Through a series of transactions, the indebtedness of Husky Oil Limited to its shareholders was eliminated and on August 25, 2000 all of its share capital was exchanged for shares in Husky Energy Inc. In addition, on August 24, 2000 the shareholders of Husky Oil Limited approved a special resolution to reduce the stated capital in the Class C share account and eliminate the accumulated deficit. As a result, ownership charges, which consisted of interest on Subordinated Shareholders' Loans and dividends on Class C shares, ceased to be a charge to earnings. Earnings before ownership charges represented earnings available for interest, dividends or other distributions to shareholders. While earnings before ownership charges are not intended to be a substitute for net earnings, they are however considered to best reflect the results of Husky Energy Inc. for comparative purposes. The capital restructuring has been retroactively applied for purposes of determining the weighted average number of shares and the earnings attributable to common shareholders.

	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Net earnings per share before ownership charges				
Basic	$ 0.47	$ 0.18	$ 1.04	$ 0.37
Fully diluted	$ 0.46	$ 0.18	$ 1.04	$ 0.37
Supplementary	$ 0.44	$ 0.18	$ 0.99	$ 0.37
Net earnings per share				
Basic	$ 0.41	$ 0.06	$ 0.76	$ 0.05
Fully diluted	$ 0.41	$ 0.06	$ 0.76	$ 0.05
Cash flow from operations per share				
Basic	$ 1.17	$ 0.55	$ 2.72	$ 1.33
Fully diluted	$ 1.16	$ 0.55	$ 2.70	$ 1.33
Weighted average number of common shares outstanding (thousands)				
Basic	327,220	270,273	289,394	270,273
Fully diluted	331,295	270,273	290,762	270,273
Supplementary	356,604	294,960	316,070	294,960

Basic common shares outstanding are the weighted average number of common shares outstanding for each period. Fully diluted common shares outstanding are basic common shares, as described above, plus stock options issued to the Company's directors, officers and employees and, certain warrants outstanding issued to the Shareholders of Husky Oil pursuant to the Plan of Arrangement effective August 25, 2000. Supplementary common shares provide for the conversion of the capital securities into common shares.

5. Reconciliation to Accounting Principles Generally Accepted in the United States

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted ("GAAP") in Canada, which differ in some respects to those in the United States. Any differences in accounting principles as they pertain to the accompanying consolidated statement of earnings were immaterial except as described below:

The application of U.S. GAAP would have the following effect on net earnings as reported:

(Thousands of dollars except per share amounts)	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Net earnings	$ 138,532	$ 21,470	$ 232,179	$ 26,122
Adjustments				
Foreign currency translation (a)	(30,436)	13,153	(63,955)	71,032
Related income taxes	10,300	(4,439)	21,610	(23,974)
Return on capital securities (b)	(7,538)	(7,723)	(22,100)	(22,156)
Related income taxes	3,260	3,480	9,810	9,970
Full cost accounting (c)	6,235	7,120	18,922	19,495
Related income taxes	(2,806)	(2,373)	(8,500)	(8,773)
Accounting for post retirement benefits (d)	165	(218)	475	(642)
Related income taxes	(73)	99	(233)	290
Net earnings under U.S. GAAP	$ 117,639	$ 30,569	$ 188,208	$ 71,364
Earnings before taxes under U.S. GAAP	$ 217,640	$ 59,609	$ 363,653	$ 133,133
Basic earnings per share under U.S. GAAP	$ 0.36	$ 0.11	$ 0.65	$ 0.26
Diluted earnings per share under U.S. GAAP	$ 0.35	$ 0.11	$ 0.64	$ 0.26

Under U.S. GAAP, the Company would present interest on subordinated shareholders' loans and dividends on Class C shares under the heading costs and expenses on the Consolidated Statement of Earnings.

The increases or decreases noted above refer to the following differences between U.S. GAAP and Canadian GAAP:

(a) The Company has deferred unrealized gains and losses on translation of foreign denominated long term monetary items which are amortized over the remaining lives of the items. Under U.S. GAAP, gains or losses on translation of foreign denominated long term monetary items are credited or charged to earnings immediately.

(b) The Company records the capital securities as a component of equity and the return thereon as a charge to retained earnings. Under U.S. GAAP, the capital securities, the accrued return thereon and costs of the issue would be classified outside of shareholders' equity and the related return would be charged to earnings.

(c) The Company performs a cost recovery ceiling test for each cost centre which limits net capitalized costs to the undiscounted estimated future net revenue from proved oil and gas reserves plus the cost of unproved properties less impairment, using year end prices or average prices in that year if appropriate. In addition, the aggregate value of all cost centres is further limited by including financing costs, administration expenses, future removal and site restoration costs and income taxes. Under U.S. GAAP, companies using the full cost method of accounting for oil and gas producing activities perform a ceiling test on each cost centre using discounted estimated future net revenue from proved oil and gas reserves using a discount factor of 10 percent. Prices used in the U.S. GAAP ceiling tests performed for this reconciliation were those in effect at the applicable period end. Financing and administration costs are excluded from the calculation under U.S. GAAP.

(d) Prior to 1999, the Company expensed costs related to medical and dental post retirement benefits as incurred. Under U.S. GAAP, companies are required to use the projected benefit method prorated based on service.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2000, Husky Energy's outstanding debt obligations were:

Facility *(Millions of dollars)*	Outstanding
Bank Facilities	$ 898
$US Senior Secured Bonds*	269
$US Senior Notes*	905
Medium Term Notes	700
	$ 2,772

* *$US converted to Cdn$ at $1.5070 ($0.66)*

At September 30, 2000, the Company had available bank facilities in excess of $600 million.

The Company's average interest rate is currently approximately 7.3% and approximately 70% of the outstanding debt is subject to fixed interest rates.

In July 2000, the Company repaid US $116 million of 10.6% senior notes from available bank lines to retire the issue.

The Company's investment grade public long-term debt ratings are as follows:

Canadian Bond Rating Service	Dominion Bond Rating Service	Moody's Investor Service	Standard & Poor's
BBB+ Stable Outlook	BBB(high) Stable Trend	Baa3 Stable Outlook	BBB Stable Outlook

COMMON SHARE INFORMATION

Share price*	High	$ 15.95
	Low	$ 12.50
	Close @ September 29th	$ 13.95
Average daily trading volume (thousands)		2,140
Number of common shares outstanding @ November 2 (thousands)		
Basic		415,804
Fully diluted		428,717

* *Trading in HSE commenced on The Toronto Stock Exchange on August 28, 2000. HSE is included in the S&P Global 1200, TSE 300 Composite, S&P/TSE 60, TSE 100 and Toronto 35 indices and is represented in the integrated oil subgroup in the TSE 300 Composite.*

PRO FORMA CONDENSED COMBINED FINANCIAL AND OPERATING INFORMATION

The pro forma condensed combined financial information of Husky Energy Inc. ("Husky Energy") has been prepared by management in accordance with accounting principles generally accepted in Canada.

The pro forma information has been prepared from the unaudited statements of Husky Oil and Renaissance Energy as at and for the nine months ended September 30, 2000. Accounting policies used in the preparation of the pro forma information is in accordance with those disclosed in Husky Oil's audited financial statements for the year ended December 31, 1999. In the opinion of management, this pro forma information includes all adjustments necessary for fair presentation.

The pro forma information is not necessarily indicative of results of operations that would have occurred in the nine months ended September 30, 2000 had the proposed acquisition of Renaissance Energy been effected on January 1, 2000. In preparing this pro forma information no adjustments have been made to reflect the operating synergies and general and administrative cost savings that may result from combining the operations of Husky Oil and Renaissance Energy.

(Thousands of dollars except per share amounts)	Three months ended September 30, 2000	Nine months ended September 30, 2000
Pro forma financial information		
Income statement		
Sales and operating revenues, net of royalties	$ 1,573,020	$ 4,186,839
Costs and expenses		
Cost of sales and operating expenses	969,274	2,589,982
Selling and administrative expenses	24,236	81,105
Depletion, depreciation and amortization	154,503	484,554
Interest - net	39,112	134,513
Foreign exchange and other, net	1,929	6,050
	1,189,054	3,296,204
Earnings before the following	383,966	890,635
Current taxes	4,280	13,327
Future taxes	153,596	339,737
	157,876	353,064
Net earnings	$ 226,090	$ 537,571
Earnings per share - basic	$ 0.53	$ 1.26
- fully diluted	$ 0.52	$ 1.23
Cash flow from Operations	$ 535,465	$ 1,370,088
Cash flow per share - basic	$ 1.28	$ 3.27
- fully diluted	$ 1.24	$ 3.18
Capital expenditures	$ 137,237	$ 910,299

SUPPLEMENTARY DATA

		Three months ended September 30, 2000	Nine months ended September 30, 2000
Pro forma operating information			
Production (before royalties)			
Light and medium crude oil (Mbbls/day)		121.7	126.7
Lloyd heavy crude oil (Mbbls/day)		54.9	52.3
		176.6	179.0
Natural gas (Mmcf/day)		603.7	622.6
Net wells drilled			
Exploratory	Oil	8	41
	Gas	10	83
	Dry	4	65
		22	189
Development	Oil	108	363
	Gas	34	150
	Dry	5	46
		147	559
Total		169	748

This release contains forward-looking statements, including references to drilling plans, construction activities, the submission of development plans, seismic activity, refining margins, oil and gas production levels and the sources of growth thereof, results of exploration activities, and dates by which certain areas may be developed or may come on-stream. These forward-looking statements are subject to numerous known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and numerous achievements to differ materially from those expressed or implied by such statements. Such factors include, but not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; refining and marketing margins; the ability to produce and transport crude oil and natural gas to markets; the results of exploration and development of drilling and related activities; fluctuation in foreign currency exchange rates; the imprecision of reserve estimates; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; decisions or approvals of administrative tribunals; changes in environmental and other regulations; risks attendant with oil and gas operations; and other factors, many of which are beyond the control of Husky. Husky's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Husky will derive therefrom.

BOARD OF DIRECTORS

CO-CHAIRMEN

Victor T. K. Li
Managing Director
Cheung Kong (Holdings) Limited
and Deputy Chairman
Hutchison Whampoa Limited
Hong Kong

Canning K. N. Fok (1)
Group Managing Director
Hutchison Whampoa Limited
Hong Kong

DEPUTY CHAIRMAN

William Shurniak (2)
Chairman,
ETSA Utilities and Powercor Australia Ltd.
Australia

DIRECTORS

Martin J. G. Glynn (2)
President,
Chief Executive Officer & Director
HSBC Bank of Canada
Vancouver

Ronald G. Greene (1)
Independent Businessman
Calgary

Terence C. Y. Hui
President
& Chief Executive Officer
Concord Pacific Group Inc.
Vancouver

Brent D. Kinney (3)
Independent Businessman
Dubai, United Arab Emirates

Holger Kluge (1), (3)
Retired President
Canadian Imperial Bank of Commerce
Personal and Commercial Bank
Toronto

Poh Chan Koh
Finance Director,
Harbour Plaza Hotel Management International Ltd.
Hong Kong

Eva Lee Kwok (1)
Chairman & Chief Executive Officer
Amara International Investment Corp.
Vancouver

Stanley T. L. Kwok (3)
President,
Stanley Kwok Consultants;
Director
Amara International Investment Corp.
Vancouver

John C. S. Lau
President & Chief Executive Officer
Husky Energy Inc.
Calgary

Wilmot L. Matthews (2)
Independent Businessman
Toronto

Wayne E. Shaw
Barrister and Solicitor,
Stikeman Elliott
Toronto

Frank J. Sixt (1)
Executive Director
& Group Finance Director
Hutchison Whampoa Limited
Hong Kong

(1) Compensation Committee
(2) Audit Committee
(3) Environmental & Safety Committee

CORPORATE INFORMATION

OFFICERS/EXECUTIVES

Husky Energy Inc.
& Husky Oil Operations Limited

John C. S. Lau
President
& Chief Executive Officer

James S. Blair
Senior Vice President
& Chief Operating Officer

James D. Girgulis
Vice President
Legal and Corporate Secretary

Donald R. Ingram
Senior Vice President
Midstream and Refined Products

Neil D. McGee
Vice President
and Chief Financial Officer

Husky Oil Operations Limited

Richard M. Alexander
Treasurer

L. Geoffrey Barlow
Controller

K. Wendell Carroll
Vice President
Corporate Administration

Robert S. Coward
Vice President
Western Canada Production

J. Tom Graham
Vice President
Heavy Oil & Gas

Douglas A. Proll
Vice President
Finance and Business Development

Terence L. Sharkey
Vice President
Drilling and Completions

David R. Taylor
Vice President
Exploration

AUDITORS

KPMG LLP

BANKERS

Canadian Imperial Bank of Commerce
The Toronto-Dominion Bank
Royal Bank of Canada
Bank of Montreal
HSBC Bank Canada
Chase Manhattan Bank of Canada
Bank of Nova Scotia
Bank of Tokyo - Mitsubishi (Canada)
Bank of America (Canada)

STOCK EXCHANGE

Toronto Stock Exchange
Trading Symbol: HSE

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