

HUSKY ENERGY INC.

RENEWAL ANNUAL INFORMATION FORM
For the Year Ended December 31, 2001

April 2, 2002

TABLE OF CONTENTS

	Page
ABBREVIATIONS.....	2
HUSKY ENERGY INC.....	3
SUBSIDIARIES OF HUSKY.....	3
HISTORY AND DEVELOPMENT OF HUSKY.....	4
BUSINESS OF HUSKY.....	5
HUMAN RESOURCES.....	36
SELECTED CONSOLIDATED FINANCIAL INFORMATION	37
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	37
MARKET FOR SECURITIES.....	37
DIRECTORS AND OFFICERS	38
DIVIDEND POLICY.....	42
ADDITIONAL INFORMATION.....	42
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	43

ABBREVIATIONS

As used in this Annual Information Form, the following terms have the meanings indicated:

API	- American Petroleum Institute
Bbl	- barrel
Bbls	- barrels
Mbbls	- thousand barrels
Mmbbls	- million barrels
Mcf	- thousand cubic feet
Mcfe	- thousand cubic feet equivalent
Mmcf	- million cubic feet
MW	- megawatts
Bcf	- billion cubic feet
Mlt	- thousand long tons
NGL	- natural gas liquids
Boe	- barrels of oil equivalent
Boe/d	- barrels of oil equivalent per day
Bbls/day	- barrels per day
Mbbls/day	- thousand barrels per day
Mmcf/day	- million cubic feet per day
Lt/day	- long tons per day
Mlt/day	- thousand long tons per day

Unless otherwise noted, gross reserves or gross production are reserves or production attributable to Husky's interest prior to deduction of royalties; net reserves or net production are reserves or production net of such royalties. Unless otherwise noted, natural gas volumes are converted to a Boe basis using the ratio of six Mcf of natural gas to one Bbl of oil and natural gas liquids. Natural gas volumes are stated at the official temperature and pressure basis of the area in which the reserves are located.

HUSKY ENERGY INC.

Husky Energy Inc. ("Husky Energy") was incorporated under the *Business Corporations Act* (Alberta) on June 21, 2000. From the date of its incorporation until August 25, 2000, Husky Energy did not carry on any business. On August 25, 2000, Husky Energy was a party to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") pursuant to which Husky Oil Limited ("Husky Oil"), Husky Oil Operations Limited (a subsidiary of Husky Oil) and Renaissance Energy Ltd. ("Renaissance") were amalgamated under the *Business Corporations Act* (Alberta) and continued as one corporation under the name "Husky Oil Operations Limited" ("HOOL") and the securityholders of Renaissance and Husky Oil exchanged their securities for securities of Husky Energy. Under the Arrangement, Husky Energy acquired 100% of the voting common shares of HOOL.

Husky Energy has its registered office and its head and principal office at 707 - 8th Avenue S.W., P.O. Box 6525, Station D, Calgary, Alberta, T2P 3G7.

In this Annual Information Form the term "Husky" or "the Company" means Husky Energy and its subsidiaries and partnership interests on a consolidated basis including information with respect to predecessor corporations.

SUBSIDIARIES OF HUSKY

The principal subsidiaries of Husky and place of incorporation, continuance or place of organization, as the case may be, are as follows. All of the following companies are 100% owned (unless otherwise indicated).

Subsidiaries of Husky Energy Inc.

Jurisdiction

Husky Oil Operations Limited

Nova Scotia

Subsidiaries of Husky Oil Operations Limited

Jurisdiction

Husky Oil Limited

Canada

Husky Energy Marketing Inc.

Alberta

Husky (U.S.A.) Inc.

Delaware

HOI Resources Co.

Nova Scotia

Husky Energy International Sulphur Corporation

Alberta

147212 Canada Ltd.

Canada

Subsidiaries of Husky (U.S.A.) Inc.

Jurisdiction

Husky Gas Marketing Inc.

Delaware

Subsidiaries of HOI Resources Co.

Jurisdiction

Husky Energy International Corporation

Alberta

**Subsidiaries of Husky Energy
International Corporation**

Husky Oil China Ltd.
Husky Oil (Madura) Ltd.
Husky Oil Overseas Ltd.

Jurisdiction

Barbados
Alberta
Cayman Islands

HISTORY AND DEVELOPMENT OF HUSKY

The following describes the development of Husky's business over the last three years.

On July 13, 1999, a subsidiary of Husky completed the issuance of an aggregate principal amount of U.S. \$250 million of 8.45% Senior Secured Bonds due 2012. The Senior Secured Bonds were issued as a non-recourse project financing for the Terra Nova field development project. The issue was a Rule 144A exempt private placement under the United States *Securities Act of 1933*, as amended.

Effective January 1, 2000, Husky exchanged interests in the Terra Nova field and White Rose field, located in the Jeanne d'Arc basin off the east coast of Newfoundland, for producing properties in Alberta. Under the terms of the agreement Husky acquired working interests in the Valhalla and Wapiti fields which produce crude oil, natural gas liquids and natural gas. The properties are located in West Central Alberta near Grande Prairie. In exchange Husky gave up a 4.99% interest in the Terra Nova field and 10% of the White Rose field. Husky retained 12.51% of Terra Nova and 72.5% of White Rose. Terra Nova is currently being developed and White Rose is in the predevelopment phase.

In May 2000, Husky redeemed U.S. \$71 million (Cdn. \$104 million as at that date) of the 8.45% Senior Secured Bonds as a result of the reduction of the ownership interest in the Terra Nova field development project. The amount of the redemption coincided with the reduction of Husky's interest from 17.5% to 12.51%.

On June 18, 2000, Husky Oil and Renaissance entered into an Arrangement Agreement which contemplated the merger of Renaissance and Husky Oil pursuant to a plan of arrangement under the provisions of the *Business Corporations Act* (Alberta). Renaissance was a publicly listed senior oil and gas exploration and development company conducting operations primarily in western Canada. Pursuant to the Arrangement, shareholders of Renaissance received one common share of Husky and a cash payment of \$2.50 per share as well as the right to participate in a buyback of approximately 18% of the common shares of Renaissance by shareholders of Husky Oil. Former shareholders of Husky Oil received approximately 71.7% of the common shares of Husky and former shareholders of Renaissance received approximately 28.3% of the common shares of Husky. Pursuant to the Arrangement, Husky Oil, Renaissance and Husky Oil Operations Limited amalgamated to form HOOL. Also pursuant to the Arrangement, Husky disposed of certain non-energy related assets to the former shareholders of Husky Oil. The Arrangement was completed on August 25, 2000 and Husky's common shares commenced trading on The Toronto Stock Exchange on August 28, 2000.

In July 2000, Husky Oil repaid U.S. \$116 million of 10.6% senior notes to retire the issue. The repayment was funded under Husky Oil's syndicated credit facility.

On October 13, 2000, Husky Oil China Ltd., a subsidiary of Husky signed a petroleum contract with the China National Offshore Oil Corporation (the "CNOOC") to develop two high quality oilfields in the South China Sea. Located in the western Pearl River Mouth Basin, approximately 300 kilometres south

of Hong Kong and 136 kilometres east of Hainan Island, the Wenchang 13-1 and 13-2 fields are estimated to contain approximately 100 million barrels of reserves. Husky holds a 40% interest in these fields.

In December 2000, Husky expanded its acreage position offshore Newfoundland with the acquisition of a 100% working interest in the Grand Bank (339 square kilometres) and Gros Morne (201 square kilometres) Exploration Licenses south and west of the White Rose Significant Discovery Area. The Grand Bank and Gros Morne Exploration Licenses form a large contiguous exploration area with the Trepassy (100% working interest) and North Amethyst (70% working interest) blocks and the White Rose Significant Discovery Area.

In December 2000, Husky also acquired two Exploration Licenses comprising 440,000 hectares in the South Whale Basin, a new exploration area on the southern Grand Banks. The regional setting of the South Whale Basin is similar to that of the proven hydrocarbon-bearing Jeanne d'Arc and Sable Basins.

In late 2000, Husky acquired a 50% working interest in an adjacent lease to the north of its Kearl lease where Husky holds a 51% working interest. The Kearl lease provides both an in-situ and mining opportunity in the Athabasca oil sands deposit.

In January 2001, Husky amended and restated its Canadian syndicated \$1 billion dollar bank facility.

On July 4, 2001, Husky acquired all the outstanding Class A Common Shares and Class B Common Shares of Avid Oil & Gas Ltd. ("Avid") which it did not already own pursuant to an Offer to Purchase dated March 23, 2001. The acquisition of Avid was completed pursuant to a Pre-Acquisition Agreement which provided for the acquisition of the Class A Common Shares of Avid at a price of \$5.85 per share and the Class B Common Shares of Avid at a price of \$10.00 per share for a total consideration of approximately \$93.8 million. Husky had previously owned approximately 38% of the Class A Common Shares of Avid as a result of the acquisition of Renaissance in August 2000.

In 2001 Husky further advanced its White Rose project. In December 2001 the project received government sanction from the Canada-Newfoundland Offshore Petroleum Board, Provincial Government and Federal Government. In March 2002, Husky and its co-venturer announced that they had decided to proceed with the development of the White Rose oil field.

The Terra Nova development project commenced production in January 2002. This project is the first Grand Banks field to be developed with a floating, production, storage and offloading system. Husky expects its share of production from Terra Nova to average 10,000 barrels of oil per day in 2002. The first well in the Far East block was successfully drilled in 2001.

BUSINESS OF HUSKY

Husky is a Canadian based public integrated energy and energy related company headquartered in Calgary, Alberta. Husky's operations include the exploration for and development of crude oil and natural gas, as well as the production, purchase, transportation and marketing of crude oil, natural gas, natural gas liquids, sulphur and petroleum coke, and the upgrading and refining of crude oil and marketing of refined petroleum products, including gasoline, diesel, alternative fuels and asphalt.

Husky's portfolio of assets includes properties that produce light, medium and heavy gravity crude oil, NGL, natural gas and sulphur. Husky has a high degree of operational control in its upstream operations. Husky has significant production, gathering and processing facilities in the Lloydminster area of Alberta and Saskatchewan, the Alberta foothills including Ram River, Caroline, Blackstone, Ansell, Galloway

and the Valhalla, Wapiti, Drumheller, Taber, Brooks, Provost, Boyer, Martin Hills and Rainbow Lake areas of Alberta, the Swift Current area of South West Saskatchewan and various locations in north east British Columbia including Sikanni and Boundary Lake. At December 31, 2001, Husky was the operator of properties which accounted for approximately 90% of its total working interest production. Husky also has a substantial undeveloped land base in the Western Canada Sedimentary Basin, offshore the east coast of Canada, in the Wenchang oilfields in the South China Sea and in the Madura Strait area offshore Indonesia. In addition, Husky believes that it is a financially disciplined operator with strong technical capabilities and operational experience, especially with respect to the development, production, transportation and upgrading of heavy crude oil. Husky also has extensive experience and expertise in enhanced recovery of crude oil and horizontal drilling, as well as in natural gas exploration in the foothills along the Canadian Rocky Mountains. Husky has a strong presence in crude oil, natural gas and sulphur marketing and has established marketing networks for refined petroleum products through independently operated Husky and Mohawk branded outlets and through direct marketing to end users.

Husky's upstream operations are primarily in western Canada and offshore the east coast of Canada. Husky also has some international upstream operations in Indonesia, China and Libya.

Husky's midstream operations include upgrading of heavy crude oil feedstock into synthetic crude oil, pipeline transportation and processing of heavy crude oil, storage of crude oil, diluent and natural gas, and cogeneration of electrical and thermal energy, and marketing of Husky's and third party producer's crude oil, natural gas, natural gas liquids, sulphur and petroleum coke.

Husky's refined products operations include refining of heavy and light crude oil, marketing of refined petroleum products, including asphalt and alternate fuels, and processing of grain primarily for ethanol production. Husky sells and distributes transportation fuels including ethanol blended fuels through 580 independently operated Husky and Mohawk branded petroleum outlets, including service stations, truck stops and bulk distribution facilities located from the west coast of Canada to the eastern border of Ontario, some of which include 24 hour restaurants, convenience stores, service bays, car washes, fast food sales, bank machines and propane sales.

Upstream Operations

Production

The following table shows Husky's average gross and net daily production of light and medium crude oil and NGL, heavy crude oil and natural gas for the periods indicated.

	Three Months Ended				
	Total 2001	Dec. 31, 2001	Sept. 30, 2001	June 30, 2001	March 31, 2001
Crude Oil			(Mbbls/day)		
Light and medium crude oil and NGL ⁽¹⁾	112.0	111.3	112.7	108.6	115.5
Heavy crude oil ⁽¹⁾	65.4	75.0	69.1	60.3	56.9
Total Gross ⁽²⁾	<u>177.4</u>	<u>186.3</u>	<u>181.8</u>	<u>168.9</u>	<u>172.4</u>
Net ⁽²⁾	<u>154.1</u>	<u>164.4</u>	<u>155.1</u>	<u>147.6</u>	<u>149.3</u>
Natural Gas			(Mmcf/day)		
Gross ⁽²⁾	572.6	568.7	567.1	570.8	584.0
Net ⁽²⁾	<u>417.8</u>	<u>427.1</u>	<u>426.0</u>	<u>385.0</u>	<u>433.0</u>
	Three Months Ended				
	Total 2000	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000
Crude Oil			(Mbbls/day)		
Light and medium crude oil and NGL ⁽¹⁾	63.6	117.9	66.5	34.7	34.6
Heavy crude oil ⁽¹⁾	53.5	57.0	54.9	52.0	50.0
Total Gross ⁽²⁾	<u>117.1</u>	<u>174.9</u>	<u>121.4</u>	<u>86.7</u>	<u>84.6</u>
Net ⁽²⁾	<u>99.6</u>	<u>153.5</u>	<u>97.0</u>	<u>75.6</u>	<u>74.3</u>
Natural Gas			(Mmcf/day)		
Gross ⁽²⁾	358.0	575.0	373.7	224.1	256.7
Net ⁽²⁾	<u>282.4</u>	<u>426.7</u>	<u>322.0</u>	<u>193.5</u>	<u>193.5</u>

Notes:

- (1) Light and medium crude oil includes crude oil which is 20° API gravity or higher, as well as NGL. Heavy crude oil includes crude oil which is lower than 20° API gravity.
- (2) Gross volumes are Husky's lessor royalty, overriding royalty and working interest share of production before deduction of royalties. Net volumes are Husky's gross volumes, less royalties.

Capital Expenditures

The following table shows the dollar amounts expended by the Company on property acquisitions, exploration and development for the periods indicated.

(\$ millions)	Three Months Ended				
	Total 2001	Dec. 31, 2001	Sept. 30, 2001	June 30, 2001	March 31, 2001
Property Acquisitions ⁽¹⁾	\$ 177	\$ 38	\$ 112	\$ 19	\$ 8
Exploration (including drilling)	267	69	49	65	84
Development (including facilities)	873	246	226	174	227
	<u>1,317</u>	<u>\$ 353</u>	<u>\$ 387</u>	<u>\$ 258</u>	<u>\$ 319</u>

	<u>Total 2000</u>	Three Months Ended			
		<u>Dec. 31, 2000</u>	<u>Sept. 30, 2000</u>	<u>June 30, 2000</u>	<u>March 31, 2000</u>
Property Acquisitions ⁽²⁾	\$ 42	\$ 21	\$ 1	\$ 15	\$ 5
Exploration (including drilling)	161	49	33	49	30
Development (including facilities)	497	263	101	62	71
	<u>\$ 700</u>	<u>\$ 333</u>	<u>\$ 135</u>	<u>\$ 126</u>	<u>\$ 106</u>

Notes:

- (1) Does not include the acquisition of Titanium Oil & Gas Ltd. and Avid Oil & Gas Ltd.
- (2) Does not include the acquisition of Renaissance and \$154 million related to property exchanges.

Sales Prices and Lifting Costs

The following table shows the Company's average net sales prices both before and after the effect of production hedging and royalties, for light and medium crude oil and NGLs, heavy crude oil and natural gas and average lifting costs on a Boe basis for the periods indicated.

		<u>Total 2001</u>	Three Months Ended			
			<u>Dec. 31, 2001</u>	<u>Sept. 30, 2001</u>	<u>June 30, 2001</u>	<u>March 31, 2001</u>
Before the effect of hedging						
Light and medium crude oil and NGL ⁽¹⁾	(\$/Bbl)	\$ 27.19	\$ 19.44	\$ 31.74	\$ 28.86	\$ 28.72
Heavy crude oil	(\$/Bbl)	\$ 15.85	\$ 10.44	\$ 23.65	\$ 15.52	\$ 13.81
Natural gas	(\$/Mcf)	\$ 5.47	\$ 3.01	\$ 3.25	\$ 6.57	\$ 9.05
Realized prices (after the effect of hedging)						
Light and medium crude oil and NGL ⁽¹⁾	(\$/Bbl)	\$ 27.19	\$ 19.44	\$ 31.74	\$ 28.86	\$ 28.72
Heavy crude oil	(\$/Bbl)	\$ 15.85	\$ 10.44	\$ 23.65	\$ 15.52	\$ 13.81
Natural gas	(\$/Mcf)	\$ 5.47	\$ 3.01	\$ 3.25	\$ 6.57	\$ 9.05
Average lifting costs⁽²⁾	(\$/Boe)	\$ 6.37	\$ 6.82	\$ 6.52	\$ 6.49	\$ 5.62
Royalties						
Light and medium crude oil and NGL ⁽¹⁾	(\$/Bbl)	\$ 4.86	\$ 3.33	\$ 5.95	\$ 5.02	\$ 5.14
Heavy crude oil	(\$/Bbl)	\$ 0.83	\$ (0.30)	\$ 1.92	\$ 0.83	\$ 1.00
Natural gas	(\$/Mcf)	\$ 1.21	\$ 0.55	\$ 0.57	\$ 1.98	\$ 2.22

		Three Months Ended				
		Total 2000	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000
Before the effect of hedging						
Light and medium crude oil and NGL ⁽¹⁾	(\$/Boe)	\$ 35.99	\$ 31.99	\$ 40.67	\$ 36.90	\$ 36.60
Heavy crude oil	(\$/Boe)	\$ 26.45	\$ 16.96	\$ 32.18	\$ 28.69	\$ 28.63
Natural gas	(\$/Mcf)	\$ 5.18	\$ 7.44	\$ 4.55	\$ 3.37	\$ 2.58
Realized prices (after the effect of hedging)						
Light and medium crude oil and NGL ⁽¹⁾	(\$/Bbl)	\$ 33.53	\$ 30.84	\$ 38.74	\$ 33.41	\$ 32.55
Heavy crude oil	(\$/Bbl)	\$ 21.26	\$ 11.46	\$ 26.98	\$ 24.14	\$ 23.20
Natural gas	(\$/Mcf)	\$ 5.16	\$ 7.38	\$ 4.56	\$ 3.37	\$ 2.58
Average lifting costs⁽²⁾	(\$/Boe)	\$ 5.64	\$ 6.05	\$ 5.77	\$ 5.22	\$ 4.80
Royalties						
Light and medium crude oil and NGL ⁽¹⁾	(\$/Bbl)	\$ 6.44	\$ 5.15	\$ 7.90	\$ 7.35	\$ 7.16
Heavy oil	(\$/Bbl)	\$ 2.40	\$ 1.72	\$ 3.56	\$ 2.25	\$ 2.06
Natural gas	(\$/Mcf)	\$ 0.99	\$ 1.40	\$ 0.92	\$ 0.56	\$ 0.51

Notes:

- (1) Light and medium crude oil includes crude oil which is 20° API gravity or higher, as well as NGL. Heavy crude oil includes crude oil which is lower than 20° API gravity.
- (2) Average lifting costs are based on gross Boe production and include costs incurred to operate and maintain wells and related equipment and facilities necessary for the production of the oil and natural gas reserves. The costs include various wellhead and mineral taxes. Lifting costs do not include depreciation and depletion of capitalized acquisition, exploration and development costs. General and administration expenses are not included in lifting costs except as allowed by industry practice or joint venture agreements. For this calculation, natural gas reserves and volumes are converted to a Boe basis using the ratio of 6 Mcf of natural gas to 1 Bbl of crude oil, and sulphur is not included.

Netbacks

The following table shows the Company's average netback for operations classified as light and medium crude oil operations, heavy crude oil operations and natural gas operations for the periods indicated. The classification is based on the oil/gas ratio.

		Three Months Ended				
		Total 2001	Dec. 31, 2001	Sept. 30, 2001	June 30, 2001	March 31, 2001
Light and medium crude oil	(\$/Boe)	\$ 15.08	\$ 7.43	\$ 18.03	\$ 17.01	\$ 18.09
Heavy crude oil	(\$/Boe)	\$ 7.13	\$ 3.29	\$ 14.04	\$ 6.08	\$ 4.87
Natural gas	(\$/Mcf)	\$ 3.51	\$ 1.74	\$ 1.99	\$ 4.28	\$ 6.05
		Three Months Ended				
		Total 2000	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000
Light and medium crude oil	(\$/Boe)	\$ 20.61	\$ 18.11	\$ 24.32	\$ 22.55	\$ 21.27
Heavy crude oil	(\$/Boe)	\$ 12.11	\$ 2.39	\$ 16.49	\$ 15.48	\$ 14.78
Natural gas	(\$/Mcf)	\$ 3.59	\$ 5.30	\$ 3.10	\$ 2.17	\$ 1.59

Note:

- (1) Netbacks reflect the results of operations for leases classified as oil or natural gas. Co-products have been converted to equivalent units of oil or natural gas depending on the lease classification.

Producing Wells

The following table presents the number of wells that were producing or capable of producing in which Husky held a working interest at December 31, 2001.

As at December 31, 2001	Oil Wells		Natural Gas		Total	
	Gross ⁽¹⁾⁽²⁾	Net ⁽¹⁾	Gross ⁽¹⁾⁽²⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
Western Canada Sedimentary Basin						
Alberta	5,660	3,936	3,887	1,802	9,547	5,738
Saskatchewan	4,312	3,078	410	228	4,722	3,306
British Columbia	114	19	25	11	139	30
	<u>10,086</u>	<u>7,033</u>	<u>4,308</u>	<u>2,041</u>	<u>14,408</u>	<u>9,074</u>
International						
Libya	<u>2</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>2</u>	<u>1</u>
	<u>10,088</u>	<u>7,034</u>	<u>4,308</u>	<u>2,041</u>	<u>14,410</u>	<u>9,075</u>

Notes:

- (1) The number of gross wells is the total number of wells in which Husky owns a working interest. The number of net wells is the sum of the fractional interests owned in the gross wells.
- (2) Includes 358 gross oil wells and 556 gross natural gas wells which are completed in two or more formations and from which the production is not commingled. For the purposes of this table multiple completions are counted as single wells.

Drilling Activity

Husky's gross and net exploratory and development drilling activities in Western Canada for the years ended December 31, 2001 and 2000 are set forth on page 93 of Husky's 2001 Annual Report and is incorporated herein by reference.

Reserves

The oil and gas reserves owned by Husky as of December 31, 2001 are based on constant price assumptions as prepared internally by Husky's engineers. Husky uses a formalized process for evaluating, approving and booking reserves. This process provides for all reservoir engineering to be done on a consistent basis using established definitions and guidelines. Approval of any significant reserve additions and changes required review by a panel of qualified internal technical experts.

The internally generated oil and gas reserves of the Company were audited by McDaniel and Associates Consultants Ltd. as of December 31, 2001. In the opinion of McDaniel and Associates Consultants Ltd. the overall proved crude oil and natural gas reserves estimates appear to be reasonable and have been presented in accordance with generally accepted petroleum engineering and evaluation principles. McDaniel and Associates Consultants Ltd. further opined that had they performed a standard detailed audit of the Husky properties the resultant estimates would be within 10 percent of the reserves as reported by Husky.

The following table presents Husky's proved producing, proved non-producing and probable reserves and associated future net cash flows. Future net revenues are presented net of royalties, operating costs and future development costs and prior to deductions for overhead, interest and income tax charges. It should not be assumed that the discounted value of estimated future net reserves is representative of the fair market value of the reserves. Estimated future net revenues are based in part on forecasts of market prices, exchange rates, inflation, market demand and government policy which are subject to many uncertainties and may in the future differ materially from the forecasts used in these calculations.

	Crude oil & NGL		Natural Gas		Future Net Cash Flows Before Tax ⁽³⁾⁽⁴⁾		
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾	Undiscounted	10%	15%
Proved producing ⁽²⁾	402	357	1264	1,072	\$ 5,117	\$ 3,089	\$ 2,651
Proved non-producing ⁽²⁾	<u>197</u>	<u>183</u>	<u>702</u>	<u>602</u>	<u>2,521</u>	<u>1,402</u>	<u>1,110</u>
Proved ⁽²⁾	599	540	1966	1,674	7,638	4,491	3,761
Probable ⁽²⁾	<u>431</u>	<u>488</u>	<u>425</u>	<u>345</u>	<u>5,103</u>	<u>1,958</u>	<u>1,273</u>
Total	<u>1,030</u>	<u>940</u>	<u>2,391</u>	<u>2,019</u>	\$ <u>12,741</u>	\$ <u>6,449</u>	\$ <u>5,034</u>

Notes:

- (1) Gross reserves are Husky's lessor royalty, overriding royalty and working interest share of reserves, before deduction of royalties. Net reserves are gross reserves, less royalties.
- (2) These reserve categories have the same meanings as those set out in National Policy Statement #2B.
- (3) The discounted future net cash flows at December 31, 2001 was based on Husky's average natural gas price of \$2.87/mcf and on crude oil prices computed with reference to an average West Texas Intermediate price of U.S. \$19.76/bbl.

Future Capital Costs	TOTAL	2002	2003
(\$ millions undiscounted)			
Proved developed	\$ 400	\$ 90	\$ 30
Proved undeveloped	<u>884</u>	<u>271</u>	<u>188</u>
	1,294	361	218
Probable	<u>2,293</u>	<u>548</u>	<u>595</u>
	\$ <u>3,587</u>	\$ <u>909</u>	\$ <u>813</u>

Future capital costs include estimated development capital expenditures necessary to gain access to proved reserves and probable reserves as well as estimated capital expenditures necessary to maintain production of proved reserves.

Reserve Reconciliation

A reconciliation of the gross and net reserves of Husky are set forth on pages 82 and 85 of Husky's 2001 Annual Report and is incorporated herein by reference.

Reserves and Production by Principal Area

Husky's estimate of its proved reserves by area as of December 31, 2001 and production of crude oil, NGL and natural gas by area are as follows:

	Light/Medium Crude Oil and NGL Proved Reserves (Mmbls)	Production (Mbbbls/day)
British Columbia and Foothills		
Alberta and BC Plains	35.6	8.3
Foothills Deep Gas	28.8	7.7
Ram River Area	3.2	0.5
Northwest Alberta Plains		
Rainbow Lake	90.6	9.1
Northern Alberta	9.1	3.5
East Central Alberta		
Provost	46.6	27.4
North Area	6.2	0.9
South Area	6.0	3.4
Southern Alberta and Saskatchewan		
South Alberta	41.4	22.1
South Saskatchewan	87.0	24.2
Lloydminster Area		
Wainwright/Wildmere	18.1	4.3
Other	<u>0.1</u>	<u>0.3</u>
Western Canada	<u>372.6</u>	<u>111.7</u>
East Coast Canada	<u>17.3</u>	
Canada	<u>389.9</u>	<u>111.7</u>
International		
China	33.4	
Indonesia	6.4	
Libya	<u>0.6</u>	<u>0.3</u>
	<u>430.3</u>	<u>112.0</u>
	Lloydminster Heavy Crude Oil	
Lloydminster area		
Primary production	104.3	55.7
Thermal Production	<u>64.7</u>	<u>9.7</u>
	<u>169.0</u>	<u>65.4</u>
	<u>599.3</u>	<u>177.4</u>

	Natural Gas	
	Proved Reserves (Bcf)	Production (Mmcf/day)
British Columbia and Foothills		
Alberta and BC Plains	82.2	32.7
Foothills Deep Gas	236.8	89.7
Ram River Area	287.5	64.8
Northwest Alberta Plains		
Rainbow Lake	248.6	8.5
Northern Alberta	393.3	137.9
East Central Alberta		
Provost	40.7	15.8
North Area	155.3	67.4
South Area	151.0	64.4
Southern Alberta and Saskatchewan		
South Alberta	48.8	22.2
South Saskatchewan	69.6	16.8
Lloydminster Area	85.3	43.0
Other	23.9	9.4
Western Canada	<u>1,823.0</u>	<u>572.6</u>
International		
Indonesia	<u>142.9</u>	
	<u>1,965.9</u>	<u>572.6</u>

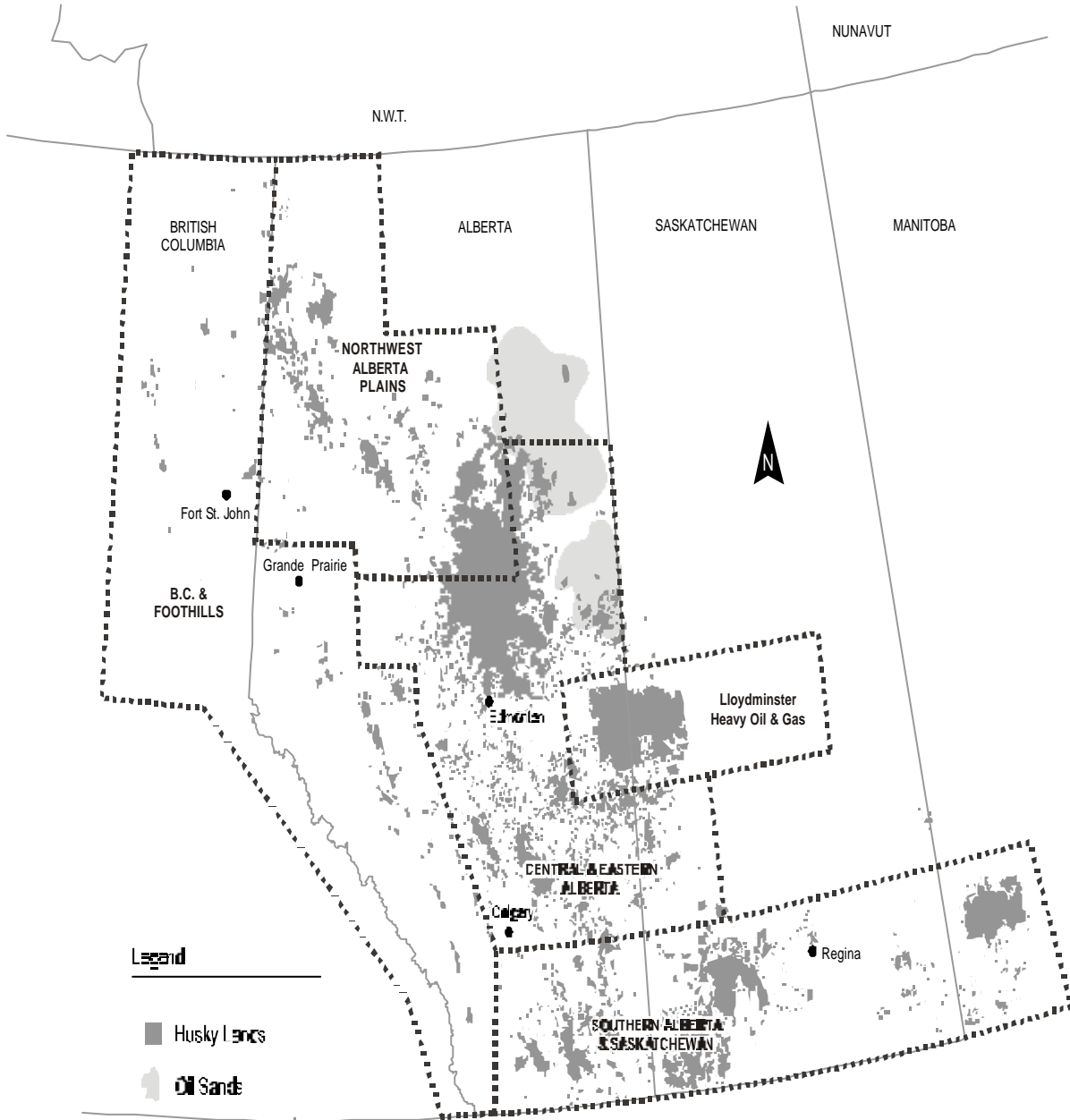
Landholdings

Husky's undeveloped acreage as at December 31, 2001 is set forth on page 41 of Husky's 2001 Annual Report and is incorporated herein by reference. Husky's developed acreage as at December 31, 2001 is summarized below:

	Developed Acreage	
	Gross	Net
<i>(thousands of acres)</i>		
Alberta	3,015	2,405
Saskatchewan	545	444
British Columbia	88	54
Manitoba	2	2
Western Canada	<u>3,650</u>	<u>2,905</u>
Northwest Territories & Nunavut	3	1
Eastern Canada	57	9
Canada	<u>3,710</u>	<u>2,915</u>
Libya	7	2
	<u>3,717</u>	<u>2,917</u>

Description of Major Properties and Facilities

Husky Business Units in Western Canada



Husky's portfolio of producing assets in western Canada include properties that produce light, medium and heavy gravity crude oil, NGL, natural gas and sulphur. Husky's upstream strategy in western Canada in recent years has been to further delineate and exploit its core producing areas and to increase its working interest share in such areas through selective asset acquisitions and trades. Husky believes that it

can benefit from both operating efficiencies and increased control over the development strategy and the pace of capital investment in these areas.

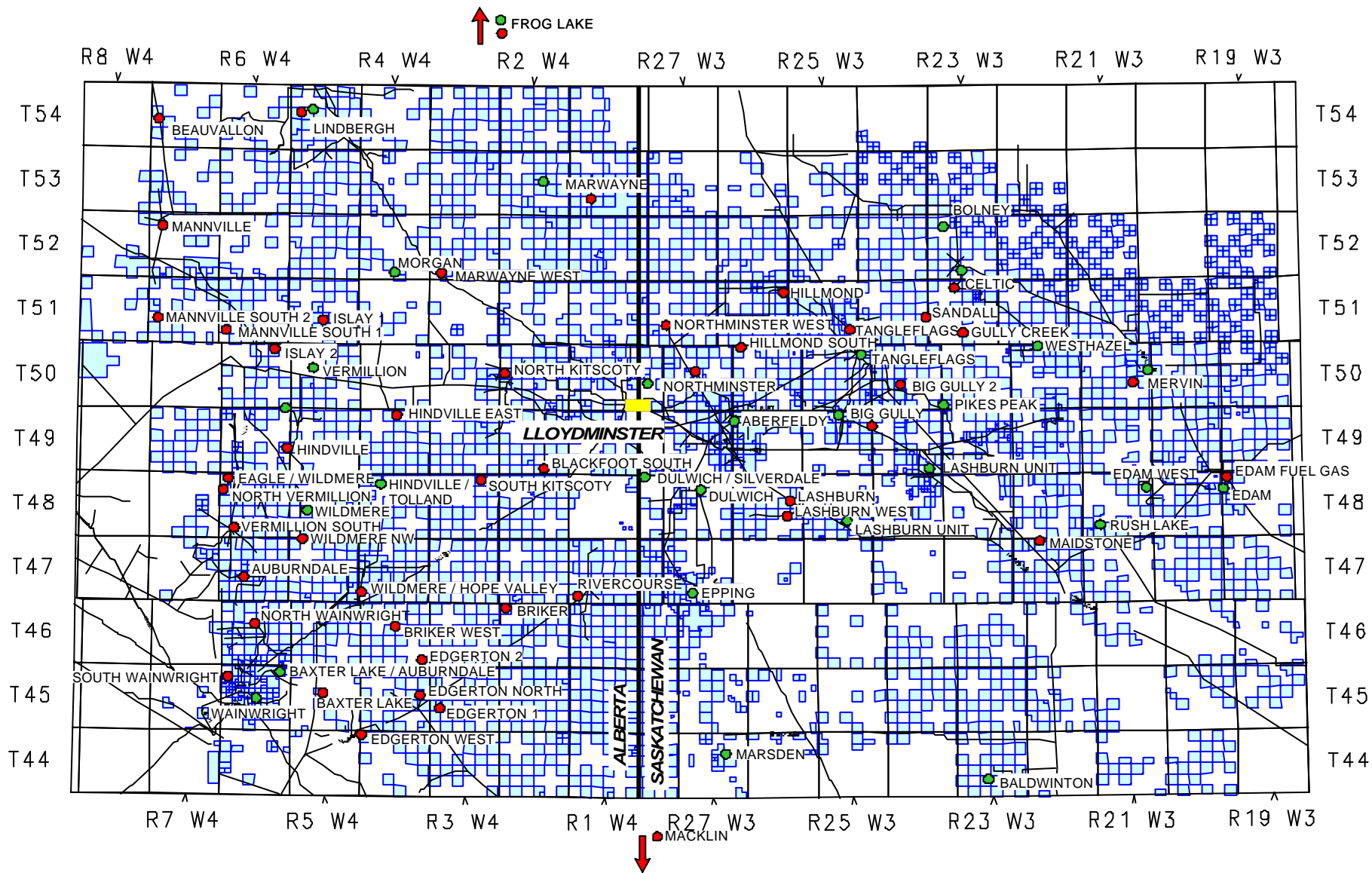
Husky assembled a cost management team in order to continue improving operating cost reduction and production optimization efforts. A group of experienced engineering and operating staff work with the business unit and field teams to identify and quantify opportunities to reduce costs, improve reliability and efficiency of core assets. Once this multi-discipline team has evaluated and prioritized opportunities, projects are returned to the business unit for approval and execution. As the cost management team reviews more assets, they will be able to pass on best practices to other operating areas.

Lloydminster Heavy Oil and Gas

Husky's heavy oil assets are concentrated in a large producing area covering more than 5,700 square miles in the Lloydminster area in the provinces of Saskatchewan and Alberta. Approximately 80% of Husky's proved reserves in the region are contained in the heavy crude oil producing fields of Pikes Peak, Edam, Tangleflags, Celtic, Bolney, Westhazel, Big Gully, Hillmond, Mervin, Marwayne, Lashburn and Rush Lake, and in the medium gravity crude oil producing fields of Wildmere and Wainwright. These fields contain extensive accumulations of heavy crude oil at relatively shallow depths. Husky maintains an extensive land position of approximately 1.5 million net acres in the Lloydminster area approximately two-thirds of which is undeveloped. Husky currently produces from oil and gas wells ranging in depth from 1,500 to 2,300 feet. Husky holds a 100% working interest in the majority of these wells and is a principal operator in the area.

Husky's infrastructure in the Lloydminster area is extensive. Husky owns and operates 16 oil treating facilities, all of which are tied into Husky's heavy oil pipeline systems. These pipeline systems transport heavy crude oil from the field locations to Husky's Lloydminster asphalt refinery, to the Husky Lloydminster Upgrader and to the Enbridge Pipeline system and Express Pipeline system at Hardisty, Alberta.

Lloydminster Area



Husky produces heavy oil from this area using a variety of techniques, including standard primary production methods, as well as steam injection and horizontal well technology. Husky has increased primary production from the area through cold production techniques which utilize progressive cavity pumps capable of simultaneous production of sand and heavy oil from unconsolidated formations. Husky's gross heavy and medium crude oil production from the area totalled 69.6 Mbbls/day in 2001. Approximately 55.7 Mbbls/day of that total comprised primary production of heavy crude oil, approximately 9.7 Mbbls/day included production from Husky's Pikes Peak and Bolney/Celtic steam project and approximately 4.2 Mbbls/day originated from the medium gravity waterflooded fields in the Wainwright and Wildmere areas. Husky believes that the future growth from this region will be driven by primary heavy oil production and new thermal projects.

Husky is focused on increasing its heavy oil production and believes that its extensive undeveloped land position in the area, coupled with the application of improved technologies, a reduced cost structure and increased upgrading capacity, will provide strong growth opportunities for heavy oil production.

Husky also produces natural gas from shallow natural gas pools in the Lloydminster area which are generally small (approximately 1 to 2 Bcf of proved reserves), but pervasive. Husky's total gross natural gas production from the area was 43.1 Mmcf/day during 2001.

Northwest Alberta Plains

Rainbow Lake Area

Rainbow Lake, located approximately 560 miles north-west of Edmonton, Alberta, is the site of Husky's largest light oil production operation. Husky operates a number of crude oil pools in the Rainbow basin, most of which are 50% owned by Husky. Husky's production in this area is derived from more than 50 oil and gas pools spread over a 500 square mile area.

Husky uses secondary and tertiary oil recovery methods extensively in this area. Husky has developed considerable expertise in these methods, which include injecting water, natural gas and NGL into the oil reservoirs to enhance crude oil recovery. The use of tertiary recovery programs has increased the estimated amount of recoverable crude oil-in-place from 50% to 70% of the original crude oil-in-place in certain pools. As a consequence of implementing these natural gas and NGL re-injection programs, only small volumes of gas and NGL have been marketed from the Rainbow Lake area to date. Husky anticipates that the future recovery of natural gas and NGL will generate significant revenues once crude oil production from the pools is complete. Husky uses horizontal drilling techniques, including the re-entry of existing wellbores, to maintain crude oil production and to increase recovery rates. Husky is continuing exploration efforts to supplement its development initiatives in the area. A 100 Mmcf/day high pressure inlet plant expansion was commissioned in the fourth quarter of 2001. Husky's gross production from this area averaged 9.1 Mbbls/day of light crude oil and NGL and 8.5 Mmcf/day of natural gas during 2001.

Husky holds a 50% interest in, and operates, the Rainbow Lake processing plant, one of the largest plants of its kind in Alberta. The processing design rate capacity of the plant is 69 Mbbls/day of crude oil and water and 230 Mmcf/day of raw gas. The extraction design capacity is 17 Mbbls/day of NGL. The plant currently is operating at near capacity levels.

Peace River Arch Area

The Peace River Arch area of northern Alberta, which includes the Red Earth, Seal, Utikuma, Lubicon and other properties, is a major light oil producing area located approximately 230 miles north-west of

Edmonton. Husky operates and holds an average 80% working interest in several properties in this area. Over the last three years, Husky has held the decline rate in its properties in this area to below 5% per year through acquisitions, step out drilling and waterflood optimization. Husky plans to increase its exploration for both crude oil and natural gas targets in this area.

Boyer Area

The Boyer area of Alberta is approximately 372 miles northwest of Edmonton, Alberta. Husky is the operator and 100% owner of a large land block containing approximately 450,000 acres. The block holds a shallow, Bluesky gas reservoir that is characterized as low deliverability and low decline that is being developed with a drilling density of two wells per section. Husky intends to continue to develop this area by drilling any undeveloped sections and infill drilling. Gross natural gas sales from the area in 2001 averaged 30 Mmcf/day.

Sloat Creek Area

The Sloat Creek or Chinchaga area of Alberta is located close to the British Columbia border approximately 354 miles northwest of Edmonton, Alberta. Husky is the operator and holds an approximate 95% working interest in 230,000 acres of gas prone land. The area is characterized by 3,400 foot deep Bluesky, DeBolt, Elkton and Shunda Zones and 6,000 foot deep Slave Point zones. Husky intends to continue to develop this area with infill, stepout and exploratory drilling so that existing pools can be optimized and new pools can be put on production.

Husky owns a 30 Mmcf/d high pressure booster compression plant that feeds a third party operated sour gas plant and is 50% owner in a 12 Mmcf/day low pressure booster that feeds a 40% owned sweet gas processing facility operated by a third party. Gross natural gas sales from the area in 2001 averaged 20 Mmcf/day.

Marten Hills Area

The Marten Hills Area of Alberta is located 132 miles northwest of Edmonton, Alberta. Husky is the operator and 100% owner of 578,000 acres of gas prone land. The area is characterized by 2000 foot deep Clearwater, Colony, McMurray and Wabiskaw zones. Husky intends to continue to develop this area with infill, stepout and exploratory drilling so that existing pools can be optimized and new pools can be put on production.

Husky owns a 100% interest in a series of 9 sales compressor stations, a 95% interest in a compressor station at Rock Island, a 37.5% interest in a third party operated facility at Peerless and a 3% interest in the third party operated Marten Hills unit. Husky also processes its 100% working non-unit gas through the Marten Hills unit facility. Gross natural gas sales from the area averaged 35 Mmcf/day in 2001.

Cherpeta Area

The Cherpeta Area of Alberta is located 144 miles north of Edmonton, Alberta. Husky is the operator and holds 100% working interest in 580,000 acres of gas prone land. The area is characterized by 2000 foot deep Nisku, Clearwater, Colony, McMurray and Wabiskaw zones. Husky intends to continue to develop this area with infill, stepout and exploratory drilling so that existing pools can be optimized and new pools can be put on production.

Husky owns on average from 60-95% working interest in the Cherpeta trend and 49% of Saleski and operates a series of sales compressor stations, gas plants and sales pipeline. Gross natural gas sales in 2001 averaged 33 Mmcf/day.

Simons Lake Area

The Simons Lake area of Alberta is located 240 miles northwest of Edmonton, Alberta. Husky is the operator and holds 100% working interest in 275,000 acres of gas prone land. The area is characterized by 2,000 foot deep Bluesky, DeBolt, Elkton and Shunda zones. Husky intends to continue to develop this area with infill, stepout and exploratory drilling so that existing pools can be optimized and new pools can be put on production.

Husky holds 100% working interest in a 10 Mmcf/day sour gas processing facility and 34% working interest in a high pressure booster station operated by a third party that feeds a separate third party owned sour gas processing facility. Gross natural gas sales in 2001 averaged 10 Mmcf/day.

British Columbia and Foothills

This business unit includes Northeastern British Columbia and the foothills of Western Alberta.

Ram River Area

The Ram River area is located in west central Alberta and includes the large Blackstone, Ricinus and Clearwater/Limestone natural gas fields.

The Blackstone field is the most prolific of these fields and contains three high deliverability natural gas wells, capable of combined raw gas production of 115 Mmcf/day. Husky holds a 34% interest in this field and acts as the contract operator of the Blackstone wells. Production from these wells is processed at the Husky operated Ram River gas plant.

Husky holds an average 72% interest in, and is the operator of, the Ram River sour gas plant and related processing facilities. The Ram River plant is one of the largest of its kind in North America with the capacity to process 622 Mmcf/day of sour gas, resulting in sales gas capacity of 525 Mmcf/day. The plant also has the capacity to produce in excess of 2.8 Mlt/day of sulphur from raw gas. During 2001, the plant operated at approximately 86% of its design rate capacity. The Ram River plant processes in excess of 14% of Husky's total gross proprietary natural gas production volume, which includes an average of 49.7 Mmcf/day of Husky gross sales gas from the Blackstone, Brown Creek and Stolberg fields and an average of 28.2 Mmcf/day of Husky production from Ricinus and Clearwater/Limestone and Benjamin fields, in addition to processing third-party volumes.

Husky's sour gas pipeline network supports the Ram River plant. Husky operates a network of 525 miles of sour gas pipelines in the Ram River area and holds a 30% interest in 425 miles of this pipeline system. Approximately 75 miles of new gathering/transportation lines were added to the system in 2001 primarily at Chungo and Benjamin Creek. The sour gas processed at the Ram River plant is produced from 18 sour gas fields located as far as 90 miles from the Ram River plant.

Husky believes that the Ram River plant and the extensive infrastructure of pipelines, transmission stations and rail lines which support the plant represent a strategic base for the natural gas exploration and development planned by Husky in this part of the foothills region. In addition, this region is an active exploration and production area for other producers and provides additional opportunities for generating revenue by processing third party natural gas.

Boundary Lake

Husky holds a 50% working interest in the Boundary Lake Gas Unit and 19% to 34% interest in the Boundary Lake oil unit in north-east British Columbia. Husky's natural gas production from this area is derived from five Belloy sour gas pools and is processed at the nearby Boundary Lake processing plant. Husky's total gross natural gas production from this area was 25 Mmcf/day during 2001. Husky's gross crude oil and NGL production from the Boundary Lake units was 1,840 Bbls/day during 2001.

Valhalla and Wapiti

Husky holds a 30% interest in Valhalla units, a 100% interest in 300 Valhalla non-unit waterflood wells and a 100% interest in Wapiti. Production is primarily from the Doe Creek and Cardium zones and consists of light crude oil, natural gas liquids and natural gas. Husky's gross production from these properties in 2001 averaged 6.3 Mbbls/day of crude oil and natural gas liquids and 8.7 Mmcf/day of natural gas.

Caroline

Husky holds an 11% working interest in the 32,000 acre Caroline natural gas field located approximately 60 miles north-west of Calgary. The field has a high proportion of NGL and as a result the economics of this field are enhanced significantly.

Husky also holds an 11% interest in the Caroline gas processing facility. The plant is presently running at a license limit of 118% of design capacity and is processing approximately 129 Mmcf/day of gross sales gas. The plant and liquid acceleration gas recycle plant were at 97% capacity in 2001 which resulted in liquid sales of 5.2 Mbbls/day and natural gas sales of 13.3 Mmcf/day, net to Husky.

Sikanni Area

Husky holds a 100% working interest in 32,000 acres in the Sikanni and Federal area of north-east British Columbia which produced 32.8 Mmcf/day of sales gas from four wells in 2001. The production flows through Husky owned gathering systems for processing at third party plants at the Sikanni and McMahon gas plants.

East Central Alberta

North Asset Group

The north area of the East Central business unit is located north of Edmonton up to Township 70 in the north and from the Alberta border in the east to the foothills in the west. The area target is predominantly shallow gas, ranging from 1,500 to 3,000 feet, in the multi-zone Paleozoic Mannville. Husky has extensive land holdings in the area with 570,000 net acres of developed land and 850,000 net acres of undeveloped land. Natural gas production in 2001 averaged 69 Mmcf/day. The main producing areas are Athabasca, Craigend and Cold Lake. Husky operates 31 facilities with an extensive pipeline system at an average working interest of 90% in the producing wells. Husky intends to continue to develop this area with infill, stepout and exploratory wells to optimize recovery and develop new pools in order to keep facilities loaded and thereby control operating costs.

South West Asset Group

The south west area of the East Central Alberta business unit falls between township 23-50 and range 1W4-5W5 with the core of the area between Calgary, Drumheller and Sylvan Lake. Husky has a net developed land holding of 315,000 acres and an undeveloped net land holding of 362,000 acres. Husky operates 18 facilities with extensive gas gathering systems in this area. In 2001 gross gas production was 65 Mmcf/day, gross oil production averaged 2.2 Mbbls/day and gross NGL production averaged 1.1 Mbbls/day. Husky intends to continue to develop this area with infill, stepout and exploratory wells to optimize gas recovery and develop new pools in order to fully load facilities and thereby control operating costs.

Provost Asset Group

The centre of the Provost area of the East Central Alberta business unit is approximately 150 miles south east of Edmonton. It is predominantly a medium crude oil area with production of approximately 28 Mbbls/day and 15 Mmcf/day of natural gas in 2001. Husky intends to selectively drill lower risk locations while focusing on controlling operating costs and improved oil recovery. There is significant competition in the area for land as well as infrastructure with Husky having a dominant position and maintaining close to 100% working interest in most of its facilities.

Southern Alberta and Saskatchewan

Southern Saskatchewan

Husky has a prominent position in southwestern Saskatchewan and is primarily a producer of medium gravity oil, with some natural gas and light oil production. During 2001, gross production from southwest Saskatchewan averaged 22.7 Mbbls of medium oil per day and total natural gas production of 17.7 Mmcf/day. Properties in Southeast Saskatchewan produced 1.8 Mbbls of light oil per day in 2001.

Husky operates 45 oil batteries and 3 gas facilities in the Southern Saskatchewan business unit. The oil pools in this area are exploited using pressure maintenance and waterflood recovery operations. Husky holds an extensive land position of 1.65 million acres and has an ongoing oil and shallow gas exploration program that complements the current development.

Southern Alberta

Taber, Brooks and Jenner/Suffield are Husky's three core areas in southern Alberta. Husky operates 29 oil facilities and 3 natural gas facilities that have an average working interest of 93%. Oil production is mainly medium gravity crude with the majority of reserves being supported by waterfloods or active aquifers. Natural gas production is from a mixture of deep and shallow formations. At Taber, Husky is implementing an alkaline-polymer-surfactant flood to increase recovery from the Cretaceous Mannville reservoir. During 2001, gross production from this area averaged 22.1 Mbbls/day of medium oil and 22.2 Mmcf/day of natural gas.

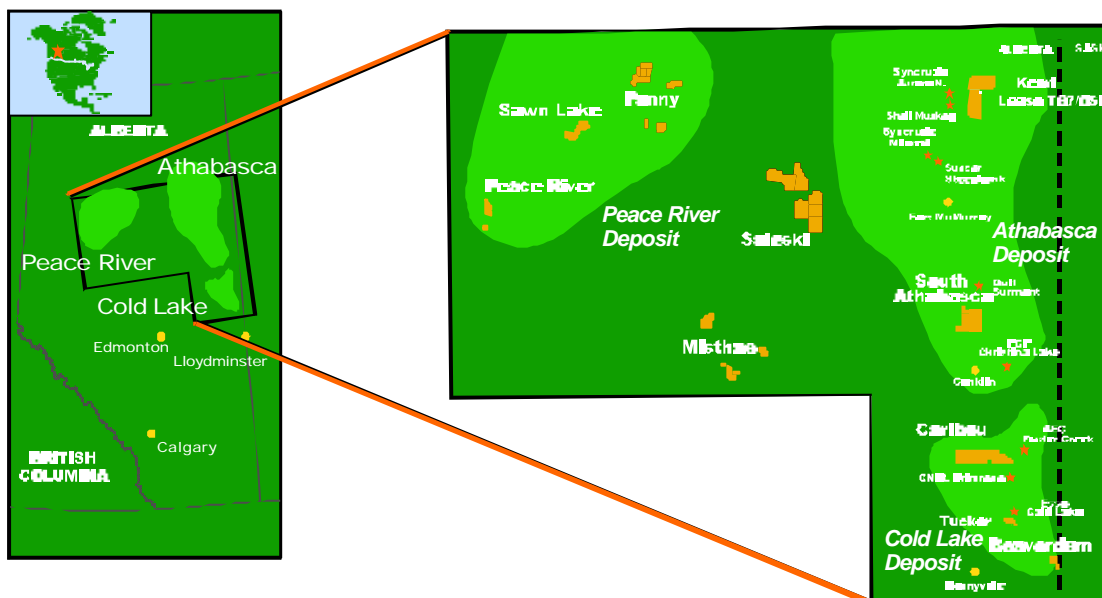
Athabasca, Cold Lake and Peace River

As a result of a property trade on March 1, 2000 Husky increased its landholdings in the bitumen (8° to 12° API gravity) prone areas in northeast Alberta. Husky currently holds an interest in 82,000 net acres in the Cold Lake, Caribou Lake and Fort McMurray areas in northern Alberta plus the exclusive rights to an additional 58,000 acres.

Husky is currently conducting production feasibility studies in the Cold Lake and Athabasca areas. Recent improvements in fiscal regimes for these types of projects, together with advances in technology which have reduced costs, both for surface mining and in situ projects, have significantly enhanced the commercial viability of projects in those areas.

In the oil sands, Husky and Imperial Oil Resources have recently completed an asset exchange of the Kearl properties, which covers an area of 68,626 acres in Northeast Alberta, located 47 miles northeast of Fort McMurray. Under the terms of the asset exchange, Husky will increase its working interest in the in-situ project area from approximately 51 percent to 80 percent and become operator. In exchange Husky will reduce its working interest from approximately 51 percent to 25 percent in the mining area. Imperial will retain 75 percent and operatorship. The consolidation of interests and operatorship will improve the efficiency of the exploitation of this bitumen resource.

Husky currently holds an interest in 331,064 net acres in the Cold Lake and Athabasca regions in north-eastern Alberta plus the exclusive rights to an additional 65,280 acres offsetting Husky's Caribou Lake interests. In addition, Husky holds an interest in 79,680 net acres in the Peace River region of northern Alberta.



<u>General Location Name</u>	<u>Oil Sand Area</u>	<u>Gross Acres</u>	<u>Net Acres</u>	<u>Husky</u>	<u>Husky Operator</u>
				<u>Working Interest</u>	
South Athabasca- Orr	AA	35,705	-	-	No
South Athabasca	AA	33,058	16,529	50.0%	Yes
Kearl – Insitu	AA	34,799	27,839	80.0%	Yes
Kearl – Mining	AA	33,827	8,457	25.0%	No
Kearl - Misc.	AA	640	640	100.0%	Yes
Misthae	AA	28,160	28,160	100.0%	Yes
Pelican Lake Orr	AA	111,360	-	-	No
Saleski	AA	154,880	154,880	100.0%	Yes
Beaverdam	CL	11,520	11,520	100.0%	Yes
Caribou	CL	35,840	35,840	100.0%	Yes
Lobstick	CL	37,120	37,120	100.0%	Yes
Tucker	CL	10,080	10,080	100.0%	Yes
Panny	PR	47,360	47,360	100.0%	Yes
Peace River	PR	11,840	11,840	100.0%	Yes
Sawn Lake	PR	20,480	20,480	100.0%	Yes
		<u>606,669</u>	<u>410,744</u>		

LEGEND - Oil Sand Area

	<u>Husky Total Gross Acres</u>	<u>Husky Total Net Acres</u>
AA - Athabasca Deposit Area	432,429	236,504
CL - Cold Lake Deposit Area	94,560	94,560
PR - Peace River Deposit Area	79,680	79,680
	<u>606,669</u>	<u>410,744</u>

Offshore East Coast

Husky's current offshore east coast exploration and development program is focused primarily in the Jeanne d'Arc basin on the Grand Banks offshore the coast of Newfoundland which contains the Hibernia, Terra Nova and White Rose oil fields. Husky has significant ownership interests in the Terra Nova and White Rose fields as well as in a number of smaller fields in the central part of the basin. Husky presently holds approximately 39% net working interest in the Significant Discovery License ("SDL") areas in the Jeanne d'Arc basin and a net 42% working interest in the Exploration Licenses. Husky believes that its geotechnical expertise, drilling experience and extensive database with respect to the offshore east coast provide a strong foundation for future development. Husky also believes that there is further exploration potential in the area, and that its position offshore the east coast of Canada will provide growth opportunities for light crude oil production in the medium to long-term.

In 1998, Husky acquired additional interests in a number of properties off the east coast of Canada for a combined purchase price of \$71 million. A total of 12 significant discovery areas which overlaid Husky's previously held interests and 55,000 net acres were included in the acquisition.

During 1999, Husky acquired additional interests in several east coast properties including White Rose for a combined purchase price of approximately \$31 million.

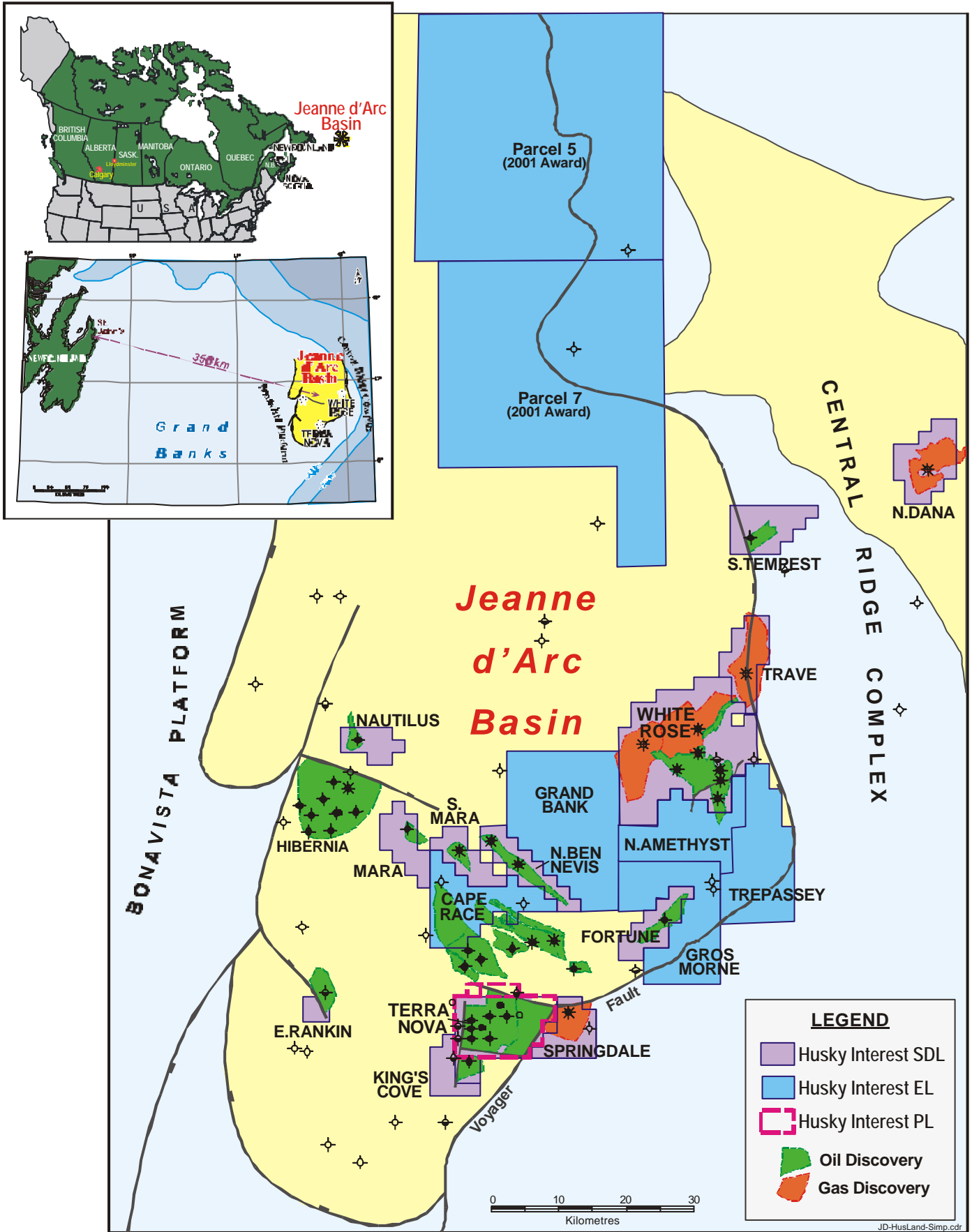
Effective January 1, 2000, Husky exchanged interests in Terra Nova and White Rose for producing properties in Alberta. Husky retains 12.51% of Terra Nova, Graben and East Flank areas and 72.5% of White Rose.

In December 2000, Husky expanded its acreage position offshore Newfoundland with the acquisition of a 100% working interest in the Grand Bank (131 square miles) and Gros Morne (77 square miles) Exploration Licenses south and west of the White Rose block. The Grand Bank and Gros Morne Exploration Licenses form a large contiguous exploration area with the Trepassy (100% working interest) and North Amethyst (70% working interest) blocks and the White Rose Significant Discovery Area.

In December 2000, Husky also acquired two Exploration Licenses comprising 1,087,000 acres in the South Whale Basin, a new exploration area on the southern Grand Banks. The regional setting of the South Whale Basin is similar to that of the proven hydrocarbon-bearing Jeanne d'Arc and Sable basins.

In November 2001, Husky was the successful bidder for two Exploration Licenses covering a total of 635,000 acres in the North Jeanne d'Arc basin.

Grand Banks - Jeanne d'Arc Basin



Terra Nova

The Terra Nova field is the second largest discovery on the Grand Banks, after the Hibernia field, and is operated by Petro Canada. The field is located approximately 215 miles east south-east of St. John's, Newfoundland, 22 miles south-east of the Hibernia oil field, in 300 to 330 feet of water. The Terra Nova field is divided into three distinct areas, known as the Graben, the East Flank and the Far East areas.

As at December 31, 2001, there were three delineation wells and three development wells drilled in the Graben area in addition to three delineation and five development East Flank areas. Drilling operations will continue with a 24 well depletion plan for the Graben and on the East Flank were in progress as of December 31, 2000. Husky estimates there are 1.1 billion barrels of crude oil in place. A recent Terra Nova delineation well in the Far East block encountered 271 feet of net pay confirming the reserve sands extend to this area and may provide additional reserves. A second delineation well will be drilled in the Far East block during the fourth quarter of 2002. During 2001, Husky booked 17.3 million barrels of crude oil to the proved category. These reserves are estimated to be capable of being produced using primary production techniques.

Husky's initial pooled interest in the Terra Nova field was 17.5%, subsequently reduced to 12.51% by a property exchange transaction in early 2000. This interest, however, is subject to change, pending redetermination once the field has been further delineated. A development plan for the Terra Nova field has been approved by the relevant regulatory authority. Field development was approved by co-venturers in February 1998, and production commenced in January 2002 with an initial production rate of 110 Mbbls/day of oil. Peak production is expected to achieve 128 Mbbls/day of oil (16 Mbbls/day of oil net to Husky on an annualized basis).

White Rose

The White Rose field, which is operated by Husky, is located 220 miles off the coast of Newfoundland, approximately 30 miles east of the Hibernia field on the eastern portion of the Jeanne d'Arc basin. At December 31, 1999 Husky's estimated pooled interest in the White Rose field was 82.5%, subsequently reduced to 72.5% in early 2000 as a result of a property exchange transaction. In 1987, a test well confirmed an oil bearing zone in this area which was 325 feet thick and flowed light crude oil at a rate of 5 Mbbls/day. During 1999 the drilling of 3 delineation wells, the N-30, A17 and L-08 wells confirmed three separate hydrocarbon accumulations, which are referred to as South Avalon pool, North Avalon pool and the West Avalon pool. During May and June 2000 Husky completed the drilling of the H-20 delineation well which was drilled to determine the northern extent of the South Avalon pool.

During 2001 Husky awarded the front end engineering design contracts for a floating production storage and offloading system, the subsea production system and the gloryhole, a deep excavation in the sea bed to protect well heads. A contract was later entered into for the design and construction of the glory hole long lead excavation equipment. Lump sum bids were received for the floating production storage offloading system subcontracts (comprising of hull, topsides and turret).

Husky filed a development application with Canada Newfoundland Offshore Petroleum Board in January 2001. Following formal public review hearings the Project received the requisite regulatory approvals in December 2001 from the Canada-Newfoundland Offshore Petroleum Board, Provincial Government and Federal Government. In March 2002, Husky and its co-venturer announced that they had decided to proceed with the development of the White Rose oil field. Current plans provide for a total of 19 to 21 wells to be drilled to recover between 200 and 250 million barrels of oil over a 10 to 15 year period. Peak production is expected to be approximately 92,000 barrels of oil per day sustained for about four years.

Excavation of the subsea gloryholes is scheduled to begin in the field in the third quarter of 2002 and development drilling is expected to commence in the first half of 2003.

International

Madura, Indonesia

Husky is party to a production sharing contract, which provides for various cost and production sharing arrangements, relating to a 690,400 acre block in the Madura Strait offshore Java, Indonesia. Ten exploration and appraisal wells have been drilled in the block, resulting in discoveries of two natural gas fields. In 1995, the Indonesian state oil company granted commercial status and approved a plan of development for one of these fields in order to supply natural gas to a proposed independent power plant near Pasuruan, East Java. Husky and its joint venture partner signed a gas supply agreement for the development in September 1997. However, the construction of the power plant and development of the natural gas field has been postponed pending resolution of energy market and finance issues arising from the current economic conditions in Indonesia.

Wenchang, China

On October 13, 2000, Husky Oil China Ltd., a wholly-owned subsidiary of Husky, signed a petroleum contract with the CNOOC to develop two oil fields in the South China Sea. Located in the western Pearl River Mouth Basin, approximately 186 miles south of Hong Kong and 84 miles east of Hainan Island. At December 31, 2000, Husky had recorded gross proved undeveloped reserves of 32 million barrels of crude oil.

Husky holds a 40% interest in the fields, which are expected to achieve peak production of 50,000 barrels of oil per day (20,000 barrels of oil per day net to Husky) following start-up. The project is 90% completed and first oil is planned for the first half of 2002. The Wenchang fields will be produced from fixed platforms in water 100 metres deep, into a floating production storage and offloading vessel stationed between the fields. Development drilling and fabrication of the production facilities are complete, with offshore installation and commissions underway. Husky has allocated \$41.2 million to the Wenchang project in its 2002 capital budget.

Husky also executed a Production Sharing Contract with CNOOC for the 2,200 square mile 39-05 Exploration Block surrounding the Wenchang 13-1/2 fields.

Shatirah, Libya

Husky has a minor crude oil production interest in the Shatirah field, onshore Libya.

Distribution of Oil and Gas Production

Crude Oil and NGL

Husky delivers approximately one-half of its heavy crude oil production to the Husky Lloydminster Upgrader or to Husky's asphalt refinery at Lloydminster. Husky also markets its heavy crude oil production directly to refiners located in the midwestern and Rocky Mountain regions of the United States. Husky markets its light and synthetic crude oil production to third party refiners in both Canada

and the United States. Natural gas liquids are sold to local petrochemical end users and refiners in North America.

Husky markets or trades a significant amount of third party volumes of light crude oil, heavy crude oil and NGL in addition to its own production

Natural Gas

The following table shows the distribution of Husky's gross average daily natural gas production for the years indicated:

	Years ended December 31,		
	2001	2000	1999
	(Mmcf/day)		
Sales to end users			
United States	413	240	139
Canada	106	81	59
	<u>519</u>	<u>321</u>	<u>198</u>
Sales to aggregators	40	25	21
Internal use ⁽¹⁾	14	12	14
	<u>573</u>	<u>358</u>	<u>233</u>

Note:

(1) Husky consumes natural gas for fuel at several of its facilities.

Husky also markets or trades a significant volume of third party natural gas production in addition to its own production.

Midstream Operations

Overview

The midstream operations of Husky includes upgrading of heavy crude oil feedstock into synthetic crude oil (Upgrading); pipeline transportation and processing of heavy crude oil, storage of crude oil, diluent and natural gas, extraction of NGL from natural gas and cogeneration of electrical and thermal energy (Infrastructure) and the purchase and marketing or trading of Husky's and other producers' crude oil, natural gas, natural gas liquids, sulphur, petroleum coke and electrical power (Marketing).

Upgrading Operations

Husky owns and operates the Husky Lloydminster Upgrader, which is a heavy oil upgrading facility located in Lloydminster, Saskatchewan. Husky owned 50% of the facility until January 30, 1998 at which time Husky purchased the remaining interest and related working capital for \$310 million.

The Husky Lloydminster Upgrader is designed to process blended heavy crude oil feedstock into high quality, low sulphur, synthetic crude oil. Synthetic crude oil is used as feedstock for the refining of premium transportation fuels in Canada and the United States. In addition, the Husky Lloydminster Upgrader recovers the diluent, which facilitates pipeline transportation of heavy crude oil, from the blended heavy oil feedstock.

The Husky Lloydminster Upgrader has created a new market for heavy crude oil in Western Canada which Husky believes has facilitated, and will continue to stimulate, heavy oil production in the area. The Husky Lloydminster Upgrader was commissioned in 1992 with an original design capacity of 46 Mbbls/day of synthetic crude oil. Actual production has ranged considerably higher than the design rate capacity as a result of throughput modifications and improved reliability. Average 2001 sales volume was approximately 59.5 Mbbls/day of synthetic crude oil and 12.2 Mbbls/day of diluent. In addition to synthetic crude oil and diluent, the Husky Lloydminster Upgrader also produced, as by-products of its upgrading operations, approximately 312 Lt/day of sulphur and 994 Lt/day of petroleum coke during 2001. These products are sold in local and international markets. The profitability of Husky's upgrading operations is primarily dependent upon the differential between the price of synthetic crude oil and the price of heavy crude oil.

Infrastructure and Marketing

Heavy Oil Pipeline Systems and Processing Facilities

Husky has been involved in the gathering, transporting and storage of heavy crude oil in the Lloydminster area since the early 1960s. Husky's crude oil pipeline systems include approximately 1,900 kilometres of pipeline and are capable of transporting in excess of 528 Mbbls per day of blended heavy crude oil, diluent and synthetic crude oil. The pipeline systems transport blended heavy crude oil to Lloydminster, accessing markets through the Husky Lloydminster Upgrader and at Husky's asphalt refinery in Lloydminster. Blended heavy crude oil, as well as synthetic crude oil from the upgrading operations, also are moved south to Hardisty, Alberta to a connection to the Enbridge Pipeline system and the Express Pipeline system. The crude oil is transported to eastern and southern markets on these pipelines. The Husky Pipeline system also has feeder pipeline interconnections with the AEC Cold Lake Pipeline, the Enbridge Athabasca Pipeline and the Talisman Chauvin Pipeline.

The following table shows the average daily pipeline throughput for the periods indicated:

	Years ended December 31,		
	2001	2000	1999
	(Mbbls/day)		
Combined pipeline throughput	537	528	394

In recent years Husky has expanded and expects to further expand its heavy oil pipeline system to capitalize on anticipated increases in heavy oil production from the Lloydminster and Cold Lake areas. Husky considers the expansion and optimization of its pipeline systems in the Lloydminster area to be necessary to further its own development objectives in the area.

Husky operates 16 heavy crude oil processing facilities located throughout the Lloydminster area. These facilities process Husky's and other producers' raw heavy crude oil from the field by removing sand, water and other impurities to produce clean dry heavy crude oil. The heavy crude oil is then blended with a diluent to meet pipeline specifications.

Cogeneration

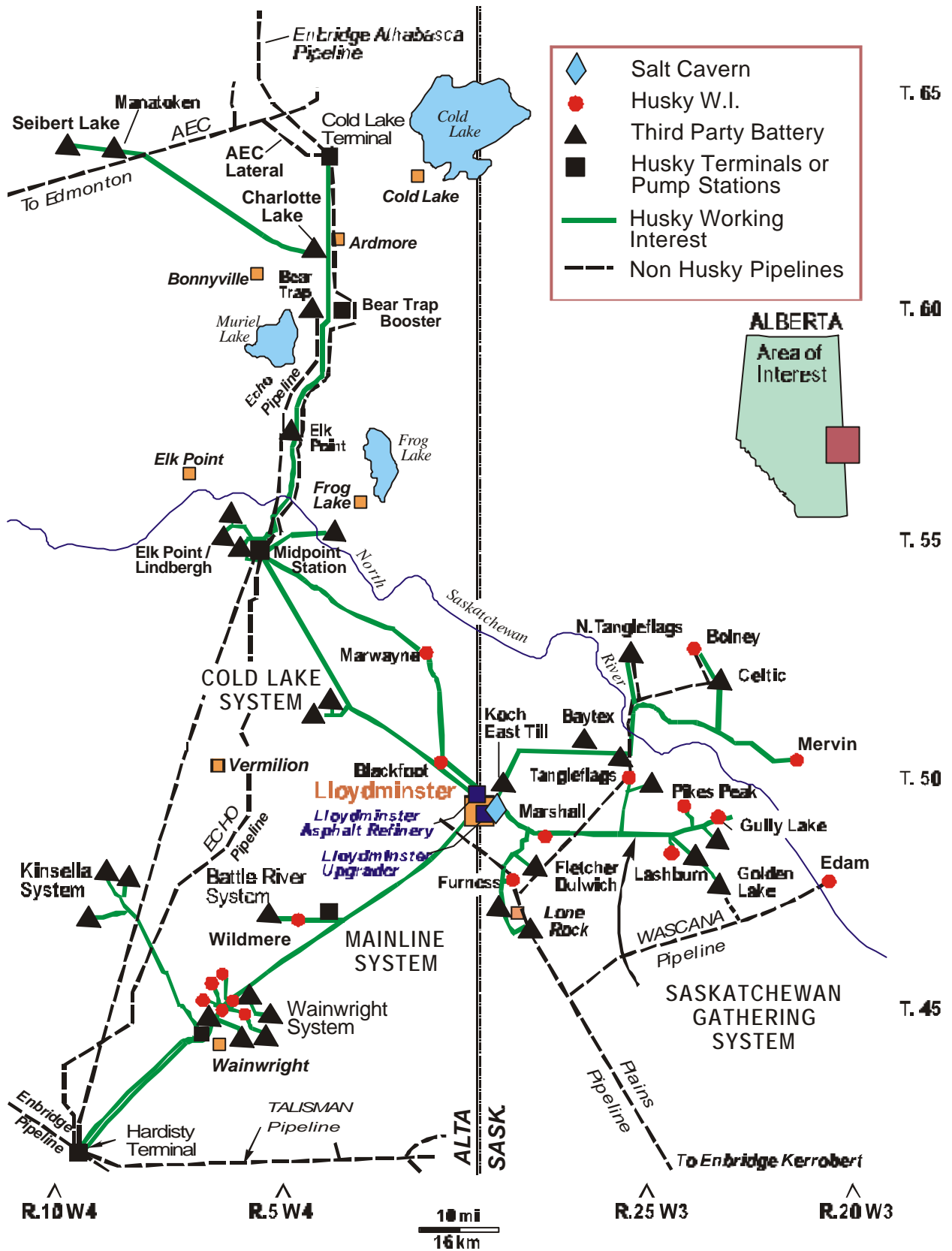
Husky has a 50% interest in a 215 MW natural gas fired cogeneration facility at the site of the Husky Lloydminster Upgrader. The plant was commissioned in December 1999. Electricity produced at the facility is being sold to Saskatchewan Power Corporation under a 25 year agreement. Thermal energy (steam) is sold to the Husky Lloydminster Upgrader.

Husky has a 50% interest in a 90 MW natural gas fired cogeneration facility adjacent to Husky's Rainbow Lake processing plant. Effective January 1, 2001, Husky acquired a 50% interest in a 45 MW cogeneration facility at Rainbow Lake. A partial expansion of the power generation facility, incorporating an additional 45 MW natural gas fired turbine generator (Husky interest 50%), was commissioned at the site in December 2001. The cogeneration plant produces electricity for the Alberta Power Pool and thermal energy (steam) for the processing plant. It provides power directly to the Alberta Power Pool and is the result of an agreement with the Alberta Transmission Administrator to provide additional electricity generating capacity and system stability for Northwestern Alberta. The power plant has the capability of ultimately being expanded to approximately 110 MW in total. Husky is the operator of the power generation facility.

Natural Gas Storage Facilities

Husky has been operating a natural gas storage facility at Hussar, Alberta since April 2000. The facility has a working storage capacity of 15 Bcf of natural gas. Husky is continuing to evaluate additional storage opportunities within Western Canada. Western Canada and Alberta in particular, may prove to be a potential key storage hub for Arctic gas development.

HEAVY OIL PIPELINE SYSTEM



Marketing

Husky is a marketer/trader of both its own and third party production of crude oil, NGL, natural gas and sulphur. Husky also markets petroleum coke. Husky supplies its upgrader and asphalt refinery from its own and third party heavy oil production sourced from the Lloydminster and Cold Lake areas. Husky also sells blended heavy crude oil directly to refiners based in the United States and Canada. Husky's extensive infrastructure in the Lloydminster area supports its heavy crude oil refining, marketing and trading operations.

Husky markets/trades light and medium crude oil and NGL sourced from its own production and third party production. Light crude oil is acquired for processing into refined products at Edmonton, Alberta, Sarnia, Ontario and Prince George, British Columbia. Husky markets the synthetic crude oil produced at its upgrader in Lloydminster to refiners in Canada and the United States.

Husky markets natural gas sourced from its own production and third party production. Husky is currently committed to contracts with third parties which, in aggregate, do not exceed amounts deliverable from Husky's reserves. Husky's contracts are with customers located in eastern Canada/northeastern United States (35%), United States mid-west (35%), western Canada (20%) and United States west coast (10%). The natural gas volumes contracted are primarily at market price (92%). The terms of the contracts are up to 1 year (50%), 1 year to 5 years (15%) and over 5 years (35%). Husky has acquired rights to firm pipeline capacity to transport the natural gas to most of these markets.

The oil and gas product marketing component of Husky's business has experienced strong growth since the early 1990s. Husky has developed its marketing operations to include the acquisition of significant third party volumes in order to increase growing internal natural gas demand, increase volumes and profits and enhance the value of midstream assets. Husky plans to expand its marketing operations by continuing to increase trading activities. Husky believes that this increase will generate synergies with the marketing of its own production volumes, enabling Husky to position itself to market these products more effectively.

Refined Products

Overview

Husky's refined products operations include retail, commercial and wholesale marketing of refined petroleum products. This network provides a platform for substantive and profitable non-fuel related businesses.

Light oil refined products are produced at Husky's refinery at Prince George, British Columbia and are acquired from other third party refiners and marketed through Husky and Mohawk branded retail and commercial petroleum outlets and through direct marketing to third party dealers and end users. The asphalt and residual products are produced at Husky's asphalt refinery at Lloydminster, Alberta and marketed directly or through Husky's ten terminals located throughout Western Canada.

Branded Petroleum Outlets and Commercial Distribution

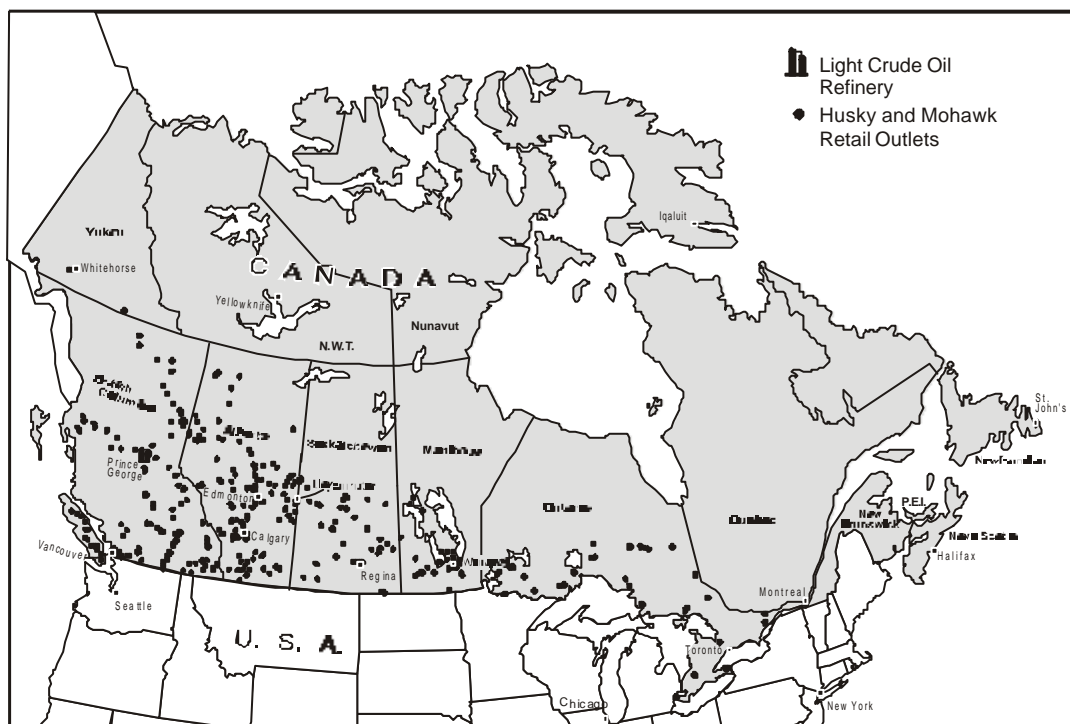
Distribution

As of December 31, 2001, there were 580 independently operated Husky and Mohawk branded petroleum outlets, including service stations, truck stops and bulk distribution facilities located from Vancouver

Island on the west coast of Canada to the eastern border of Ontario. The truck stop network is strategically located on major highways and serves the retail market and commercial transporters 24 hours per day, 365 days per year with quality products and full service Husky House restaurants. At most locations, the truck stop network also features the proprietary "Route Commander" cardlock system that enables commercial users to purchase products using a card system that will electronically process transactions and provide detailed billing, sales tax and other information. A variety of full and self serve retail locations under the Mohawk and Husky brand banners serve the urban and rural markets, while Husky and Mohawk bulk distributors offer direct sales to the commercial and farm markets in western Canada.

Independent retailers or agents operate all Husky and Mohawk branded facilities. Branded outlets feature varying attributes such as 24 hour service, convenience stores, service bays, car washes, Husky House full service family style restaurants, proprietary and co-branded quick serve restaurants, bank machines and alternate fuels such as propane and compressed natural gas. In addition to conventional gasolines, ethanol blended fuels branded as "Mother Nature's" gasoline and additive enhanced "Diesel Max" are offered in selected markets together with quality Chevron and Mohawk lubricants. Husky supplies refined petroleum products to its independent retailers on an exclusive basis and also provides financial and other assistance for location improvements, marketing support and related services. Husky's brands are promoted through various national and university athletic sponsorships as well as advertising designed to reach both national and regional audiences.

Branded Petroleum Outlets



The following table shows the number of Husky and Mohawk branded petroleum outlets by class of trade and by province as of December 31, 2001.

Branded Petroleum Outlets	British Columbia & Yukon	Alberta	Saskatchewan	Manitoba	Ontario	Total
Truck Stops	10	6	6	2	15	39
Travel Stops	2	3			2	7
Full Serve	62	75	21	31	8	197
Full/Self Serve	60	58	7	18	9	152
Self Serve	64	74	11	6	3	158
Bulk Distributor	<u>6</u>	<u>12</u>	<u>6</u>	<u>2</u>	<u>1</u>	<u>27</u>
	<u>204</u>	<u>228</u>	<u>51</u>	<u>59</u>	<u>38</u>	<u>580</u>
Cardlocks ⁽¹⁾	18	14	6	4	20	62
Convenience Stores ⁽¹⁾	152	176	50	48	10	436
Restaurants ⁽²⁾	10	8	6	2	15	41

Notes:

- (1) All of these are located at a branded petroleum outlet
- (2) One Husky House restaurant in Calgary, Alberta is not associated with a petroleum outlet.

Husky also markets refined petroleum products directly to various commercial markets, including independent dealers, national rail companies and major industrial and commercial customers in western Canada and the north-western United States.

The following table shows Husky's average daily sales volumes of light refined petroleum products for the periods indicated:

	Years ended December 31,		
	2001	2000	1999
	(Mbbls/day)		
Gasoline	25.4	24.9	26.1
Diesel Fuel	21.1	20.3	19.7
Liquefied petroleum gas	1.3	1.6	2.1
	<u>47.8</u>	<u>46.8</u>	<u>47.9</u>

Husky's current strategy in respect of its petroleum product outlets includes continuing to increase profits and sales through the strategic location of new outlets, the enhancement of ancillary non-fuel income streams, the modernization, automation and upgrading of existing petroleum product outlets, increasing offerings, expanding customer loyalty programs and the sale of non-core locations. Husky also plans to continue to enter into strategic alliances with third parties to sell various consumer products at Husky and Mohawk branded petroleum outlets in order to generate additional revenue and to increase demand for other products and services provided at those outlets. Husky is pursuing acquisitions and joint venture opportunities to further enhance its existing distribution network.

Supply

Prince George Refinery. Husky owns and operates a refinery at Prince George, British Columbia, which is designed to refine 10 Mbbls/day of light crude oil into a full range of refined petroleum products. The crude oil feedstock for the Prince George refinery is produced primarily in north-eastern British Columbia

by other producers. Husky is pursuing acquisitions and joint venture opportunities to further enhance its existing refining capacity.

Other Supply Arrangements. In addition to the refined petroleum product supplied by the Prince George refinery, Husky has established processing arrangements with other refiners pursuant to which those refiners process crude oil supplied by Husky into refined products which are then marketed by Husky. During 2001, other refineries processed, for a fee, an average of approximately 31.6 Mbbls/day of crude oil for Husky, yielding approximately 28.6 Mbbls/day of refined petroleum products. During 2001, Husky also purchased approximately 8.3 Mbbls/day of refined petroleum products from other refiners and acquired approximately 6.3 Mbbls/day of refined petroleum products pursuant to exchange agreements with third party refiners.

Minnedosa, Manitoba — Ethanol Plant. Husky owns an ethanol plant at Minnedosa, Manitoba which produces 10 million litres per year. Ethanol is an oxygenate, derived from biomass, that when added to gasoline promotes fuel combustion, raises octane levels and prevents water from freezing in fuel lines. The ethanol blended gasoline (Mother Nature's Fuel) has received federal government recognition for its low combustion emissions as compared to other products. Husky is actively repositioning its supply of ethanol as ethanol-blended gasoline is now available at all Husky and Mohawk stations.

Asphalt Products

Husky has been in the paving and specialty asphalt business for over 50 years. Husky supplies asphalt products to customers across western Canada and the north-western and midwestern United States. Husky has a significant market share in the western Canadian paving asphalt, emulsified asphalt and asphalt products business. Most of the asphalt sold is used for paving and other industrial purposes. Husky's Pounder Emulsions division manufactures modified and conventional road application emulsion products. Demand for higher quality asphalt products has allowed Husky to increase sales into the United States and Eastern Canada, with certain products now being shipped as far south as Texas and as far east as New Brunswick. In 2001 39 percent of Husky's asphalt production was exported to the United States. Husky plans to continue its efforts to increase its asphalt sales volume by selling more asphalt products in the United States during the winter months, when demand for asphalt is lower in Canadian asphalt markets and excess refining capacity exists. Husky is also studying the feasibility of expanding its producing capacity.

Husky's asphalt distribution network consists of 10 emulsion plants and terminals located at Kamloops, Langley and Prince George, British Columbia; Watson Lake, Yukon; Edmonton and Lethbridge, Alberta; Lloydminster, Saskatoon, Yorkton and Swift Current, Saskatchewan; and Winnipeg, Manitoba. Husky also utilizes independent terminals at Langley, British Columbia and at Winnipeg, Manitoba.

All of Husky's asphalt requirements are supplied by its Lloydminster, Alberta asphalt refinery. The refinery was commissioned in 1983, replacing a Husky facility which had been operating since 1947. The refinery was designed specifically to produce asphalt from heavy crude oil at a rate of 25 Mbbls/day. The crude oil feedstock for the Lloydminster refinery is supplied through Husky's pipeline systems from the extensive supply of heavy crude oil in the region, including Husky's heavy crude oil.

The following table shows the average daily sales volumes of products produced at the Lloydminster refinery, for the years indicated:

	Years ended December 31,		
	2001	2000 (Mbbbls/day)	1999
Asphalt	12.6	12.0	10.3
Residual and other	8.6	8.2	6.8
	<u>21.6</u>	<u>20.2</u>	<u>17.1</u>

Plant throughput averaged 23.7 Mbbbls/day of blended heavy crude oil feedstock during 2001. Diluent included in the feedstock, extracted and returned to the field averaged 2.9 Mbbbls/day in 2001. Due to the seasonal demand for asphalt products the refinery historically has operated at full capacity only during the normal paving season in Canada and the northern United States. Husky has implemented various plans to increase refinery throughput during the other months of the year, such as producing low sulphur diesel, entering into custom processing arrangements and developing other U.S. and international markets for asphalt products.

HUMAN RESOURCES

The number of employees at the end of 2001 was 2,598. The number of employees in each business segment was as follows:

Business Segment	Number of Employees at December 31, 2001
Upstream	1,436
Midstream	260
Refined Products	315
Corporate	<u>587</u>
	<u>2,598</u>

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth historic information with respect to Husky for the periods indicated. This information should be read in conjunction with the Consolidated Financial Statements of Husky which are contained in its 2001 Annual Report.

	Years ended December 31,		
	2001	2000	1999
	(\$millions except per share data)		
Statement of Earnings Data			
Sales and operating revenues	\$6,627	\$5,090	\$2,794
Cash flow from operations	1,946	1,399	517
Net Earnings (loss)	701	464	43
Per share – Basic	1.64	1.39	0.10
Per share – Diluted	1.63	1.34	0.10
Balance Sheet Data			
Total assets	9,503	8,902	4,816
Shareholders' equity	4,583	4,039	252
Total long term debt	1,948	2,311	1,349
Dividend per share	\$0.09 ⁽¹⁾	\$0.09 ⁽²⁾	-

Notes:

- (1) Declared and paid in respect of each quarter in 2001.
- (2) Dividend in respect of the fourth quarter of 2000 declared on February 14, 2001 and paid on April 1, 2001.

There have been no changes in accounting policies, divestitures, or major changes in the direction of Husky's business that affect the comparability of this annual data, except for (i) the adoption of the recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes effective January 1, 1999; (ii) the acquisition of Renaissance under the Arrangement; and (iii) the adoption of the recommendations of the Canadian Institute of Chartered Accountants in respect of the calculation and presentation of earnings per share. Description of these changes are contained in Notes 10, 6 and 3(h), respectively, to the Financial Statements of Husky which are contained in Husky's 2001 Annual Report and are incorporated herein by reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations for the fiscal years ended December 31, 2001 and December 31, 2000 is contained on pages 27 through 49 of Husky's 2001 Annual Report and is incorporated herein by reference.

MARKET FOR SECURITIES

Husky's common shares are listed and posted for trading on The Toronto Stock Exchange under the trading symbol "HSE".

DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of Husky, their positions and offices with Husky and their principal occupations during the past five years. The directors shall hold office until the next annual meeting of Husky shareholders or until their respective successors have been duly elected or appointed.

Name and Municipality of Residence	Office or Position	Principal Occupation During Past 5 Years
Li, Victor T.K. Hong Kong	Co-Chairman and Director	Managing Director of Cheung Kong (Holdings) Limited (an investment holding company) since 1999 and Deputy Chairman since 1994. Mr. Li has also been Deputy Chairman of Hutchison Whampoa Limited (an investment holding company) since 1999 and Executive Director since 1995 as well as the Chairman of Cheung Kong Infrastructure Holdings Limited (an infrastructure development company) since 1996. Mr. Li is also an Executive Director of Hongkong Electric Holdings Limited (holding company) and a director of Hopewell (Holdings) Limited (a holding company). Mr. Li is a member of the Chinese People's Political Consultative Conference, the Commission on Strategic Development and the Business Advisory Group. Mr. Li holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.
Fok, Canning K.N. Hong Kong	Co-Chairman and Director	Group Managing Director of Hutchison Whampoa Limited since 1993 and Executive Director since 1984. Mr. Fok is the Chairman of Hutchison Telecommunications (Australia) Limited (an investment holding company) and Partner Communications Company Ltd. (a telecommunications company) and the Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. Mr. Fok is also a director of Cheung Kong (Holdings) Limited, VoiceStream Wireless Corporation (a telecommunications company) and Hutchison Whampoa Finance (CI) Limited (a finance company). Mr. Fok holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.
Glynn, Martin J.G. Vancouver, British Columbia	Director	President, Chief Executive Officer and a director of HSBC Bank Canada since late 1999. From 1982 Mr. Glynn held various senior executive positions with HSBC Bank Canada (formerly Hongkong Bank of Canada). Mr. Glynn is also a Director of HSBC Bank USA, Chairman and a director of HSBC Canadian Direct Insurance Incorporated, a director of Wells Fargo HSBC

Name and Municipality of Residence	Office or Position	Principal Occupation During Past 5 Years
Greene, Ronald G. Calgary, Alberta	Director	Trade Bank N.A. in the United States and a member of the Board of Governors for the University of British Columbia. President and Chief Executive Officer of Tortuga Investment Corp. (an investment holding company), Chairman of Denbury Resources Inc. and a director of West Jet Airlines Ltd. Mr. Greene was Chairman and Acting Chief Executive Officer of Renaissance from December 1999 to August 25, 2000. Prior thereto Mr. Greene was non-executive Chairman of Renaissance and an independent businessman.
Hui, Terence C.Y. Vancouver, British Columbia	Director	President & Chief Executive Officer, Concord Pacific Group Inc. (a real estate development company) since 1997 and Chairman of Multiactive Software Inc. (a computer software company) since 1995. Mr. Hui was President and Chief Executive Officer of Adex Enterprises Inc. (a real estate development company) from 1987 to 1997, President and Chief Executive Officer of Pacific Place Developments Corp. (a real estate development company) from 1992 to 2001 and was President and Chief Executive Officer of BurCon Properties Limited (a real estate development company) from 1997 to 1998.
Kinney, Brent D. Dubai, United Arab Emirates	Director	Independent businessman. Prior to 1998 Mr. Kinney was an international petroleum lawyer with Clyde & Co. in London, England. Mr. Kinney is also a director of Dragon Oil plc in the United Arab Emirates.
Kluge, Holger Toronto, Ontario	Director	Currently retired, Mr. Kluge was President, Personal and Commercial Bank, Canadian Imperial Bank of Commerce from 1990 to 1999 and a director from 1993 to 1999. Mr. Kluge is a director of Hongkong Electric Holdings Limited, Hutchison Telecommunications (Australia) Limited, TOM.COM LIMITED and 724 Solutions Inc. Mr. Kluge holds a Bachelor of Commerce degree and a Master's degree in Business Administration.
Koh, Poh Chan Hong Kong	Director	Finance Director, Harbour Plaza Hotel Management (International) Ltd. Ms. Koh was Executive Vice President and Chief Financial Officer of Husky Oil Ltd. from 1992 to 1997.

Name and Municipality of Residence	Office or Position	Principal Occupation During Past 5 Years
Kwok, Eva L. Vancouver, British Columbia	Director	Chairman and Chief Executive Officer, Amara International Investment Corp. (an investment holding company) since 1992 and President and a director from 1992 to 1996. Mrs. Kwok is a director of Air Canada, Bank of Montreal Group of Companies and Telesystem International Wireless Inc.
Kwok, Stanley T.L. Vancouver, British Columbia	Director	President, Stanley Kwok Consultants (an architecture and development company) since 1993. Mr. Kwok has been a director since 1997, and was Chairman from 1996 to 1998 of Amara International Investment Corp. Mr. Kwok is a director of Cheung Kong (Holdings) Limited and CTC Bank of Canada.
Lau, John C.S. Calgary, Alberta	President & Chief Executive Officer and Director	President & Chief Executive Officer of Husky Energy Inc. since August 2000. Prior thereto, Mr. Lau was Chief Executive Officer of Husky Oil Limited since 1993.
Matthews, Wilmot L. Toronto, Ontario	Director	Currently retired, Mr. Matthews was Vice-Chairman and Director of Nesbitt Burns Inc. (an investment banking company) from 1994 to 1996 and held the same position at a predecessor company Burns Fry Limited. Mr. Matthews is a director of WestJet Airlines Ltd., and Student On-Site Solutions Inc. (a private computer help desk and training company).
Shaw, Wayne E. Toronto, Ontario	Director	Barrister and Solicitor, Stikeman Elliott.
Shurniak, William Australia	Deputy Chairman and Director	Chairman of both ETSA Utilities (a utility company) and Powercor Australia Limited (a utility company) and a director of Australia based Envestra Limited. Mr. Shurniak was an Executive Director and Group Finance Director of Hutchison Whampoa Limited from 1984 to 1997 and has remained a director of and a consultant to Hutchison Whampoa Limited since then. Mr. Shurniak was Executive Director of Hongkong Electric Holdings Limited from 1985 to 1997 and a director and Deputy Chairman of Asia Satellite Telecommunications Holdings Limited (a telecommunications company) from 1996 to 1999. Mr. Shurniak holds an Honorary Doctor of Laws degree from the University of Saskatchewan and from The University of Western Ontario.
Sixt, Frank J. Hong Kong	Director	Group Finance Director of Hutchison Whampoa Limited since 1998 and Executive Director since 1991. Mr. Sixt is the Chairman of TOM.COM

Name and Municipality of Residence	Office or Position	Principal Occupation During Past 5 Years
McGee, Neil D. Calgary, Alberta	Vice President & Chief Financial Officer	<p>LIMITED. Mr. Sixt is also an Executive Director of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited and a director of Cheung Kong (Holdings) Limited, Concord Pacific Group Inc., Hutchison Whampoa Finance (CI) Limited, Hutchison Telecommunications (Australia) Limited, Partner Communications Company Ltd. and VoiceStream Wireless Corporation. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.</p> <p>Vice President & Chief Financial Officer of Husky since August 2000. Prior thereto Mr. McGee was Vice President and Chief Financial Officer of Husky Oil Limited since 1998. Prior to joining Husky Oil Limited Mr. McGee was with Hutchison Whampoa Limited since 1988 first as group legal advisor and Corporate Secretary and then as Senior Manager of Corporate Finance and Corporate Secretary.</p>
Ingram, Donald R. Calgary, Alberta	Senior Vice President, Midstream & Refined Products	Senior Vice President, Midstream and Refined Products of Husky since August 2000. Prior thereto Mr. Ingram was Vice President, Downstream of Husky Oil Limited from 1994 until 1999 when he became Vice President of Midstream of Husky Oil Limited.
Girgulis, James D. Calgary, Alberta	Vice President, Legal & Corporate Secretary	Vice President, Legal & Corporate Secretary of Husky since August 2000. Mr. Girgulis joined Husky Oil Limited in 1994 as part of the legal group and became General Counsel and Corporate Secretary in 1999.

The board of directors has an Audit Committee (as required by the *Business Corporations Act* (Alberta)) consisting of M.J.G. Glynn, W.L. Matthews, W.E. Shaw and W. Shurniak, and a Compensation Committee consisting of C.K.N. Fok, R.D. Greene, H. Kluge and E.L. Kwok and F.J. Sixt, and a Health, Safety and Environment Committee consisting of B.D. Kinney, H. Kluge, S.T.L. Kwok and a Corporate Governance Committee consisting of H. Kluge, E.L. Kwok and W.L. Matthews. Husky does not have an Executive Committee. As at March 15, 2002, the directors and officers of Husky, as a group, owned beneficially, directly or indirectly, or exercised control or direction over 2,080,546 common shares of Husky representing less than 1% of the issued and outstanding common shares.

Conflicts of Interest

Certain officers and directors of Husky are also officers and/or directors of other companies engaged in the oil and gas business generally and which, in certain cases, own interests in oil and gas properties in which Husky holds or may in future hold and interest. As a result, situations arise where the interests of

such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws which require that directors act honestly, in good faith and with a view to the best interests of Husky and, in the case of the *Business Corporations Act* (Alberta), Husky's governing statute, that directors declare, and refrain from voting on, any matter in which a director may have a conflict of interest.

DIVIDEND POLICY

The board of directors of Husky have established a dividend policy that pays quarterly dividends of \$0.09 (\$0.36 annually) per common share. However, there can be no assurance that further dividends will be declared. The declaration and payment of dividends will be at the discretion of the board of directors of Husky which will consider earnings, capital requirements, financial condition of Husky and other relevant factors.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and options to purchase common shares, and interests of insiders in material transactions is contained in Husky's Management Information Circular dated March 26, 2002 (the "Information Circular"), prepared in connection with the Annual Meeting of shareholders to be held on May 2, 2002.

Additional financial information is provided in the Husky's Comparative Financial Statements and Management's Discussion and Analysis for the most recently completed fiscal year ended December 31, 2001, contained in Husky's 2001 Annual Report.

Copies of the Information Circular, the financial statements, including any interim financial statements, additional copies of this Annual Information Form, including one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form, and if Husky is in the course of a distribution pursuant to a short-form prospectus or a preliminary short-form prospectus, any other documents incorporated therein by reference may be obtained upon request from the Vice President, Legal & Corporate Secretary of Husky, 40th Floor, 707 8th Avenue S.W., Calgary, Alberta T2P 1H5, Telephone: (403) 298-7333; Facsimile: (403) 298-7323.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements made in this Annual Information Form. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "intends," "plans," "projection" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward looking statements. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the factors discussed throughout this Annual Information Form. Among the key factors that have a direct bearing on the Company's results of operation are the nature of the Company's involvement in the business of exploration, development and production of oil and natural gas reserves and the fluctuation of the exchange rate between the Canadian dollar and the United States dollar. These and other factors are discussed herein under "Management's Discussion and Analysis of Financial Condition and Results of Operations", incorporated by reference from the Company's 2001 Annual Report and elsewhere in this Annual Information Form.

Because actual results or outcomes could differ materially from those expressed in any forward-looking statements of the Company made by or on behalf of the Company, investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.