

Husky Energy Inc.

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Second Quarter Report & News Release

FOR THE SIX
MONTHS ENDED
JUNE 30



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

TO OUR SHAREHOLDERS

Husky Energy Inc. (“the Company”) announces that its 2001 second quarter earnings were \$254 million (\$0.60 per common share), an increase of 4.6 times over second quarter 2000 earnings of \$55 million. Cash flow from operations in the second quarter of 2001 increased 2.6 times to \$561 million (\$1.33 per common share) from \$219 million in the second quarter of 2000. Sales and operating revenue of \$1.7 billion in the second quarter of 2001 increased 71% over second quarter 2000 levels. Daily production of light, medium and heavy oil and natural gas averaged 264 mboe/day during the second quarter of 2001, up 2.1 times over the same period in 2000.

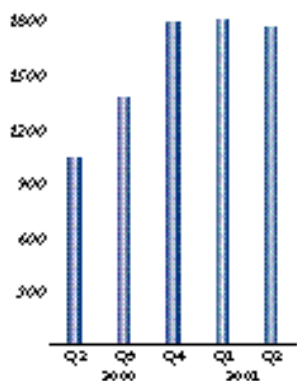
“The strong financial performance is mainly attributable to increased production volumes and strong commodity prices in our upstream business, and, to the increased contribution of our midstream and refined products operations. The midstream infrastructure including the Husky Lloydminster Upgrader, the pipeline business and the refined products operations have generated cash flow and earnings at record levels” said John C.S. Lau, President and Chief Executive Officer. *“The strategy of owning an integrated suite of assets, and focussing on earnings has contributed to the record results of the Company”*.

Husky earnings for the first half of 2001 were \$496 million, a 5.3 times increase over the comparable period in 2000. Cash flow from operations increased to \$1.2 billion during the first half of 2001, up from \$410 million for the first half of 2000.

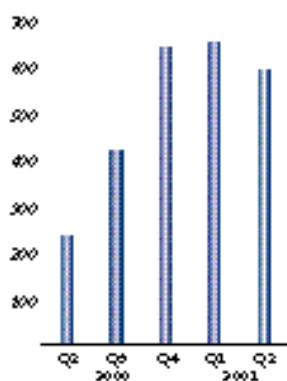
HIGHLIGHTS

| <i>(Millions of dollars, except per share amounts)</i> | Three months ended June 30 | | | Six months ended June 30 | | |
|--|----------------------------|----------|--------|--------------------------|----------|--------|
| | 2001 | 2000 | Change | 2001 | 2000 | Change |
| Sales and operating revenues, net of royalties | \$ 1,738 | \$ 1,018 | ↑ 71% | \$ 3,526 | \$ 1,969 | ↑ 79% |
| EBITDA | 589 | 231 | ↑ 155% | 1,235 | 449 | ↑ 175% |
| Cash flow from operations | 561 | 219 | ↑ 156% | 1,181 | 410 | ↑ 188% |
| Per share - Basic and diluted | 1.33 | 0.78 | ↑ 71% | 2.80 | 1.46 | ↑ 92% |
| Net Earnings | 254 | 55 | ↑ 362% | 496 | 94 | ↑ 428% |
| Per share - Basic and diluted | 0.60 | 0.19 | ↑ 216% | 1.17 | 0.32 | ↑ 266% |
| Production | | | | | | |
| Light/Medium Crude Oil & NGLs (mbbls/day) | 108.6 | 34.7 | 213% | 112.0 | 34.7 | 223% |
| Heavy Oil (mbbls/day) | 60.3 | 52.0 | 16% | 58.6 | 51.0 | 15% |
| Gas (mmcf/day) | 570.8 | 224.1 | 155% | 577.4 | 240.4 | 140% |
| mboe/day (6:1) | 264.0 | 124.1 | 113% | 266.8 | 125.8 | 112% |

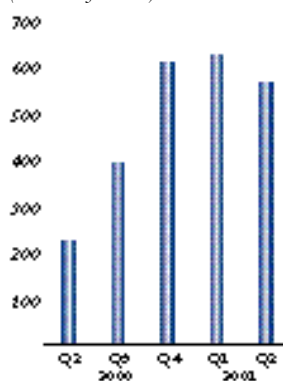
REVENUE
(millions of dollars)



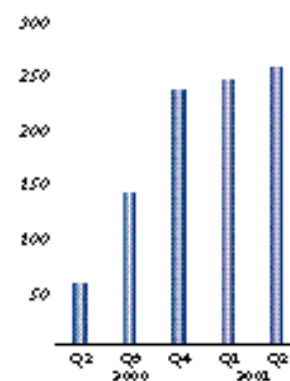
EBITDA
(millions of dollars)



CASH FLOW FROM OPERATIONS
(millions of dollars)



EARNINGS
(millions of dollars)



CORPORATE

- In April, Husky acquired Titanium Oil & Gas Ltd. (“Titanium”). Titanium’s main properties, which are in the Edam and Lashburn heavy oil areas of Saskatchewan were integrated into the Lloydminster Heavy Oil and Gas business unit.
- In July, Husky acquired Avid Oil & Gas Ltd. (“Avid”). Avid’s operations are in the Provost region, West Central and the Peace River Arch of Alberta. Key properties include Thompson Lake, Pine Creek, Edson, Bigoray, Gordondale, Fourth and Hines Creek.
- During the quarter, Husky continued with its program of divestitures of non core assets. These divestitures together with the acquisitions are part of Husky Energy’s strategy of exploiting and growing its asset base through synergistic acquisition opportunities and divestitures of non core properties.
- Capital expenditures in the second quarter of 2001 amounted to \$300 million and were funded with cash flow from operations.
- Husky continued to reduce debt. At June 30, 2001 outstanding long-term debt (net of amounts due within 12 months) was \$1,916 million.

UPSTREAM

Production

- Second quarter 2001 production was 264 mboe/day compared with 124 mboe/day in the second quarter of 2000.

Exploration

- Drilling in the Foothills resumed in June following spring break-up with the drilling of wells at Cordel, Wildhorse and Federal. The McLean Creek exploratory well was tested during the second quarter and is expected to be capable of producing up to 10 mmcf/d (gross). Tie-in of the well is ongoing. Husky has a 43.5% working interest in the well.
- Second quarter Eastern Canada exploration activity included seismic acquisition in the South Whale basin, and site surveys over potential 2002 exploration drilling locations.
- In July, Husky entered into a participation agreement with the China National Offshore Oil Corporation (“CNOOC”) in respect of the Wenchang 39-5 exploration block in China. Husky has undertaken to drill three exploratory wells over a seven year period.

Major Project Update

Terra Nova: With the sailaway of the Floating Production Storage and Offloading Vessel (“FPSO”) on July 16, construction of the FPSO is now complete. Sea trials, commissioning and field installation will continue through the third quarter with production expected to commence in the fourth quarter.

White Rose: Following the acceptance by federal environmental regulatory authorities of Husky’s Comprehensive Study Report the public hearings in respect of the Development Application began in St. John’s on July 11. Husky anticipates that the regulatory authorities and government officials will make a decision on the application during the third/fourth quarter of 2001. Husky and its partner expect to make a decision on project go ahead by the end of the year.

Wenchang: Development work continues on track for Wenchang with completion of development drilling in late May and launching of the FPSO hull on June 18. The integration of topsides with the FPSO hull and the wellhead platform installation are expected to be completed during the second half of 2001. First oil is anticipated in the first half of 2002.

MIDSTREAM

- During the second quarter, feedstock throughput at the Husky Lloydminster Upgrader averaged 75.5 mbbls per day with synthetic crude oil sales averaging 65.6 mbbls per day. Throughput volumes exceeded those of the second quarter of last year by 33%. The decline in natural gas costs in the second quarter contributed to a reduction in operating costs compared to the first quarter 2001.
- The Husky Lloydminster Upgrader has recorded over 2.5 million person hours without a lost time accident.
- The Infrastructure and Marketing group achieved a 17% increase in pipeline volumes in the second quarter 2001 over the second quarter 2000 which was primarily attributable to debottlenecking activities and capital expenditures.
- Husky acquired a 50% interest in the Rainbow Cogeneration plant which has capacity of 46 MW. Expansion to 90 MW is anticipated during the first quarter of 2002.
- Second quarter oil trading and gas trading activities were increased by approximately 30% and 50% respectively than for the same period in 2000. This performance is attributable to higher volumes achieved and increased marketing and storage activities.

REFINED PRODUCTS

- Asphalt volumes and margins in the second quarter of 2001 were up from those for the second quarter 2000. The higher margins were primarily attributable to lower feedstock costs and increased demand.
- Light oil fuel sales from the Company’s retail outlets increased 1.2% during the first half along with increased income from restaurant and convenience store operations.
- Refined products EBITDA for the second quarter of 2001 was \$51 million compared to \$19 million for the second quarter of 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis should be read in conjunction with the unaudited consolidated financial statements of the Company for the six months ended June 30, 2001 and the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2000. All dollar figures are in millions of Canadian dollars, except per share amounts unless otherwise indicated.

FIRST QUARTER 2001 VS SECOND QUARTER 2001

| | Three months ended | | Six months ended |
|-----------------------------|--------------------|----------|------------------|
| | March 31 | June 30 | June 30 |
| Sales and operating revenue | \$ 1,788 | \$ 1,738 | \$ 3,526 |
| EBITDA | 646 | 589 | 1,235 |
| Cash flow from operations | 620 | 561 | 1,181 |
| Per share - Basic & diluted | 1.47 | 1.33 | 2.80 |
| Net earnings | 242 | 254 | 496 |
| Per share - Basic & diluted | 0.57 | 0.60 | 1.17 |

Second quarter net earnings of \$254 million (\$0.60 per share - basic & diluted) were 5% higher than the \$242 million (\$0.57 per share - basic & diluted) reported for the first quarter of 2001. Improved second quarter earnings resulted from stronger margins from both light oil refined products and asphalt products, higher throughput and lower energy-related operating costs at the Husky Lloydminster Upgrader and lower future taxes as a result of a reduction to the Alberta corporate tax rate which increased second quarter 2001 earnings by \$42 million. These positive factors were partially offset by lower upstream earnings resulting primarily from lower natural gas prices.

INDUSTRY CONDITIONS

| Benchmark Prices | | Three months ended June 30 | | Six months ended June 30 | |
|-------------------------|---------------|----------------------------|----------|--------------------------|----------|
| | | 2001 | 2000 | 2001 | 2000 |
| West Texas Intermediate | U.S. \$/bbl | \$ 27.96 | \$ 28.63 | \$ 28.34 | \$ 28.68 |
| NYMEX natural gas | U.S. \$/mmbtu | \$ 4.78 | \$ 3.43 | \$ 6.03 | \$ 2.96 |
| AECO natural gas | \$/GJ | \$ 6.85 | \$ 4.01 | \$ 8.59 | \$ 3.50 |

The price for West Texas Intermediate fluctuated during the second quarter of 2001, between U.S. \$25.50/bbl and U.S. \$30.00/bbl and ended the quarter at U.S. \$26.23/bbl.

Nymex near-month price for natural gas fell during the second quarter of 2001 from U.S. \$5.10/mmbtu at the beginning of April to U.S. \$3.10/mmbtu at the end of June 2001.

The Company's management believe that commodity prices are likely to remain volatile and uncertain over the short term.

RESULTS OF OPERATIONS*Upstream***REVENUE AND PRODUCTION**

Husky's total revenues from upstream operations (before royalties and hedging) increased \$387 million (118%) from \$328 million in the second quarter of 2000 to \$715 million in the second quarter of 2001. Total revenues from upstream operations increased \$931 million (146%), from \$639 million in the first six months of 2000 to \$1,570 million in the first six months of 2001.

UPSTREAM EARNINGS SUMMARY

| | Three months ended June 30 | | Six months ended June 30 | |
|-------------------------|-------------------------------|--------|-----------------------------|--------|
| | 2001 | 2000 | 2001 | 2000 |
| Gross revenue | \$ 715 | \$ 328 | \$ 1,570 | \$ 639 |
| Royalties | 130 | 46 | 306 | 90 |
| Hedging | — | 33 | — | 70 |
| Net revenue | 585 | 249 | 1,264 | 479 |
| Costs and expenses | 162 | 62 | 299 | 119 |
| EBITDA | 423 | 187 | 965 | 360 |
| DD&A | 176 | 63 | 350 | 128 |
| Operating profit (EBIT) | \$ 247 | \$ 124 | \$ 615 | \$ 232 |

NET REVENUE VARIANCE ANALYSIS

| | Light & medium crude oil & NGL's | | | | | Lloydminster heavy oil | Natural gas | Other | Total |
|---|---|---------------|---------------|--------------|-----------------|---------------------------|----------------|-------|-------|
| | | | | | | | | | |
| Three months ended June 30, 2000 | \$ 82 | \$ 104 | \$ 55 | \$ 8 | \$ 249 | | | | |
| Price changes | (93) | (72) | 169 | — | 4 | | | | |
| Volume changes | 262 | 22 | 104 | (5) | 383 | | | | |
| Royalties | (26) | 6 | (65) | — | (85) | | | | |
| Hedging | 12 | 21 | — | — | 33 | | | | |
| Processing | — | — | — | 1 | 1 | | | | |
| Three months ended June 30, 2001 | \$ 237 | \$ 81 | \$ 263 | \$ 4 | \$ 585 | | | | |
| Six months ended June 30, 2000 | \$ 162 | \$ 200 | \$ 105 | \$ 12 | \$ 479 | | | | |
| Price changes | (190) | (148) | 509 | — | 171 | | | | |
| Volume changes | 542 | 38 | 179 | (4) | 755 | | | | |
| Royalties | (57) | 10 | (170) | — | (217) | | | | |
| Hedging | 24 | 46 | — | — | 70 | | | | |
| Processing | — | — | — | 6 | 6 | | | | |
| Six months ended June 30, 2001 | \$ 481 | \$ 146 | \$ 623 | \$ 14 | \$ 1,264 | | | | |

AVERAGE PRICES

| | | Three months | | Six months | |
|---|----------|-----------------|-----------------|-----------------|-----------------|
| | | ended June 30 | | ended June 30 | |
| | | 2001 | 2000 | 2001 | 2000 |
| Light/medium crude oil & NGL's | (\$/bbl) | \$ 28.86 | \$ 36.91 | \$ 28.79 | \$ 36.75 |
| Hedging | | — | 3.50 | — | 3.77 |
| Light/medium & NGL price realized | | <u>\$ 28.86</u> | <u>\$ 33.41</u> | <u>\$ 28.79</u> | <u>\$ 32.98</u> |
| Lloydminster heavy crude oil | (\$/bbl) | \$ 15.52 | \$ 28.71 | \$ 14.69 | \$ 28.67 |
| Hedging | | — | 4.57 | — | 4.99 |
| Lloydminster heavy crude price realized | | <u>\$ 15.52</u> | <u>\$ 24.14</u> | <u>\$ 14.69</u> | <u>\$ 23.68</u> |
| Natural gas price realized | (\$/mcf) | \$ 6.57 | \$ 3.37 | \$ 7.82 | \$ 2.95 |

GROSS DAILY PRODUCTION

| | | Three months | | Six months | |
|--------------------------------|-------------|---------------|-------|---------------|-------|
| | | ended June 30 | | ended June 30 | |
| | | 2001 | 2000 | 2001 | 2000 |
| Light/medium crude oil & NGL's | (mbbls/day) | 108.6 | 34.7 | 112.0 | 34.7 |
| Lloydminster heavy crude oil | (mbbls/day) | 60.3 | 52.0 | 58.6 | 51.0 |
| Natural gas | (mmcf/day) | 570.8 | 224.1 | 577.4 | 240.4 |
| Barrels of oil equivalent | (mboe/day) | 264.0 | 124.1 | 266.8 | 125.8 |

The increase in upstream revenues for the second quarter of 2001 compared with the second quarter of 2000 was primarily due to higher production of crude oil and natural gas mainly associated with the inclusion of acquired properties, as well as higher prices for natural gas. These positive factors were partially offset by lower crude oil prices. Realized heavy crude oil prices were approximately 36% lower during the second quarter of 2001 compared to the same period in 2000. Husky's average realized price for light and medium crude oil and NGL's in the second quarter of 2001 was lower compared with the same period in 2000, in part, because of the inclusion of the acquired properties which on average, produce a heavier grade of crude oil. The increase in upstream revenues for the first six months of 2001 as compared with the same period in 2000 was primarily the result of the same factors.

NETBACKS AND OPERATING COSTS

LIGHT/MEDIUM CRUDE OIL NETBACKS (1)

| Per boe | Three months | | Six months | |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| | ended June 30 | | ended June 30 | |
| | 2001 | 2000 | 2001 | 2000 |
| Sales revenue | \$ 29.51 | \$ 36.68 | \$ 29.57 | \$ 36.23 |
| Royalties | 4.69 | 5.74 | 4.85 | 6.28 |
| Hedging | — | 3.50 | — | 3.77 |
| Operating costs | 7.81 | 4.89 | 7.23 | 4.76 |
| Netback | <u>\$ 17.01</u> | <u>\$ 22.55</u> | <u>\$ 17.49</u> | <u>\$ 21.42</u> |

LLOYDMINSTER HEAVY CRUDE OIL NETBACKS (1)

| Per boe | Three months ended June 30 | | Six months ended June 30 | |
|-----------------|-------------------------------|----------|-----------------------------|----------|
| | 2001 | 2000 | 2001 | 2000 |
| Sales revenue | \$ 15.73 | \$ 28.65 | \$ 15.02 | \$ 28.63 |
| Royalties | 1.06 | 2.24 | 0.96 | 2.15 |
| Hedging | — | 4.57 | — | 4.99 |
| Operating costs | 8.59 | 6.36 | 8.58 | 6.38 |
| Netback | \$ 6.08 | \$ 15.48 | \$ 5.48 | \$ 15.11 |

NATURAL GAS NETBACKS (2)

| Per mcfe | Three months ended June 30 | | Six months ended June 30 | |
|-----------------|-------------------------------|---------|-----------------------------|---------|
| | 2001 | 2000 | 2001 | 2000 |
| Sales revenue | \$ 6.42 | \$ 3.68 | \$ 7.61 | \$ 3.26 |
| Royalties | 1.53 | 0.84 | 1.88 | 0.72 |
| Operating costs | 0.61 | 0.67 | 0.54 | 0.59 |
| Netback | \$ 4.28 | \$ 2.17 | \$ 5.19 | \$ 1.95 |

TOTAL UPSTREAM NETBACKS (1)

| Per boe | Three months ended June 30 | | Six months ended June 30 | |
|-----------------|-------------------------------|----------|-----------------------------|----------|
| | 2001 | 2000 | 2001 | 2000 |
| Sales revenue | \$ 29.59 | \$ 28.63 | \$ 32.21 | \$ 27.54 |
| Royalties | 5.46 | 4.05 | 6.34 | 3.92 |
| Hedging | — | 2.89 | — | 3.06 |
| Operating costs | 6.51 | 5.25 | 6.07 | 5.04 |
| Netback | \$ 17.62 | \$ 16.44 | \$ 19.80 | \$ 15.52 |

(1) Includes associated co-products converted to boe's.

(2) Includes associated co-products converted to mcfe's.

Husky's total upstream operating costs increased \$100 million (161%), from \$62 million during the second quarter of 2000 to \$162 million during the second quarter of 2001. Higher operating costs in 2001 were primarily due to the inclusion of properties acquired in 2000. Total upstream average operating costs per unit were \$6.51/boe during the second quarter of 2001 compared with \$5.25/boe during the same period in 2000. Higher unit operating costs in the second quarter of 2001 were primarily attributable to higher energy related operating costs and to a higher proportion of shallow natural gas and mature waterflood operations associated with the properties acquired in 2000. The increase in upstream operating costs for the first six months of 2001 as compared with the same period in 2000 was primarily the result of the same factors.

DEPLETION, DEPRECIATION AND AMORTIZATION

Upstream depletion, depreciation and amortization (“DD&A”) increased by \$113 million from \$63 million in the second quarter of 2000 to \$176 million in the second quarter of 2001. Total upstream DD&A per unit was \$7.33/boe during the second quarter of 2001 compared with \$5.58/boe during the same period in 2000. DD&A per boe in the second quarter of 2001 was higher than that for the same period in 2000 due to the properties acquired in 2000.

Midstream

Husky’s total EBITDA from midstream operations increased \$102 million (291%), from \$35 million in the second quarter of 2000 to \$137 million in the second quarter of 2001. Husky’s total EBITDA from midstream operations increased \$159 million (175%), from \$91 million in the first six months of 2000 to \$250 million in the first six months of 2001.

UPGRADING OPERATIONS

| | Three months ended June 30 | | Six months ended June 30 | | |
|------------------------------------|-------------------------------|-------|-----------------------------|--------|-------|
| | 2001 | 2000 | 2001 | 2000 | |
| Gross margin | \$ 142 | \$ 43 | \$ 275 | \$ 101 | |
| Operating costs | 53 | 31 | 122 | 64 | |
| Other expenses (recoveries) | 6 | (2) | 11 | (4) | |
| EBITDA | 83 | 14 | 142 | 41 | |
| DD&A | 5 | 3 | 8 | 7 | |
| Operating profit (EBIT) | \$ 78 | \$ 11 | \$ 134 | \$ 34 | |
| Selected operating data: | | | | | |
| Upgrader throughput ⁽¹⁾ | (mbbls/day) | 75.5 | 56.9 | 74.7 | 65.7 |
| Synthetic crude oil sales | (mbbls/day) | 65.6 | 49.8 | 61.0 | 55.3 |
| Upgrading differential | (\$/bbl) | 19.56 | 9.21 | 20.55 | 8.89 |
| Unit margin | (\$/bbl) | 23.84 | 9.81 | 24.95 | 10.07 |
| Unit operating cost | (\$/bbl) | 7.83 | 6.17 | 9.03 | 5.35 |

(1) Throughput includes diluent returned to the field.

UPGRADING EBITDA VARIANCE ANALYSIS

| | |
|---|---------------|
| Three months ended June 30, 2000 | \$ 14 |
| Volume | 15 |
| Differential | 83 |
| Operating costs-energy | (17) |
| Operating costs-non-energy | (5) |
| Other | (7) |
| Three months ended June 30, 2001 | \$ 83 |
| Six months ended June 30, 2000 | \$ 41 |
| Volume | 10 |
| Differential | 164 |
| Operating costs-energy | (50) |
| Operating costs-non-energy | (8) |
| Other | (15) |
| Six months ended June 30, 2001 | \$ 142 |

Upgrading operations accounted for 68% of the total increase in midstream EBITDA in the second quarter of 2001 over that for the same quarter in 2000. The increase in upgrading EBITDA was due to a wider differential between the price of synthetic crude oil and the cost of blended heavy crude oil feedstock and higher throughput. These positive factors were partially offset by higher operating costs, primarily due to the increased cost of energy consumed by the upgrading operations. The increase in upgrading EBITDA for the first six months of 2001 as compared with the same period in 2000 was primarily the result of the same factors.

INFRASTRUCTURE AND MARKETING

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|-------|-----------------------------|-------|
| | 2001 | 2000 | 2001 | 2000 |
| Gross margin - pipeline | \$ 27 | \$ 22 | \$ 50 | \$ 44 |
| - other infrastructure and marketing | 30 | - | 62 | 9 |
| | 57 | 22 | 112 | 53 |
| Other expenses | 3 | 1 | 4 | 3 |
| EBITDA | 54 | 21 | 108 | 50 |
| DD&A | 4 | 3 | 8 | 7 |
| Operating profit (EBIT) | \$ 50 | \$ 18 | \$ 100 | \$ 43 |
| Selected operating data: | | | | |
| Aggregate pipeline throughput (mbbls/day) | 583 | 498 | 567 | 490 |

Infrastructure and marketing operations accounted for \$33 million (32%) of the total increase in midstream EBITDA in the second quarter of 2001 over that for the same quarter in 2000. Higher marketing income for brokered commodities and higher pipeline throughput were the main contributors to the positive variance as well as in the second quarter of 2000 there was a non-recurring \$11 million loss on a contract termination. The increase in infrastructure and marketing EBITDA for the first six months of 2001 as compared with the same period in 2000 was primarily the result of the same factors. In addition, increased earnings from brokered natural gas were due to higher sales volumes in 2001. The cogeneration and gas storage facilities also contributed to the positive results for the first six months of 2001.

Refined Products

Husky's total refined products EBITDA increased \$32 million (168%) from \$19 million during the second quarter of 2000 to \$51 million during the second quarter of 2001. Husky's total refined products EBITDA increased \$41 million (146%) from \$28 million during the first six months of 2000 to \$69 million during the first six months of 2001. Higher marketing margins for both light oil and asphalt products and higher asphalt product sales volume were the main reasons for the increased EBITDA for both comparative periods.

REFINED PRODUCTS

Light oil products

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|-------|-----------------------------|-------|
| | 2001 | 2000 | 2001 | 2000 |
| Gross margin - fuel sales | \$ 25 | \$ 15 | \$ 38 | \$ 27 |
| - ancillary sales | 6 | 6 | 13 | 12 |
| | 31 | 21 | 51 | 39 |
| Operating expenses | 6 | 6 | 13 | 13 |
| Other expenses | 4 | 3 | 7 | 6 |
| EBITDA | 21 | 12 | 31 | 20 |
| DD&A | 6 | 5 | 12 | 10 |
| Operating profit (EBIT) | \$ 15 | \$ 7 | \$ 19 | \$ 10 |
| Selected operating data: | | | | |
| Number of fuel outlets | - | - | 584 | 588 |
| Fuel sales volume (millions litres/day) | 7.3 | 7.5 | 7.4 | 7.2 |
| Refinery throughput (mbbls/day) | 10.7 | 7.6 | 10.8 | 9.1 |

Asphalt products

| | Three months ended June 30 | | Six months ended June 30 | |
|---------------------------------|-------------------------------|------|-----------------------------|------|
| | 2001 | 2000 | 2001 | 2000 |
| Gross margin | \$ 30 | \$ 8 | \$ 39 | \$ 9 |
| Other expenses | - | 1 | 1 | 1 |
| EBITDA | 30 | 7 | 38 | 8 |
| DD&A | 1 | 1 | 3 | 3 |
| Operating profit (EBIT) | \$ 29 | \$ 6 | \$ 35 | \$ 5 |
| Selected operating data: | | | | |
| Sales volume (mbbls/day) | 20.6 | 18.4 | 17.8 | 16.7 |
| Refinery throughput (mbbls/day) | 20.5 | 22.2 | 21.3 | 21.5 |

CORPORATE

Interest Expense

Net interest expense was \$11 million higher in the second quarter of 2001 as compared with the same period in 2000. During the second quarter of 2001 capitalized interest was \$2 million higher than that in the comparable period in 2000 due to the progression of the Terra Nova development project and the White Rose pre-development project. Net interest expense was \$12 million higher during the first six months of 2001 compared with the same period in 2000. During the first half of 2001 capitalized interest was \$3 million higher than the same period in 2000 and interest expense in the first six months of 2000 included \$9 million of expenses related to the partial redemption of the Husky Terra Nova Finance 8.45% senior secured bonds. The Company's average interest rate during the first six months of 2001 was 7.11% compared with 8.07% for the same period of 2000.

Foreign Exchange

Husky recorded a foreign exchange loss of \$17 million during the first six months 2001 compared with a \$3 million loss during the same period of 2000 primarily due to a weaker Canadian dollar.

Income Taxes

Income tax expense was \$297 million during the first six months of 2001 compared with \$87 million during the same period of 2000. Higher income tax expense in 2001 was due to higher pre-tax earnings partially offset by an Alberta corporate tax rate reduction which resulted in a non-recurring adjustment to future income taxes of \$42 million.

SENSITIVITY ANALYSIS

The following table shows the effect on net earnings and cash flow of changes in certain key variables. The analysis is based on business conditions and production volumes during the second quarter of 2001. Each separate item in the sensitivity analysis assumes the others are held constant. While these sensitivities are applicable for the period and magnitude of changes on which they are based, they may not be applicable in other periods, under other economic circumstances or greater magnitudes of change.

SENSITIVITY ANALYSIS

| Factor | Change | Approximate Change | | | |
|---------------------------------------|----------------------|--------------------|---------------------------|---------------|---------------------------|
| | | Cash Flow | | Earnings | |
| | | (\$ Millions) | (\$/Share) ⁽⁴⁾ | (\$ Millions) | (\$/Share) ⁽⁴⁾ |
| WTI Benchmark | | | | | |
| Crude Oil Price | + U.S. \$1.00/bbl | 80 | 0.19 | 50 | 0.12 |
| NYMEX Benchmark | | | | | |
| Natural Gas Price ⁽¹⁾ | + U.S. \$0.20/mmbtu | 37 | 0.09 | 21 | 0.05 |
| Light/Heavy | | | | | |
| Crude Oil Differential ⁽²⁾ | + Cdn. \$1.00/bbl | (27) | (0.07) | (16) | (0.04) |
| Light Oil Margins | + Cdn. \$0.005/litre | 13 | 0.03 | 8 | 0.02 |
| Asphalt Margins | + Cdn. \$1.00/bbl | 8 | 0.02 | 4 | 0.01 |
| Exchange Rate (U.S. \$ per Cdn. \$) | + U.S. \$0.01 | (41) | (0.10) | (23) | (0.05) |
| Interest Rate ⁽³⁾ | + 1% | (3) | (0.01) | (2) | (0.00) |

(1) Includes decrease in earnings related to natural gas consumption.

(2) Includes impact of Upstream and Upgrading operations only.

(3) Interest rate sensitivity based on June 30, 2001 obligations.

(4) Based on June 30, 2001 common shares outstanding of 415.9 million.

LIQUIDITY AND CAPITAL RESOURCES

Summary

During the six months ended June 30, 2001, cash available from operating activities amounted to \$1,030 million, an increase of \$712 million (224%) compared with the same period in 2000. Cash used for investing activities during the six month period amounted to \$612 million, an increase of \$404 million compared with the same period in 2000. During the first six months of 2001 cash used for investing activities comprised capital expenditures of \$651 million partially offset by sales of assets (\$285 million in the same period of 2000).

Investing Activities

Net capital investments during the first six months for both 2001 and 2000 were financed by cash flow from operating activities.

CAPITAL EXPENDITURES

| | Three months ended June 30 | | Six months ended June 30 | |
|------------------------------|-------------------------------|--------|-----------------------------|--------|
| | 2001 | 2000 | 2001 | 2000 |
| Upstream | | | | |
| Exploration | | | | |
| Western Canada | \$ 57 | \$ 15 | \$ 135 | \$ 34 |
| East Coast Canada | 26 | 18 | 39 | 35 |
| International | 1 | — | 1 | — |
| | 84 | 33 | 175 | 69 |
| Development | | | | |
| Western Canada | 156 | 54 | 327 | 97 |
| East Coast Canada | 28 | 39 | 55 | 66 |
| International | 17 | — | 47 | — |
| | 201 | 93 | 429 | 163 |
| | 285 | 126 | 604 | 232 |
| Midstream | | | | |
| Upgrader | 3 | 3 | 5 | 5 |
| Infrastructure and marketing | 5 | 6 | 30 | 25 |
| | 8 | 9 | 35 | 30 |
| Refined products | 5 | 8 | 10 | 12 |
| Corporate | 2 | 8 | 2 | 11 |
| | \$ 300 | \$ 151 | \$ 651 | \$ 285 |

UPSTREAM

During the first six months of 2001 upstream capital expenditures in Western Canada totalled \$462 million and included \$64 million for development in the Lloydminster heavy oil area and \$185 million in conventional oil and gas areas primarily in Alberta and southern Saskatchewan. Exploration spending in the first six months of 2001 totalled \$135 million in Western Canada or 29% of total Western Canada upstream capital expenditures. The Company's Western Canadian exploration focus remains on natural gas plays extending from the Alberta foothills and deep basin through to Northeast British Columbia and Northwest Alberta. During the six month period \$94 million was spent on the East Coast of Canada offshore exploration and development projects, which include the Terra Nova development project and the White Rose pre-development engineering project. During the first half of 2001 \$47 million was spent on the Wenchang development project in China.

WELLS DRILLED

| | | Three months ended June 30 | | | | Six months ended June 30 | | | |
|----------------|-----|-------------------------------|------------|-------|-----|-----------------------------|------------|-------|-----|
| | | 2001 | | 2000 | | 2001 | | 2000 | |
| | | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| Western Canada | | | | | | | | | |
| Exploration | Oil | 15 | 15 | — | — | 62 | 60 | 2 | 1 |
| | Gas | 6 | 5 | 1 | — | 78 | 73 | 3 | 1 |
| | Dry | 3 | 3 | — | — | 29 | 28 | — | — |
| | | 24 | 23 | 1 | — | 169 | 161 | 5 | 2 |
| Development | Oil | 132 | 129 | 61 | 55 | 242 | 231 | 162 | 137 |
| | Gas | 19 | 17 | 9 | 6 | 133 | 111 | 19 | 7 |
| | Dry | 8 | 7 | 6 | 6 | 31 | 29 | 16 | 12 |
| | | 159 | 153 | 76 | 67 | 406 | 371 | 197 | 156 |

MIDSTREAM

Midstream capital expenditures for property, plant and equipment during the six months ended June 30, 2001 totalled \$35 million and included \$25 million for a 50% interest in a cogeneration facility at Rainbow Lake in northern Alberta.

REFINED PRODUCTS

Refined products capital expenditures amounted to \$10 million during the first half of 2001 and included \$7 million for marketing outlet improvements and \$3 million for various improvements at the Lloydminster asphalt refinery and Prince George refinery.

Financing Activities

As of June 30, 2001 Husky's outstanding long-term debt, including amounts due within one year, totalled \$2,057 million, compared with \$2,344 at December 31, 2000. During January 2001 Husky's \$510 million syndicated credit facility was amended and restated to permit borrowings of up to \$1 billion from a group of lenders on substantially the same financial terms.

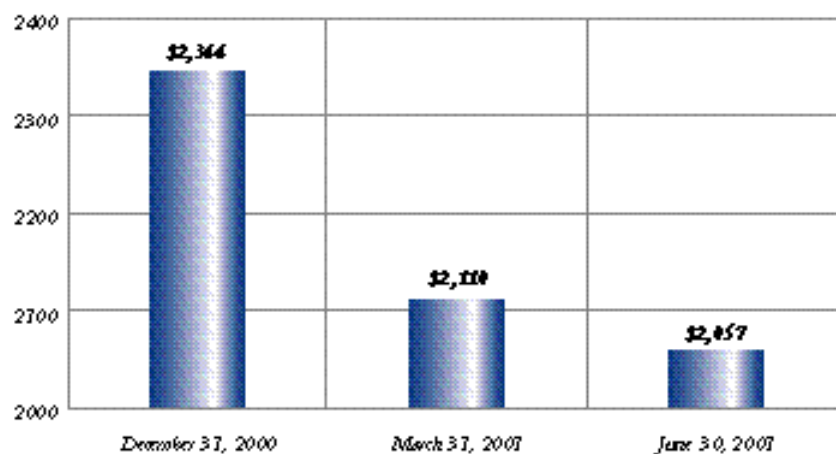
At June 30, 2001, \$176 million (U.S.\$116 million) had been drawn under the \$1 billion syndicated credit facility. Interest rates vary based on Canadian prime, Bankers' Acceptance, U.S. Libor or U.S. base rate, depending on the borrowing option selected, credit ratings assigned by certain rating agencies to Husky's rated senior unsecured debt and whether the facility is revolving or non-revolving. As at June 30, 2001 Husky had unutilized committed long term credit facilities totalling \$824 million.

At June 30, 2001, \$7 million had been utilized under Husky's \$195 million short-term credit facilities. The interest rates applicable to these facilities are based on Canadian prime, Bankers' Acceptance or money market rates, or U.S. dollar equivalents.

Husky has an agreement to sell trade receivables of up to \$220 million on a continual basis. The agreement calls for purchase discounts, based on Canadian commercial paper rates to be paid on an ongoing basis. The average effective rate during the first six months of 2001 was approximately 5.67% (2000 - 5.72%). Husky has potential exposure to an immaterial amount of credit loss under this agreement. At June 30, 2001 \$176 million of receivables had been sold under the agreement.

Husky believes its internally generated liquidity, together with access to external credit resources, will be sufficient to satisfy existing commitments and plans, and also to provide adequate flexibility to take advantage of potential strategic business opportunities.

LONG TERM DEBT ⁽¹⁾
(millions of dollars)



(1) Includes amounts due within 12 months.

COMMON SHARE INFORMATION

| | | Six months ended | Year ended |
|--|---------------|------------------|-------------|
| | | June 30 | December 31 |
| (Thousands of shares, except prices) | | 2001 | 2000 |
| Share price ⁽¹⁾ | High | \$ 17.30 | \$ 15.95 |
| | Low | \$ 13.10 | \$ 11.50 |
| | Closing price | \$ 16.22 | \$ 14.90 |
| Average daily trading volume (thousands of shares) | | 398 | 979 |
| Weighted average number of common shares outstanding | | | |
| | Basic | 415,841 | 321,169 |
| | Diluted | 417,948 | 345,033 |
| Number of common shares outstanding at June 30, 2001 | | 415,947 | |

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

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

CONSOLIDATED BALANCE SHEETS*(2001 unaudited)*

| June 30, 2001 and December 31, 2000 <i>(millions of dollars)</i> | 2001 | 2000 |
|--|-----------------|-----------------|
| <i>Assets</i> | | |
| Current assets | | |
| Accounts receivable | \$ 609 | \$ 715 |
| Inventories | 234 | 186 |
| Prepaid expenses | 28 | 27 |
| | <u>871</u> | <u>928</u> |
| Property, plant and equipment - (full cost accounting) | 12,109 | 11,471 |
| Less accumulated depletion, depreciation and amortization | <u>3,994</u> | <u>3,630</u> |
| | <u>8,115</u> | <u>7,841</u> |
| Other assets | 135 | 133 |
| | <u>\$ 9,121</u> | <u>\$ 8,902</u> |
| <i>Liabilities and Shareholders' Equity</i> | | |
| Current liabilities | | |
| Bank operating loans | \$ 7 | \$ 34 |
| Accounts payable and accrued liabilities | 874 | 1,076 |
| Long term debt due within one year | 141 | 33 |
| | <u>1,022</u> | <u>1,143</u> |
| Long term debt | 1,916 | 2,311 |
| Site restoration provision | 200 | 178 |
| Future income taxes | 1,529 | 1,231 |
| Shareholders' equity | | |
| Capital securities and accrued return | 348 | 347 |
| Common shares | 3,390 | 3,388 |
| Retained earnings | 716 | 304 |
| | <u>4,454</u> | <u>4,039</u> |
| | <u>\$ 9,121</u> | <u>\$ 8,902</u> |
| Subsequent event (Note 2) | | |
| Common shares outstanding (millions) | 415.9 | 415.8 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited)

| <i>(millions of dollars, except per share amounts)</i> | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|----------|-----------------------------|----------|
| | 2001 | 2000 | 2001 | 2000 |
| Sales and operating revenues | \$ 1,738 | \$ 1,018 | \$ 3,526 | \$ 1,969 |
| Costs and expenses | | | | |
| Cost of sales and operating expenses | 1,117 | 772 | 2,230 | 1,492 |
| Selling and administration expenses | 23 | 12 | 40 | 24 |
| Depletion, depreciation and amortization | 196 | 80 | 388 | 164 |
| Interest - net | 26 | 15 | 54 | 42 |
| Ownership charges | - | 31 | - | 62 |
| Foreign exchange | 8 | 4 | 17 | 3 |
| Other - net | 1 | (1) | 4 | 1 |
| | 1,371 | 913 | 2,733 | 1,788 |
| Earnings before income taxes | 367 | 105 | 793 | 181 |
| Income taxes | | | | |
| Current | 5 | 2 | 10 | 4 |
| Future | 108 | 48 | 287 | 83 |
| | 113 | 50 | 297 | 87 |
| Net earnings | \$ 254 | \$ 55 | \$ 496 | \$ 94 |
| Earnings per share | | | | |
| Basic and diluted | \$ 0.60 | \$ 0.19 | \$ 1.17 | \$ 0.32 |
| Weighted average number of common shares outstanding | | | | |
| Basic | 415.9 | 270.3 | 415.8 | 270.3 |
| Diluted | 418.3 | 270.3 | 417.9 | 270.3 |

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(unaudited)

| <i>(millions of dollars, except per share amounts)</i> | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|----------|-----------------------------|----------|
| | 2001 | 2000 | 2001 | 2000 |
| Beginning of period | \$ 505 | \$ (260) | \$ 304 | \$ (295) |
| Net earnings | 254 | 55 | 496 | 94 |
| Dividends | (38) | - | (75) | - |
| Return on capital securities (net of related taxes) | (5) | (4) | (9) | (8) |
| End of period | \$ 716 | \$ (209) | \$ 716 | \$ (209) |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS*(unaudited)*

| <i>(millions of dollars, except per share amounts)</i> | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|---------|-----------------------------|----------|
| | 2001 | 2000 | 2001 | 2000 |
| Operating activities | | | | |
| Net earnings | \$ 254 | \$ 55 | \$ 496 | \$ 94 |
| Items not affecting cash | | | | |
| Depletion, depreciation and amortization | 196 | 80 | 388 | 164 |
| Future income taxes | 108 | 48 | 287 | 83 |
| Foreign exchange - non cash | 4 | 5 | 9 | 4 |
| Ownership charges | - | 31 | - | 62 |
| Other | (1) | - | 1 | 3 |
| Cash flow from operations | 561 | 219 | 1,181 | 410 |
| Change in non-cash working capital | (185) | (27) | (151) | (92) |
| | 376 | 192 | 1,030 | 318 |
| Financing activities | | | | |
| Bank operating loans financing - net | (53) | (53) | (27) | (29) |
| Long term debt issue | - | 70 | - | 70 |
| Long term debt repayment | (1) | (104) | (303) | (104) |
| Return on capital securities payment | - | - | (15) | (15) |
| Deferred credits | 3 | (1) | - | (2) |
| Proceeds from exercise of stock options | 2 | - | 2 | - |
| Dividends | (38) | - | (75) | - |
| | (87) | (88) | (418) | (80) |
| Available for investing | 289 | 104 | 612 | 238 |
| Investing activities | | | | |
| Capital expenditures | 300 | 151 | 651 | 285 |
| Asset sales | (9) | - | (36) | (1) |
| Other assets | (2) | 11 | (3) | (76) |
| | 289 | 162 | 612 | 208 |
| Increase (decrease) in cash equivalents | - | (58) | - | 30 |
| Cash equivalents at beginning of period | - | 88 | - | - |
| Cash equivalents at end of period | \$ - | \$ 30 | \$ - | \$ 30 |
| Decrease (increase) in non-cash working capital | | | | |
| Accounts receivable | \$ 114 | \$ (40) | \$ 106 | \$ (110) |
| Inventories | (35) | (17) | (48) | (55) |
| Prepaid expenses | (1) | (10) | (1) | (14) |
| Accounts payable and accrued liabilities | (263) | 40 | (208) | 87 |
| Change in non-cash working capital | \$ (185) | \$ (27) | \$ (151) | \$ (92) |
| Cash taxes paid | \$ 5 | \$ 3 | \$ 13 | \$ 5 |
| Cash interest paid | \$ 37 | \$ 29 | \$ 73 | \$ 55 |
| Cash flow from operations per share | | | | |
| Basic and diluted | \$ 1.33 | \$ 0.78 | \$ 2.80 | \$ 1.46 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Six months ended June 30, 2001
(unaudited)

Except where indicated, all dollar amounts are in millions of Canadian dollars.

Note 1 – Accounting Policies

The interim consolidated financial statements of Husky Energy Inc. (“the Company”) have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2000. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Company’s annual report for the year ended December 31, 2000. Certain prior year amounts including ownership charges which were eliminated effective August 25, 2000 have been reclassified to conform with current presentation.

Note 2 – Subsequent Event (Acquisition of Avid)

On July 4, 2001, Husky paid for the shares of Avid Oil & Gas Ltd. (“Avid”) tendered pursuant to an offer dated May 23, 2001. Husky already held 8,287,500 Class A common shares (39.5%) prior to the offer. Cash consideration consists of \$5.85 for each Class A common share (12,673,520 shares not already held by Husky) and \$10.00 for each Class B common share (843,324 shares). On July 4, 2001, 96.9% of the Class A common shares (not already held by Husky) and 90.5% of the Class B common shares were tendered to the offer and taken up. Husky has taken steps to acquire the remaining common shares of Avid pursuant to the compulsory acquisition provisions contained in the Business Corporations Act (Alberta).

Note 3 – Share Capital

The Company’s share capital consists of an unlimited number of no par value common and preferred shares.

| | Number of Common Shares | Amount |
|---|----------------------------|-----------------|
| Balance at December 31, 2000 | 415,803,083 | \$ 3,388 |
| Exercised for cash – options and warrants | 143,942 | 2 |
| Balance at June 30, 2001 | 415,947,025 | \$ 3,390 |

Options to purchase common shares have been awarded to directors, officers and certain other employees. At June 30, 2001, 30,000,000 common shares were reserved for issuance under the Company stock option plan. The exercise price of the options is equal to the average market price of the Company’s common shares during the five trading days prior to the date of the award. Under the stock option plan the options awarded have maximum term of five years and vest over three years on the basis of one-third per year. At June 30, 2001, there were 9,549,000 stock options outstanding at a weighted average exercise price of \$13.92 per share with a weighted average life of four years. 1,065,000 of the options were exercisable as of June 30, 2001. Shares potentially issuable on the settlement of the capital securities have not been included in the determination of diluted earnings and cash flow per share, as the Company has neither the obligation nor intention to settle amounts due through the issue of shares.

Note 4 – Segmented Information (Next Page)

Note 4 Segmented Financial Information

| (millions of dollars) | Upstream | | Midstream | | | | Refined | | Corporate | | Total | |
|--|----------|----------|-----------|--------|----------------------------|--------|----------|--------|------------------|----------|----------|----------|
| | 2001 | 2000 | Upgrading | | Infrastructure & Marketing | | Products | | and eliminations | | Total | |
| | | | 2001 | 2000 | 2001 | 2000 | 2001 | 2000 | 2001 | 2000 | 2001 | 2000 |
| Three months ended June 30 | | | | | | | | | | | | |
| <i>Sales & operating revenues</i> | \$ 585 | \$ 249 | \$ 259 | \$ 186 | \$ 839 | \$ 535 | \$ 345 | \$ 317 | \$ (290) | \$ (269) | \$ 1,738 | \$ 1,018 |
| <i>Costs and expenses</i> | 162 | 62 | 176 | 172 | 785 | 514 | 294 | 298 | (268) | (259) | 1,149 | 787 |
| <i>EBITDA</i> | 423 | 187 | 83 | 14 | 54 | 21 | 51 | 19 | (22) | (10) | 589 | 231 |
| Depletion, depreciation & amortization | 176 | 63 | 5 | 3 | 4 | 3 | 7 | 6 | 4 | 5 | 196 | 80 |
| Interest, net | — | — | — | — | — | — | — | — | 26 | 15 | 26 | 15 |
| Ownership charges | — | — | — | — | — | — | — | — | — | 31 | — | 31 |
| | 176 | 63 | 5 | 3 | 4 | 3 | 7 | 6 | 30 | 51 | 222 | 126 |
| <i>Earnings (loss) before income taxes</i> | 247 | 124 | 78 | 11 | 50 | 18 | 44 | 13 | (52) | (61) | 367 | 105 |
| Current income taxes | — | — | — | — | — | — | — | — | 5 | 2 | 5 | 2 |
| Future income taxes | — | — | — | — | — | — | — | — | 108 | 48 | 108 | 48 |
| <i>Net earnings (loss)</i> | \$ 247 | \$ 124 | \$ 78 | \$ 11 | \$ 50 | \$ 18 | \$ 44 | \$ 13 | \$ (165) | \$ (111) | \$ 254 | \$ 55 |
| <i>Cash flow from operations</i> | \$ 423 | \$ 188 | \$ 82 | \$ 14 | \$ 54 | \$ 20 | \$ 52 | \$ 19 | \$ (50) | \$ (22) | \$ 561 | \$ 219 |
| <i>Capital expenditures</i> - Three months ended June 30 | \$ 285 | \$ 126 | \$ 3 | \$ 3 | \$ 5 | \$ 6 | \$ 5 | \$ 8 | \$ 2 | \$ 8 | \$ 300 | \$ 151 |
| <i>Identifiable assets</i> - As at June 30 | \$ 6,799 | \$ 2,831 | \$ 760 | \$ 765 | \$ 202 | \$ 166 | \$ 320 | \$ 326 | \$ 1,040 | \$ 1,011 | \$ 9,121 | \$ 5,099 |
| Six months ended June 30 | | | | | | | | | | | | |
| <i>Sales & operating revenues</i> | \$ 1,264 | \$ 479 | \$ 484 | \$ 423 | \$ 2,431 | \$ 994 | \$ 646 | \$ 584 | \$ (1,299) | \$ (511) | \$ 3,526 | \$ 1,969 |
| <i>Costs and expenses</i> | 299 | 119 | 342 | 382 | 2,323 | 944 | 577 | 556 | (1,250) | (481) | 2,291 | 1,520 |
| <i>EBITDA</i> | 965 | 360 | 142 | 41 | 108 | 50 | 69 | 28 | (49) | (30) | 1,235 | 449 |
| Depletion, depreciation & amortization | 350 | 128 | 8 | 7 | 8 | 7 | 15 | 13 | 7 | 9 | 388 | 164 |
| Interest, net | — | — | — | — | — | — | — | — | 54 | 42 | 54 | 42 |
| Ownership charges | — | — | — | — | — | — | — | — | — | 62 | — | 62 |
| | 350 | 128 | 8 | 7 | 8 | 7 | 15 | 13 | 61 | 113 | 442 | 268 |
| <i>Earnings (loss) before income taxes</i> | 615 | 232 | 134 | 34 | 100 | 43 | 54 | 15 | (110) | (143) | 793 | 181 |
| Current income taxes | — | — | — | — | — | — | — | — | 10 | 4 | 10 | 4 |
| Future income taxes | — | — | — | — | — | — | — | — | 287 | 83 | 287 | 83 |
| <i>Net earnings (loss)</i> | \$ 615 | \$ 232 | \$ 134 | \$ 34 | \$ 100 | \$ 43 | \$ 54 | \$ 15 | \$ (407) | \$ (230) | \$ 496 | \$ 94 |
| <i>Cash flow from operations</i> | \$ 965 | \$ 360 | \$ 142 | \$ 41 | \$ 108 | \$ 50 | \$ 69 | \$ 28 | \$ (103) | \$ (69) | \$ 1,181 | \$ 410 |
| <i>Capital expenditures</i> - Six months ended June 30 | \$ 604 | \$ 232 | \$ 5 | \$ 5 | \$ 30 | \$ 25 | \$ 10 | \$ 12 | \$ 2 | \$ 11 | \$ 651 | \$ 285 |
| <i>Identifiable assets</i> - As at June 30 | \$ 6,799 | \$ 2,831 | \$ 760 | \$ 765 | \$ 202 | \$ 166 | \$ 320 | \$ 326 | \$ 1,040 | \$ 1,011 | \$ 9,121 | \$ 5,099 |

TERMS AND ABBREVIATIONS

| | |
|----------------------------------|--|
| <i>bbls</i> | barrels |
| <i>bcf</i> | billion cubic feet |
| <i>boe</i> | barrels of oil equivalent |
| <i>hectare</i> | 1 hectare is equal to 2.47 acres |
| <i>mmbbls</i> | thousand barrels |
| <i>mmbbls/day</i> | thousand barrels per day |
| <i>mboe</i> | thousand barrels of oil equivalent |
| <i>mboe/day</i> | thousand barrels of oil equivalent per day |
| <i>mcf</i> | thousand cubic feet |
| <i>mcfe</i> | thousand cubic feet of gas equivalent |
| <i>mmbbls</i> | million barrels |
| <i>mmboe</i> | million barrels of oil equivalent |
| <i>mmboe/day</i> | million barrels of oil equivalent per day |
| <i>mmcf</i> | million cubic feet |
| <i>mmcf/day</i> | million cubic feet per day |
| <i>mmlt</i> | million long tons |
| <i>Capital Expenditures</i> | Include capitalized administrative expenses and capitalized interest but does not include proceeds or other assets |
| <i>Cash Flow from Operations</i> | Earnings from operations plus non-cash charges |
| <i>Total Debt</i> | Long term debt including current portion and short term |
| <i>EBITDA</i> | Earnings from operations before interest, taxes and DD&A |
| <i>EBIT</i> | Earnings from operations before interest and taxes (operating profit) |
| <i>Equity</i> | Amounts due to shareholders, capital securities and accrued return, shares and retained earnings |
| <i>Free Cash Flow</i> | Cash flow from operations less capitalized administration and capitalized interest |

Natural gas volumes converted on the basis that six thousand cubic feet of natural gas equals one barrel of oil (6:1)

In this report, the term “Husky Energy Inc.,” “Husky” or “the Company” means Husky Energy Inc. and its subsidiaries and partnership interests on a consolidated basis.



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