

# Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Entity Name</b>	Husky Energy Inc.					
<b>Reporting Year</b>	<b>From</b>	1/1/2019	<b>To:</b>	12/31/2019	<b>Date submitted</b>	5/28/2019
<b>Reporting Entity ESTMA Identification Number</b>	E791464		<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report			
<b>Other Subsidiaries Included</b> (optional field)						
<b>For Consolidated Reports - Subsidiary Reporting Entities Included in Report:</b>	Husky Oil Operations Limited E035441, HOI Resources Ltd. E794173, Husky Oil Limited Partnership E483488, Husky Energy International Sulphur Corporation E206499, Husky Energy International Corporation E602104, Husky Oil China Branch of HEIC E908878, Husky Oil Sands Partnership E945280, Sunrise Oil Sands Partnership E653397					
<b>Not Substituted</b>						
<b>Attestation by Reporting Entity</b>						
<i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.</i>						
<b>Full Name of Director or Officer of Reporting Entity</b>	Jeff Hart			<b>Date</b>	5/28/2019	
<b>Position Title</b>	Chief Financial Officer					

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### Payments by Payee

Country	Payee Name	Departments, Agency, etc... within Payee that Received Payments	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
China	Zhangjiang Offshore Oil Tax Bureau		144,740,000	-	-	-	-	-	-	144,740,000	3
Canada - Alberta	Government of Alberta		13,250,000	82,620,000	24,320,000	-	-	-	-	120,190,000	2, 5
Canada - Saskatchewan	Government of Saskatchewan		28,270,000	84,080,000	3,640,000	-	-	-	-	115,990,000	6
China	Zhuhai Municipal Tax Bureau		-	60,160,000	-	-	-	-	-	60,160,000	3
Canada	Government of Canada		210,000	44,720,000	200,000	-	-	-	-	45,130,000	4, 8
Canada - Alberta	Regional Municipality of Wood Buffalo		13,860,000	-	-	-	-	-	-	13,860,000	
Canada -Saskatchewan	Rural Municipality of Eldon		9,350,000	-	390,000	-	-	-	-	9,740,000	
Canada -Saskatchewan	Rural Municipality of Frenchman Butte		7,960,000	-	40,000	-	-	-	-	8,000,000	
Canada - Alberta	County of Vermillion River		5,980,000	-	230,000	-	-	-	-	6,210,000	
Canada -Newfoundland and Labrador	Newfoundland Exchequer Account		-	-	6,000,000	-	-	-	-	6,000,000	
Canada - Alberta	Municipal District of Bonnyville		5,690,000	-	-	-	-	-	-	5,690,000	
Canada -Newfoundland and Labrador	Canada-Newfoundland & Labrador Offshore Petroleum Board		-	-	5,220,000	-	-	-	-	5,220,000	
Canada -Saskatchewan	Rural Municipality of Turtle River		5,150,000	-	20,000	-	-	-	-	5,170,000	
Canada -Saskatchewan	Rural Municipality of Wilton		4,800,000	-	20,000	-	-	-	-	4,820,000	
Canada - Alberta	Mackenzie County		4,080,000	-	-	-	-	-	-	4,080,000	
Canada -Saskatchewan	Rural Municipality of Britannia		3,860,000	-	-	-	-	-	-	3,860,000	
Canada - Alberta	Yellowhead County		3,130,000	-	80,000	-	-	-	-	3,210,000	
Canada - Alberta	Municipal District of Wainwright		3,100,000	-	-	-	-	-	-	3,100,000	
Canada - Alberta	Municipal District of Opportunity		2,420,000	-	20,000	-	-	-	-	2,440,000	
Canada -British Columbia	Government of The Province of British Columbia		550,000	830,000	740,000	-	-	-	-	2,120,000	7
Canada -Saskatchewan	Rural Municipality of Mervin		1,920,000	-	60,000	-	-	-	-	1,980,000	
Canada - Alberta	City of Lloydminster		1,730,000	-	-	-	-	-	-	1,730,000	
Canada -Saskatchewan	Rural Municipality of Manitou		1,690,000	-	-	-	-	-	-	1,690,000	
Canada - Alberta	Municipal District of Greenview		1,310,000	-	160,000	-	-	-	-	1,470,000	
Canada -Northwest Territories	Government of the Northwest Territories		-	-	1,450,000	-	-	-	-	1,450,000	
Canada -Alberta	Rural Municipality of Paynton		1,350,000	-	-	-	-	-	-	1,350,000	
Canada -Saskatchewan	Rural Municipality of Hillsdale		1,150,000	-	-	-	-	-	-	1,150,000	
China	Shenzhen Offshore Oil Tax Bureau		1,150,000	-	-	-	-	-	-	1,150,000	3
Canada -Alberta	Wheatland County		1,120,000	-	-	-	-	-	-	1,120,000	
Canada -Alberta	Flagstaff County		1,110,000	-	-	-	-	-	-	1,110,000	

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<b>Subsidiary Reporting Entities (if necessary)</b>	Husky Oil Operations Limited E035441, HOI Resources Ltd. E794173, Husky Oil Limited Partnership E483488, Husky Energy International Sulphur Corporation E206499, Husky Energy International Corporation E602104, Husky Oil China Branch of HEIC E908878, Husky Oil Sands Partnership E945280, Sunrise Oil Sands Partnership E653397		

### Payments by Payee

Country	Payee Name	Departments, Agency, etc... within Payee that Received Payments	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada -Alberta	Fort McKay First Nation		-	-	-	-	-	-	930,000	930,000	
Canada -Alberta	Municipal District of Provost		870,000	-	-	-	-	-	-	870,000	
China	CNOOC		-	-	670,000	-	-	-	-	670,000	3
Canada -Alberta	County of Two Hills		590,000	-	-	-	-	-	-	590,000	
Canada -Alberta	Cleanwater County		420,000	-	-	-	-	-	-	420,000	
Canada -Alberta	City of Medicine Hat		120,000	40,000	250,000	-	-	-	-	410,000	
Canada -Alberta	Kneehill County		390,000	-	-	-	-	-	-	390,000	
Canada -Alberta	Town of Rainbow Lake		360,000	-	-	-	-	-	-	360,000	
Canada -Alberta	Northern Rockies Regional		320,000	-	-	-	-	-	-	320,000	
Canada -Alberta	Red Deer County		300,000	-	-	-	-	-	-	300,000	
Canada -Alberta	Athabasca Chipewyan First Nation		-	-	-	-	-	-	270,000	270,000	
Canada -Saskatchewan	DENE		-	-	-	-	-	-	250,000	250,000	
Canada -Alberta	City of Prince Albert		-	-	-	-	-	-	-	240,000	
Canada -Alberta	County of St Paul No 19		240,000	-	-	-	-	-	-	240,000	
Canada -Saskatchewan	TECHNICAL SAFETY AUTHORITY OF Saskatchewan		-	-	230,000	-	-	-	-	230,000	
Canada -Saskatchewan	Thunderchild First Nation		-	-	-	-	-	-	210,000	210,000	
Canada -Saskatchewan	Moosomin First Nation		-	-	-	-	-	-	200,000	200,000	
Canada -Saskatchewan	Saulteaux First Nation		-	-	-	-	-	-	200,000	200,000	
Canada -Alberta	Fort McKay Metis		-	-	-	-	-	-	190,000	190,000	
Canada -Alberta	Kananaskisk Improvement District		170,000	-	-	-	-	-	-	170,000	
Canada -Saskatchewan	Onion Lake First Nation		-	-	-	-	-	-	170,000	170,000	
Canada -Newfoundland and Labrador	Town of Placentia		160,000	-	-	-	-	-	-	160,000	
Canada -Saskatchewan	Rural Municipality Of Lac Pelletier		130,000	-	-	-	-	-	-	130,000	
Canada -Alberta	Mikisew Cree First Nation		-	-	-	-	-	-	120,000	120,000	
Canada -Alberta	County of Minburn		110,000	-	-	-	-	-	-	110,000	

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	<p><b>Additional Notes:</b></p> <p>(1) All reported payments have been rounded to the nearest CDN \$10,000.</p> <p>(2) Includes royalties taken in kind, converted to the cash basis using the same methodology as Husky Energy Inc.'s 2019 consolidated financial statements.</p> <p>(3) Includes payments made in foreign currencies. Where payments have been made in a local currency they have been converted to Canadian dollars using the prevailing exchange rate at the time of the payment. The average exchange rates for the reporting period were:</p> <ul style="list-style-type: none"> <li>• \$1 CAD: \$1.327 USD</li> <li>• \$1 CAD: \$0.000094 IDR</li> <li>• \$1 CAD: \$0.1922 CNY</li> </ul> <p>(4) Payments made to the Government of Canada include the following government bodies: (a) Natural Resource Canada and (b) Receiver General for Canada.</p> <p>(5) Payments made to the Government of Alberta include the following government bodies: (a) Government of Alberta; (b) Alberta Energy Regulator; and (c) Alberta Petroleum Marketing Commission</p> <p>(6) Payments made to the Government of Saskatchewan include the following government bodies: (a) Saskatchewan Ministry of the Economy; (b) Government of Saskatchewan Revenue Division; and (c) Ministry of Agriculture Lands Branch</p> <p>(7) Payments made to the Province of British Columbia include the following government bodies: (a) Province of British Columbia; (b) Ministry of Finance and Corporate Relations; (d) Minister of Finance; and (f) Surveyor of Taxes.</p> <p>(8) Payments made related to the White Rose and Terra Nova Fields are paid to the Government of Canada.</p>										

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### Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
China	Liwan Gas Project	144,130,000	60,160,000	240,000	-	-	-	-	204,530,000	3
Canada - Alberta	Lloydminster Thermal Developments	43,490,000	62,690,000	8,020,000	-	-	-	780,000	114,980,000	
Canada - Alberta	Cold & EOR	18,620,000	36,820,000	-	-	-	-	250,000	55,690,000	2
Canada - Alberta	Sunrise Energy Project	16,290,000	24,060,000	6,010,000	-	-	-	1,510,000	47,870,000	
Canada - Newfoundland and Labrador	White Rose Oil Field	160,000	22,170,000	11,220,000	-	-	-	-	33,550,000	4
Canada	Corporate	980,000	3,430,000	910,000	-	-	-	-	5,320,000	
Canada - Alberta	Northern Operations	7,820,000	12,970,000	1,855,000	-	-	-	-	22,645,000	2
Canada - Newfoundland and Labrador	Terra Nova Oil Field	-	22,530,000	-	-	-	-	-	22,530,000	
Canada - Alberta	Southern Operations	33,810,000	8,150,000	8,915,000	-	-	-	-	50,875,000	2
Canada - Alberta	Rainbow Lake Development	360,000	13,100,000	1,660,000	-	-	-	-	15,120,000	2
Canada - Alberta	Tucker Thermal Project	5,690,000	6,370,000	2,800,000	-	-	-	-	14,860,000	
China	Corporate - China	1,740,000	-	-	-	-	-	-	1,740,000	3
Canada - Northwest Territories	Northwest Territories	-	-	1,450,000	-	-	-	-	1,450,000	
Canada - Alberta	Western Canada Exploration	-	-	160,000	-	-	-	-	160,000	
China	Block 15/33	20,000	-	110,000	-	-	-	-	130,000	3
China	Block 22/11	-	-	120,000	-	-	-	-	120,000	3
China	Block 23/07	-	-	120,000	-	-	-	-	120,000	3
China	Block 16/25	-	-	90,000	-	-	-	-	90,000	3
Canada - Newfoundland and Labrador	East Coast Exploration	-	-	60,000	-	-	-	-	60,000	

**Additional Notes<sup>3</sup>:**

- (1) All reported payments have been rounded to the nearest CDN \$10,000.
- (2) Includes royalties taken in kind, converted to the cash basis using the same methodology as Husky Energy Inc.'s 2019 consolidated financial statements.
- (3) Includes payments made in foreign currencies. Where payments have been made in a local currency they have been converted to Canadian dollars using the prevailing exchange rate at the time of the payment. The average exchange rates for the reporting period were:
  - \$1 CAD: \$1.327 USD
  - \$1 CAD: \$0.000094 IDR
  - \$1 CAD: \$0.1922 CNY
- (4) Payments made related to the White Rose Field are paid to the Government of Canada.

# Extractive Sector Transparency Measures Act (“ESTMA”) Annual Report

## Reader Advisories

In this document, the terms "Husky" and the "Company" mean Husky Energy Inc. and its subsidiaries and partnership interests on a consolidated basis, including information with respect to predecessor corporations.

## Overview

ESTMA was enacted by the Government of Canada on December 16, 2014, and made effective on June 1, 2015. This Act delivers on Canada's international commitments to contribute to global efforts to increase transparency and deter corruption in the extractive sector. The Act requires extractive entities active in Canada to publicly disclose, on an annual basis, specific payments made to all governments in Canada and abroad. As a Reporting Entity, Husky will meet ESTMA reporting requirements.

## Reporting Entity

Husky Energy Inc. ("HEI"), a reporting entity under ESTMA, has prepared and filed a consolidated report on behalf of its subsidiary reporting entities. HEI's ESTMA ID number is: E791464.

## Subsidiary Reporting Entities

Included in the consolidated report are the following subsidiary reporting entities of HEI:

1. Husky Oil Operations Limited, ESTMA ID number: E035441
2. HOI Resources ULC, ESTMA ID number: E794173
3. Husky Oil Limited Partnership, ESTMA ID number: E483488
4. Husky Energy International Sulphur Corporation, ESTMA ID number: E206499
5. Husky Energy International Corporation, ESTMA ID number: E602104
6. Husky Oil China Branch of HEIC, ESTMA ID number: E908878
7. Husky Oil Sands Partnership, ESTMA ID number: E945280
8. Sunrise Oil Sands Partnership, ESTMA ID number: E653397

## Reporting Principles

### 1. Scope

The Company, a reporting entity under ESTMA has prepared and filed a consolidated report on behalf of its subsidiary reporting entities. This report includes reportable payments to payees for activities related to the exploration or extraction of oil, gas or minerals and the acquisition or holding of a permit, license, lease or any other authorization to carry out any exploration or extraction of oil, gas or minerals. The report discloses payments made to payees by the Company and/or by any entity controlled by Husky and payments made on behalf of the Company to a payee.

### 2. Basis for Preparation

The Schedule of Payments by Payee and the Schedule of Payments by Project (collectively, the "Schedules") prepared by the Company for the year ended December 31, 2019 has been prepared in accordance with the financial reporting provisions in Section 9 of the ESTMA, Section 2.3 of the ESTMA – Technical Reporting Specifications and Sections 3.1 to 3.6 of the ESTMA – Guidance. The Schedules are prepared to meet the requirements of the ESTMA. As a result, the Schedules may not be suitable for another purpose.

Payments are reported on a cash accounting basis. In-kind payments are reported at cost; if the cost is not determinable, then the fair market value is reported.

### 3. Commercial Development of Oil and Gas

Commercial development does not include post-extraction activities. Husky is one of Canada's largest integrated energy companies with both Upstream and Downstream operations.

The Company's Downstream segment which includes upgrading of heavy crude oil feedstock into synthetic crude oil in Canada, refining in Canada of crude oil, marketing of refined petroleum products including gasoline, diesel, ethanol blended fuels, asphalt and ancillary products, and production of ethanol and refining in the U.S. of primarily crude oil to produce and market gasoline, jet fuel and diesel fuels that meet U.S. clean fuels standards, is out-of-scope of the report.

Additionally, the Company's Infrastructure and Marketing business within the Upstream segment, which markets and distributes the Company's and other producers' crude oil, natural gas, natural gas liquids, sulphur and petroleum coke, manages pipeline transportation, the blending of crude oil and natural gas, and storage of crude oil, diluent and natural gas, is out-of-scope of this report.

### 4. Joint Operations and Joint Control

The report includes payments to payees made by the Company, its subsidiaries and joint ventures or joint operations of which the Company is the operator. In situations of joint control in which the Company is not the operator, amounts paid by third party operators related to the Company's non-operated working interest have not been included in the report, with the exception of instances where the third party operator is a non-reporting entity or instances where the Company makes payments directly to a payee, even when the Company is not the operator of the project.

## 5. Payee

In the context of this report, a payee is:

- i. any government in Canada or in a foreign state at a national, regional, state/provincial or local/municipal level;
- ii. a body that is established by two or more such governments; or
- iii. any trust, board, commission, corporation, body or other authority established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (i) above or a body referred to in paragraph (ii) above

Payees include crown corporations, and other state-owned enterprises that are exercising or performing a power, duty or function of government. Payments made to crown corporations, and other state-owned enterprises operating in Canada are considered to be on normal commercial terms and therefore are not reportable. If a vendor becomes an ESTMA payee during the period due to acquisition or change of control, the payments made to the payee during the fiscal year are included in the report.

Aboriginal and indigenous groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act.

## 6. Reportable Payment Categories

Payments are presented in seven categories:

- taxes, other than consumption taxes and personal income taxes;
- royalties;
- fees, including rental fees, entry fees and regulatory charges, as well as fees or other consideration for licences, permits or concessions;
- production entitlements;
- bonuses, including signature, discovery and production bonuses;
- dividends other than dividends paid as ordinary shareholders; and
- infrastructure improvement payments.



## 7. Project Definition

A “project” means the operational activities that are governed by a single contract, licence, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. If multiple such agreements are substantially interconnected, this shall be considered a project. “Substantially interconnected” means a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities.

The reportable projects of the Company are as follows:

Country	Type	Project
China	Offshore	Liwan Gas Project
China	Offshore	Block 15/33
China	Offshore	Block 16/25
China	Offshore	Block 22/11
China	Offshore	Block 23/07
China	Corporate	Corporate - China
Canada	Offshore	White Rose Oil Field
Canada	Offshore	Terra Nova Oil Field
Canada	Offshore	East Coast Exploration
Canada	Oil Sands	Sunrise Energy Project
Canada	Heavy Oil	Lloydminster Thermal Developments
Canada	Heavy Oil	Tucker Thermal Project
Canada	Heavy Oil	Cold and EOR
Canada	Onshore	Northern Operations
Canada	Onshore	Southern Operations
Canada	Onshore	Rainbow Lake Development
Canada	Onshore	NW Territories
Canada	Corporate	Corporate

## 8. Breakdown of Payments

Payments are broken down to indicate which payee received the payment, and to the project level when attributed to a specific project.

Corporate income tax payments are reported at the entity level without allocating the payment to specific projects as this would require artificially splitting and disaggregating the payment.

## 9. Penalties and Interest

Interest and penalties are out-of-scope of this report.

## 10. Refunds, Credits and Incentives Received from Payees

If a refund, credit, or incentive is received via an offset against another reportable payment to the same payee, then that refund, credit, or incentive is included, in order to report the net cash payment amount made by the Company to the payee.

## 11. Acquisitions and Divestitures

The Company may acquire or divest properties during the reporting year. Regardless of being subsequently reimbursed or making a payment via an ISOA or FSOA, whichever party to the transaction made the reportable payment will include the respective payment within their report.

## 12. Social or Corporate Social Responsibility Payments

The Company has only included social or corporate social responsibility payments that are directly related to commercial development. The Company views any social or corporate social responsibility as reportable if they are a condition of the commercial development of oil and gas (i.e. they are expressly required in a legal agreement or are a condition to operate).

## 13. Infrastructure Improvement Payments

Infrastructure payments are reported in the period in which the payment is incurred, when the infrastructure is transferred to the government or when the infrastructure is brought into use.

Infrastructure improvement payment made on infrastructure that is primarily used for operational purposes during the useful life, are excluded from the report. The Company views any infrastructure improvement payments as primarily for operational purposes, if the infrastructure will be reclaimed or decommissioned at the end of the lease term. In the case of maintenance to existing infrastructure (e.g. roads), if the Company will stop performing the maintenance activity after the lease term and/or when the Company stops operating in that area, then it relates primarily to operational purposes and is out-of-scope of the report.

## 14. Royalties

Alberta Crown Taken-in-Kind oil royalties are reported by the Operator (refer to section 4 above) under the "Royalties" payment category and are converted to a cash-basis consistent with the methodology the Company uses for external financial reporting purposes.

## 15. Reporting Currency

The report is prepared in Canadian dollars ("CAD"). Payments to governments in foreign currencies are translated based on the foreign exchange rate at transaction date.

## 16. Materiality

Payments made to the same payee as a single payment or multiple payments, over CAD \$100,000 within one of the reporting categories during the year are disclosed.