Husky Energy

HUSKY ENERGY INVESTOR DAY 2012

WEBCAST & TRANSCRIPT

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Speakers:

Asim Ghosh
President & Chief Executive Officer

Alister Cowan
Chief Financial Officer

Robert Peabody
Chief Operating Officer

Bob Baird
Senior Vice President, Downstream

Rob Symonds
Senior Video President, Western Canada Production

Brad Allison
Senior Video President, Exploration

John Myer
Senior Video President, Oil Sands

Bob Hinkle
Chief Operatring Officer, Asia Pacific Region

Ed Connolly
Senior Video President, Heavy Oil

Rob Mcinnis
Manager, Investor Relations

Malcolm Maclean
Senior Vice President, Atlantic Region

Robert Hinkel
Chief Operating Officer Asia-Pacific

ROB MCINNIS:

I'd like to introduce my colleagues and I'll ask each of them to stand as their names are called. First is Asim Ghosh, our CEO; our Chief Operating Officer, Rob Peabody; our CFO, Alister Cowan; Bob Hinkel who heads up our Asia Pacific operations; Bob Baird who leads our Midstream and Downstream teams; Rob Symonds is in charge of our Western Canadian production; Ed Connolly who heads up our Heavy Oil; John Myer who heads up our Oil Sands unit; Malcolm Maclean who is here from the Atlantic Region, Brad Allison leads our exploration team; Jim Girgulis who oversees our legal team; Roy Warnock who is the head of our Lima refinery; Terry Manning who oversees our safety, engineering and procurement management; Angela Butler who is our Comptroller and Darren Andrucko who is our Treasurer; and Sharon Murphy who is head of our Corporate Affairs.

On the table you'll find a small gift from us, plus the Agenda, copies of the presentation and a survey which we'd like you to fill out at the end of the day which helps us prepare for next years'. Please note that today's presentation contains forward-looking information. We have a full morning so let's get started, and Asim, do you want to come up please.

ASIM GHOSH:

Thank you all for coming. It's the third Investor Day since I came onboard and I was told at that time some things were basically – effectively it's the third ever Investor Day for Husky and let's hope it's three times lucky. Basically we've just completed nine consecutive quarters of consistent predictable delivery. Two and a half years ago you'll recollect we were facing some challenges. We were operating in the Mid-Shore Basin in Western Canada in heavy oil. We had a diverse portfolio that we recognized the strength of but we had some balance sheet issues and to fund the potential that was inherent in the Company.

More than two years out since we outlined the strategy internally, two years since we outlined the strategy externally, the first gratifying thing for me is that the strategy we outlined is standing the test of time. And you'll recollect the basic objective of that strategy is what I called "balanced growth" and to me that basically means growing the business while having the discipline of paying the shareholders a dividend. That dividend was important to me then, it continues to be important to the Company because basically it's a test of operating discipline. It's a constant proof point that you're operating within the bounds of a sustainable business strategy.

Today, look at the Company. We see progress across the board in all of our business areas without exception. So we – the transformation of our heavy oil foundation is well underway. We are setting the stage for the transformation of Western Canada and have made progress in the last year on that. Our growth pillars are progressing with payoff clearly in sight. And our Midstream and Downstream assets which underline our foundation are capturing Brent-like pricing for our business, for our Western Canada business.

So basically, our business is on course. We are building momentum towards the growth part of what I'd call that balanced growth equation. Let me refresh your memory very briefly about the business strategy and it begins with our foundation in heavy oil in Western Canada and underpinned as I said by our Midstream and Downstream assets which support our very specific upstream needs in Western Canada and the upcoming needs at Oil Sands. And on that foundation we're building the three pillars of growth, chronologically, the Asia-Pacific, the Oil Sands at the Atlantic Region.

I'll begin with heavy oil. Thermal production for us is already big and it's getting bigger. Thermal production now gives us a second plank to supplement our historical dependence on CHOPS and you will recollect that we'd set a target to produce 35,000 barrels a day from thermal by 2016. We gave that guidance last year. We're already well past that. So as we speak we're running about 37,000, 38,000 barrels a day, run rate. So we're going to set the bar even higher at 55,000 barrels a day by 2017. Prior to 2010 this business was in a bit of a treadmill. We were just running hard to stay still in one place to maintain production. And the last couple of years have been a game changer with the new focus on thermal production which incidentally is actually supported by industry leading execution of SAGD projects because thermal production is very – it's – they're just SAGD projects. Pikes Peak South and Paradise Hill thermal projects have reached full design capacity within two months of first oil and actually we've exceeded design rates on both of those projects.

So let me remind you, when you look at the overall heavy oil portfolio, we have a very, very large resource in place and over the past 70 years somewhere of the order of magnitude of 800 million barrels have been extracted from our Lloyd heavy oil complex. And with our new focus, with the technology now in place we have great confidence that we can recover that amount again in the upcoming future.

One other thing we said to you is that the future of Western Canada is in resource plays. And from this we are targeting 50,000 barrels a day by 2017. As I said before, Western Canada is a mature basin in conventional terms, no pun intended, but it lends itself to transformation through unconventional plays. The large resource space that Husky has of almost 2 million acres gives us tremendous flexibility on our most – to develop our

most promising plays. Clear focus within resource plays on oily resource plays and liquids and gas resource plays, a number of oil resource projects in the pipe. So both in our heavy oil and our Western Canada businesses, we're working these assets harder and more efficiently and they are responding.

Rob, following Alister will give you more details about rejuvenation of both of these businesses in his presentation.

We had a second consecutive great year from our Midstream and Downstream assets and I'll talk very briefly about the high-level strategy with again, by my colleagues coming with more details down the road. But, basically it revolves around three legs. One is input flexibility which is to increase our options of getting the cheapest crude to our refineries. The second is product flexibility which is to improve the range of products we make from these inputs. And third is market access flexibility so we can get access to those markets where we can get the best returns at any point in time.

We are focused in this whole area where we had this asset base in place. Investment wise we focused on harvesting some low-hanging fruit to execute against those strategies so we get maximum incremental return on the extra capital we're putting in there.

I'll now turn to our growth pillars; the Liwan gas project is on track to deliver value end of 2013, early 2014. Bob is here to talk to us about Liwan and Indonesia. Liwan is now more than three-quarters complete and nearing the finish line. We've executed all of our major milestones, according to plan. Indonesia is turning into an interesting next chapter in the Asia-Pacific growth plan. It too is progressing towards production in the 2014/2015 timeframe and we've also had a great run of success in the last few months on exploration program in the Madura Straight. So we have set an achievable target, we believe, of 50,000 barrels a day from Asia-Pacific by 2015 which is in line with our previous guidance to you.

In the Oil Sands Rob and I go up every few weeks to make sure that the project is on track and basically Phase I is on track. We've now had even greater cost certainty than before with the recent conversion of the last of our major contracts to lump sum. More than 85% of the project costs now have a high degree of certainty with the conversion of lump sum and/or fixed rate reimbursable on the various legs of the project. Drilling, you will recollect from previous quarterly reports is already complete. So we are on track to realize first production in 2014 as planned.

The next generation of our Oil Sands portfolio of course is Sunrise Phase II where we are at an early engineering phase. And John will share more information on Sunrise in his part of the presentation.

The Atlantic Region is of course with Brent pricing being where it's been – it's been, well, even previous Brent pricing has always been a high net-back business for us. And we're setting the stage for the further development in this area and Malcolm who is here from Newfoundland will talk to you more about this. The past year really was, that's another part of the business, all of us said the execution and SeaRose is a great example of this. The SeaRose offstation was completed safely, ahead of schedule, under budget. And a corollary of that is that the measures that we took to manage the WhiteRose Reservoir before the offstation paid off in spades so we were really able to get back to normal, budgeted production in record time, ahead of budget actually, ahead of internal budget. But what Malcolm will talk to you more about is the WhiteRose extension project which will extend our WhiteRose fields and increase oil recovery while, importantly, reducing costs from today's levels and that includes the well head platform and a bunch of other projects that we've got in the pipeline.

So in the next few years both South WhiteRose and West WhiteRose will be in production and I'm sort of reminded of the story that the best place to find oil is where you already have it. You know, the big fields keep getting bigger. We've already harvested as much from these – the entire Atlantic Basin as our original reserves were and yet we see future beyond it.

So through the planned period the goal for the Atlantic Region is to maintain a stable, high net-back production while laying the foundation for the next stage of growth in that area. I'll talk very briefly about some performance metrics but Alister will give you a much fuller overview of these areas in his section. But basically a couple of years ago we set a compound annual growth target for the company of 3% to 5% a year – annually, through 2015. And you know, just to remind you we had said all along and we continue to say that, given the nature of our portfolio this growth will be lumpy but that's the compound annual growth target and we are very much on target for that. And in fact, looking forward for the following five years starting now we are giving a guidance of 5% to 8% through 2017.

At the end of the planned period our product mix will be about 80% oil, currently 70% oil. Importantly I'll look at this in economic terms. In economic terms we consider Liwan to be oily because this is really oil-like pricing. So that 70% figure goes to 80% and one other important point I'd like to make to you as you look at the modeling the impact of the currently depressed gas pricing in North America. Currently, at Husky we use

about a third of the gas that we produce internally. We estimate this figure will go to somewhere around half by 2015 and around 85% by 2020, with the projects that we have in our pipeline. So effectively we have a very good internal edge against the price of gas. The value basically goes between the Upstream gas part of the portfolio and the Upstream oil part of the portfolio.

In terms of reserves, our reserve growth continues to outpace production growth and we are confident of growing our reserves at an average base of 140% of production or better, over the planned period. Again, a measure of lumpiness here but over the planned period we have a high level of confidence with that. And throughputs have been a very, very good story for us this year. We've had reliable and consistent production with our Downstream assets operating at around 94% of the effective capacity. And for those people who follow the Downstream business you do realize that that is a very, very high level of efficiency.

So to sum up our results I'd basically say we are focused, I mean to me the game is about capital productivity. It's a commodity business. We've got to make sure that our capital is getting the best return. We are investing in the right projects at the right time with the objective of achieving a balanced growth story and that's a balance between dividend and growth, a measure of both as a basic operating discipline.

And I think we are investing in projects that provide the highest returns to maintain the balance in our portfolio, between short term and long-term projects to get those two parts of the equation right. So really, the way to look at us at this point in time is we outlined the strategy to you guys internally, two and a half years ago; externally two years ago, that strategy is standing the test of time. We've got the team in place to deliver on that. The most important thing for me is a couple of years out we have not had reason to revisit that strategy. The fundamental skeleton we put together is standing the test of time. We are putting flesh around the bones, progressively. And as a company we are focused on execution and progressively proving the ability of the team to work together for the plan, the mixed metaphors, for the cogs and the machine to mesh together and fire on all cylinders.

And finally, we are now coming to this stage in our evolution where the growth part of our balanced growth equation is now clearly in sight. I'll now hand over to Alister who will amplify on some of the operational metrics I spoke about and then Rob will talk in more detail about the parts of the business I said he'd talk about. Thank you.

ALISTER COWAN:

Thanks Asim. Good morning everyone. I'm going to cover three topics this morning. As Asim said, a progress report on achieving our 2010 to 2015 targets, the rationale and the benefits that we see from our focused integration strategy and then briefly on our financial position and our forward-funding requirements.

If you look at the targets up here, I'll remind you in 2010 we laid out the targets for 2015 for the key metrics which we have up on this screen there. Asim did mention earlier, we said that it would be lumpy and back-end weighted because of the major projects that will come on-stream 2013, 2014, 2015. Now we're at two years into that program and we have made some substantial progress and we're firmly on track to achieve the 2015 target.

Really, the cultural financial discipline and the execution focus are delivering results. Our production is increasing and as Asim said, it's becoming more oil weighted with heavy oil, thermal and horizontal and Western Canada resource play development. Now, I'll remind you when you look at the 2012 number up there there's the Atlantic off stations of both the SeaRose and Terrra Nova did reduce 2012 production by an estimated 14,000 barrels per day. Our return on capital is increasing and as we focus on delivering a shorter life, higher-return projects and that will balance out the longer-term developments that we're undertaking.

We've also sort of expanded the return on capital metric to include a return on capital in use. It's certainly a measure that as you know is used by many of our peers. It helps us focus on the productivity of the capital and the projects currently in production and balancing the long and short-term investments to maximize shareholder value. So we're certainly in track to achieve the targets we set out in 2010.

Over 2012 to 2017 we felt looking forward it's appropriate to give some clarity on what we're looking at for that period of time. As Asim said, we're enhancing our production goals to 5% to 8% compound annual growth rate, that's based on the strong portfolio of development projects that Rob and others will share with you in the next few sections. We're increasing the return on capital in use target to 14% to 15% and that's based on returns from these projects. We will continue as we've said to invest in longer-cycle projects to fund growth beyond 2017 so we will have a continuing, large amount of capital in development on an ongoing basis. And at the very bottom we've added a cash flow growth target of 6% to 8% compound per annum. But I'll remind you again, that it will be lumpy. The projects we're developing are large and so the lumpy projects as they come on-stream over the next five years.

So Asim talked about our strategy of balanced growth, a fundamental element of that is focused integration around our heavy oil and bitumen production. And that's to mitigate the volatility in the earnings and cash flow. So I have a few slides hopefully will demonstrate why it's important to us, what we're doing to mitigate the differential volatility and the benefit to us in increased margin. If you think about historically we were concerned about the light/heavy differentials and we have the Lloydminster Upgrader to mitigate that volatility. But certainly, as you can see from the chart and as we all know, that over the last couple of years we've seen an increasing WTI/Brent differential and Canada/U.S. location differentials. Certainly driven by inefficiencies in the North American energy market and they have certainly had a major impact on Western Canada product values.

Now, Asim talked a little bit about focused integration. We've made investments in crude feed stocks, product and market flexibility to mitigate this. We've made pipeline commitments on Keystone to move our product to the U.S. We've added tankage and storage at both Hardisty and Patoka and we've made investments in our refineries in the sector of feedstock and product flexibility. We now move synthetic crude oil from the Upgrader for further processing at Lima. We've constructed the Kero Hydrotreater for additional distillate production at Lima.

So, focused integration is still processing capacity for our Upstream production if it's readily available in the market to mitigate the differential volatility, and ultimately to increase the value of our crude oil production to world pricing levels. So when I say, from a Husky perspective, what does focused integration mean? If you look at our crude oil portfolio Atlantic and Asia-Pacific production has tide water access with a ready market for processing and it already receives oil prices so we don't need to integrate that production. So Western Canada light, heavy oil and bitumen are exposed, as you know to both product and location differentials. So our integration strategy is focused on these products.

Given the changing market dynamics the core of our integration strategy is to have optionality, flexibility around the refininery and upgrading capacity in terms of feedstock products and production and markets. I have a little chart for you that shows our production. So this is our heavy oil production. Our processing capacity is through the upgrader so investment in Toledo Refinery in Ohio, and to our Lima refinery.

On the light/medium side, this is our production here. We also produce some fairly crude oil out of the upgrader so we've added that to our production. And this is the process and capacity for light and medium, at Lima, Toledo and at Prince George up in B.C. You can see from this that we are sort of long on processing

capacity for heavy and that's intentional. We will be processing Sunrise when it comes on to production starting in 2014 at Toledo. And we'll have increasing heavy oil production as we move forward, as Asim mentioned and Rob will discuss in a little bit more detail.

If you look at Lima, we are making some specific high-return investments there that will allow us to process up to 20,000 barrels a day of heavy at Lima over the next few years so that will give us the optionality of moving that refining and processing capacity from light to heavy and back again, depending on market conditions.

Let me talk a little bit about Lima because I think this is quite instructive as to what we've done here and it's not something we've talked about in any great detail. As you'll recall when we bought Lima in 2011 – 2007, it's a typical PAD II refinery. It processed a high amount of Brent priced product. It produced a high amount of gasoline compared to distillate and really was focused on the Chicago markets for selling this product. Now, the advancements we've made over the last two years, by 2013, you can see that we have a lot more WTI Canadian crude feedstock going in here. About 85% of the feedstock going into Lima in 2013 will be WTI or Canadian priced a significant change for 2007.

You can see that our production has upped to 145,000 barrels a day, an increase of 6% from when we bought it, that's the combination of debottlenecking the refinery and just increasing the operational efficiency under Bob and Roy's leadership.

And then we've started to have access to high-priced markets in the New York harbor and the U.S. Gulf Coast.

We are continuing on our efforts at Lima to increase the flexibility there. So by 2016 we will have full flexibility around where we source our products from either Brent or BTR Canadian crudes, depending on pricing. We will have additional distillate capacity with the Kero Hydrotreater coming on-stream later in 2013. And we've increased our access to be near our carbon markets where the product prices are certainly higher.

For those of you doing your modeling I'll just make the comment that when we report externally the benefits of the Western Canada pricing for crude, show up in our Infrastructure and Marketing business unit and the Upstream segment, we don't actually show up in U.S. refining. In case you're looking for why the margins – report the margins at Lima are slightly lower than you might expect.

The focused integration strategy from our perspective is certainly successful. It's delivering above Brent pricing, as you can see from the chart, for Western Canada heavy, bitumen and light production. It's mitigating our earnings and cash flow volatility from the fluctuating differentials. And the proof of that is in the quarterly results over the last few months, few quarters.

Just explain this chart. It shows the average realized price for our Upstream production. I'll just take you briefly through it. The dark blue is the field play so you can see that the Atlantic the Wenchang are getting Brent pricing which is the black line, and obviously we're not getting the full price for heavy in Western Canada lower than that. Through – the light blue is the benefits of our Canadian upgrading, that's the upgrader, the actual refinery and Prince George. The green is the benefit of moving our product down to the U.S. through our pipe access and the pipe in the pink is the benefits of processing at Lima and Toledo.

Through the integrated or integration chain, we have increased the net-back on our Western Canada, heavy, bitumen and light production by $37 to $40 per barrel which is a fairly significant increase.

So hopefully these three slides have given you some clarity on our integration strategy, why we're doing it, we're mitigating volatilities and differentials. What we're doing, we're having access to flexibility and optionality in transportation and refining capacity. And the benefits are to achieve lower market places for our Upstream production.

Adjusting now to the 2013 guidance that we issued yesterday, so as you know we intentionally spent on the balance sheet over the last couple of years to give us the ability to continue to invest in high returning, larger scale projects through what we saw was a potentially volatile commodity market. So the capital guidance you saw yesterday, for 2013, certainly benefits from our robust balance sheet. Our capital expenditures are $4.8 billion, are the same as 2012 and with a cash outlay of $4.3 billion. Approximately $4 billion for Upstream developments and about 50% of that are directed towards the growth pillars. Our heavy oil, thermal and Western Canada resource plays developments sees increasing expenditures as we accelerate the transformation of the foundation.

Asia-Pacific and the Oil Sands expenditures are comparable to last year as we bring these projects over the line into production at the end of 2013 into 2014. And the Atlantic Region increases with the South WhiteRose development, the Markham, we'll talk a little bit about later.

Production guidance; 310,000 to 330,000 barrels per day, substantial increase over 2012, it's partly due of course to the return of the SeaRose and the Terra Nova FPSOs from the 2012 offstations, but also due to the growth in heavy oil thermal, a full year off Paradise Hill and Pikes Peak South. You will note of course that natural gas production continues to decline as our investments are directed to higher return crude oil projects.

Let me just talk a bit about liquidity and financial flexibility. So, just to remind you, the financial strategy is to ensure that the business generates sufficient operating cash flow to fund the capital plan and the dividend and achieve the balanced growth strategy that we've outlined. So as I said today, we have increasing cost certainty and development progress on the major projects. We have sufficient capital, cash on hand to more than fund these developments to production in the next 18 months and we have a strong balance sheet with low debt metrics. So as a result, we agreed with our principal shareholders earlier this quarter to stop the installed dividend participation. So we have no planned equity dilution going forward.

In 2013,as we did anticipate we forecast a small free cash flow deficit after dividends to be funded by cash on hand as we complete the Liwan and Sunrise projects. But in 2014 we expect to be in a free cash flow surplus, after dividends, as the benefits of Liwan being in production and the startup of Sunrise is production now realized.

So let me leave you with a few key points. We're setting higher production and return on capital in use targets for the next five years. We have a robust balance sheet that supports our balanced growth strategy. We're moving to a surplus free cash flow in the near term and we have a secure and sustainable dividend.

I'm going to hand you over to Rob who is going to give you some more information on the operations and projects.

ROB PEABODY:

Thanks Alister. It's always good to follow a dour Scotsman when you're speaking and -- but I don't know about you, but I thought I detected a slight bit more enthusiasm in his voice this year. But -- so, today, I'm going to take you through the first chapter of our business story. The foundation, which is made up of heavy oil, the core from where the rest of Husky really has come out of, has grown from. Western Canada and our Mid- and Downstream business, which has made such a great contribution to the Company over the past year.

Each of these businesses has a clear strategy and plan. Each has been executing very well for the last two years and again this year. And each has projects underway that will further enhance performance. But before I get into that in a little bit more detail, I wanted to take a second just to talk about safety.

Asim mentioned the SeaRose offstation. This is an example of how we think about safety and reliability of Husky. We really have a philosophy at Husky that -- around safety and reliability and how they go together. We firmly believe that rigorous attention to process and occupational safety not only drives safety performance, but also higher production and throughput. In other words, safety and financial performance are really two sides of the same coin.

There are many examples, but I just want to touch on this one. This involves the expenditure of about 0.5 million man hours in a little over a month. So it was a very intensive project. And the entire project was completed without a significant safety incident. Detailed planning for the offstation started over a year before the work commenced and it went off with very few hitches.

It finished more than 20 days ahead of schedule and more than $8 million under budget. And just to give you a little bit of a sense of this, this is one of Europe's largest dry docks in Northern Ireland and you can see the SeaRose sitting in it, just to give you a sense of the scale of this vessel. People are down there somewhere. And this vessel fit into this dry dock with 12 inches to spare on each side of it. So it was -- that was one of the aspects of the planning we had to get right.

Following the work, really in many ways, today, the vessel is even better today than it was when it was new. Reservoir impairment, which had also been a big concern going into this offstation, we saw a little bit of reservoir impairment, but not a lot. And that was really the result of a lot of actions taken prior to the off-station, in order to minimize reservoir impairment, both in terms of the new designs of some of the wells and in terms of how we actually manage pressures and everything up towards the offstation. Overall, compared to the plan, we were more than $50 million ahead on net income this year, because of the successful execution of the offstation. So that's how it worked.

Moving to heavy oils, this really is the cornerstone of Husky. But as some of you will have noticed, it had started to decline over the past few years. We're now growing this business again and at the same time as we're growing the business, we're actually expanding the margins coming from the business.

Thermal projects are central to our plans and they have long lives. They use SAGD technology and we're demonstrating our ability to capitalize on our experience in this area. As you can see from the table, up here, the good margins we're getting are driven by F&Ds of around $12 a barrel for these thermal projects and operating costs of about $10 a barrel.

Paradise Hill and Pikes Peak South are now producing over 16,000 barrels a day compared to their design capacity of 11,000 barrels per day. And these projects were delivered six months and four months ahead of schedule, respectively. Both of the projects were delivered on budget, about 8% under our budgets for these projects, and were delivered with capital efficiencies in the $24,000 to $28,000 a flowing barrel range. This delivery was also worth about an extra $50 million of net income this year, compared to going in planned for commissioning these projects.

We have a robust pipeline of thermal projects that will follow on the heels of our success at Pikes Peak and Paradise Hill. We've identified a number of prospective reservoirs, a large, exploitable resource when you put them all together. And these projects, typically, we see recoveries of about 50% of the oil in place. And you can just see the -- there's a whole range of these projects up here and -- including the ones we have with the Stars, the project's already producing; Paradise Hill, Bolney/Celtic, here, Pikes Peak and Pikes Peak South. That's the one that we just brought on, Pikes Peak South. And then we also have our pilot that's currently producing at Rush Lake, which I'll speak about in a minute. And that's the site of one of our next commercial projects that's moving ahead. And Sandall is the first next commercial project that's actually under construction at the moment.

So we set a target, as Asim said earlier, last year, to increase our thermal production to about 35,000 barrels a day by 2016. We clearly need to up that target, as we've already blown by it. So our plan is now to take thermal production -- thermal heavy oil production up to 55,000 barrels a day in 2017. And further out, we believe we can take it higher. As I said, the 3,500 barrel per day Sandall project is already under construction and the -- and we've recently sanctioned the 10,000 barrel a day commercial project at Rush Lake.

While subtle developments are making the headlines in heavy oil right now, they're far from the full story. With horizontal wells, we're going after thinner reservoirs that were not previously considered commercial. New technologies have allowed us to grow production to over 8,000 barrels per day in a few years. And we're in good shape to hit our target of 16,000 barrels per day by 2017. Using pad drilling and, recently, multi-laterals,

not only are we growing production, we're also improving net backs. Operating costs for horizontal wells are about $12 per barrel.

We haven't finished with CHOPS yet and our focus on CHOPS is to high-grade the remaining location. We still have an inventory of over 1,000 locations in CHOPS and we keep adding to that inventory every year. And we also have an active program recompleting existing CHOPS wells in new zones that we've previously not exploited.

So Husky has been in the heavy oil business in Lloydminster for over 70 years. And as you'll see, I think, when we go to the other presentations, one of the -- and picking up on Asim's comment about finding oil where you already are, one of the hallmarks of Husky is the length of time we've been in most of our principle businesses, whether it's Asia, the east coast, heavy oil or Western Canada.

In heavy oil, we have active pilot programs on a number of new recovery technologies that I haven't gone into today, so that we are working on further recovery technologies for the future. In the past, we talked to you about sustaining heavy oil production, but today the transformation of the business is well advanced and we're moving onto a growth path.

Our advantages are clear. Our options for future growth are laid out. And our integration strategy, as Alistair mentioned, shows that we can really maximize the value captured from this business, all the way from the reservoir to the refinery rack. In our planned production from heavy oil business -- from our heavy oil business, rises 25% by 2017 compared to what we produced last year.

Now I'm just going to move over to our Western Canada business. The transformation of this business is picking up steam. It's still a few years behind where we've gotten to in heavy oil and the transformation here is about moving from conventional to -- a conventional basin to a basin that's based on resource plays for us going forward.

Currently we're producing about 20 of our 155,000 barrels of oil equivalent in Western Canada from our resource plays. We're successfully developing the Bakken, the Viking and the Cardium plays and they're just all up this trend with good financial metrics, generally above IRRs in excess of 20%.

Overall, in Western Canada, given low prices that we've seen, more than 95% of all the wells we drilled in 2012 were targeting oil. And we expect that to continue next year. And that plays a bit into this picture going forward of using more and more of our gas internally. That's under the base case price forecasts. If we saw major changes in the gas price forecasts, that may change. But using our current forecasts, we have a very large internal hedge there on our gas production.

This table will just give you a sense. We have amassed a large position in oil and liquids-rich gas plays that have a lot of potential going forward. Overall, our land position is approaching 2 million acres. We have demonstrated production in most of these plays. We're now optimizing drilling and well completions to increase productivity and reduce costs to move this resource potential into commercial projects moving forward.

You can see, from this chart, the size of the prize and our emerging -- in our emerging resource plays. And the fact that the size of the prize is significantly greater, as measured by what I would call resource density, basically the total amount of hydrocarbons in place per section. So if you look at the emerging plays in Rainbow, we're seeing 20 million to 30 million barrels of oil equivalent in place per section, in the Northwest Territories; 20 million to 90 million barrels in place per section. And this is, essentially, if you compare it to most of the plays that are being developed in the basin today, a substantial increase in the amount of hydrocarbon density that we have to go after there.

So that, really, and the large land positions we hold is why we're pursuing these areas going forward. It's still early in the evolution of these plays and there's still much to confirm, but we are committed to a careful and rigorous approach to try to unlock the prize. In particular, in the Northwest Territories, and you can see it on the map up there, this is a remote and logistically challenged part of the world in order to do business. And -- but the prize, offsetting that, the prize could be very large.

Total production from our resource plays is now in excess of 20,000 barrels of oil equivalent, with about 7,000 barrels a day of oil production. And the oil production contrasts with a figure of around 3,300 barrels per day a year ago. By the end of the planned period, about 50,000 of barrels of oil equivalent per day is expected to come from our resource plays.

We are always being asked to provide a little bit more detail on our resource plays and you've probably, some of the people in this room anyway, have probably picked up that we're more than a little reluctant. It takes a lot

of data before you can really understand the potential performance of a resource play, many wells. So you can construct reliable type curves and also get a good sense for the amount of liquids that will be produced, particularly in the liquids-rich gas plays. And when you look at the liquids, what type of liquids? How much of that is condensate? How much of that is NGLs? What is the composition of the NGLs? Because a lot of those things that are reported as liquids are not actually commercially viable unless you've got a plant to actually extract the liquids. So there's a lot of kind of misinformation out there. We have knuckled under, I guess, included additional information on a number of our plays in -- here and also in the supplemental materials.

These are a few examples where we have a reasonable amount of data. And what you're going to see on the slides, you can see Husky's position in blue. That's sort of -- those are the -- those are our production plots. The red line is indicative of the industry. This is the average of all the industry wells in the area. And the black line is our type curves, and that's really based on the geosciences and what we think the play should produce if we actually get the wells designed right and execute well.

I will point out that these are plotted against -- these are actually calendar days of production and not production days. You'll often see these charts plotted against producing days, which ignores production down time. And we use calendar days internally in Husky. And the reason we do that is to keep our teams focused on increasing reliability and up times as well as just focusing on the production rates coming out of the wells.

The Oungre-Bakken play, that is the first chart up here, shows one other thing that I wanted to point out, and that is the typical variability in wells. So this plots all the wells a little faintly there, but that probably shows up a little better in your books. But you can see individual wells have massive variability in them. So the other point is when somebody puts out a press release on the performance of one well in a play, it's kind of interesting, but not too particularly relevant.

So, overall, if you look at our performance here in the Bakken, this area, we're a little bit above our type curves and a little bit ahead on industry in this particular play.

In the Redwater Viking, down here, if you look at it, we're performing, I would say, very similar to our peers. We're a little below our type curve, and again, the reason for that is actually to do with the fact that it's plotted against calendar days. So we actually had to shut-in quite a number of these wells early on in order to tie them

into vent gas systems. So that's the reason why you get this gap between that and our type curve. But once we get all the facilities all geared up, we think we should be back on the type curve going forward.

Okay. Just talk a little bit more about Ansell. Ansell is an important, rich -- liquids rich gas play to us. Our strategy is -- at Ansell is to move the play forward, maintain our land position, continue to drive down costs and improve execution, but also to be patient. In the near term, in light of gas prices, we have redeployed some of the capital directed at this play to other opportunities. However, the play, in the long term, still represents a good opportunity for meaningful growth in our liquids-rich resource portfolio and we're currently producing about 10,000 barrels of oil equivalent per day from this play, via a combination of vertical and horizontal wells.

We have great infrastructure access in this play. And we expect to grow production to about 14,000 barrels per day of oil equivalent by the end of next year. We like our concentrated land position here. We're -- we've basically got about 200 net sections over the entire area and they are large continuous, which is very helpful in terms of development. And there's lots of opportunity in both the Cardium and the Wilrich formations. The advantage here -- additional advantage is, we own most of the geological stack. So we can actually exploit all the different reservoir horizons in most of this land area.

We have seen improved productivity from propane fracs in this area in the Cardium. And we see that through all the work we've done in our vertical wells. And from this chart, you can see this is the first two horizontal wells and you can see we actually have quite a large outperformance using propane in the Cardium here, in the early stages here.

The reason for this sharp decline, again, is not well performance. It's actually because we had such an excess of C-3s that the processing plant couldn't deal with it and we had to shut-in the well until we reconfigured the infrastructure. So, again, very promising on the Cardium delivery with propane there, it's early days in the Wilrich, but the results are encouraging when you look at all the data that's out there, particularly amongst a lot of our competitors and some of our very, very early results.

In our supplemental materials, you'll also see some information on the Kaybob Duvernay play. We have 30 net sections in this play and we're seeing liquids yields comparable to industry in the 100 to 300 barrel per million cubic feet range. Initial gas rates are 1 million to 3 million-range in the Duvernay.

Rainbow and the Northwest Territories Slater River are emerging resource plays. Rainbow is more advanced than Slater River, but there's a lot more work to do on both of these plays. We have about 400,000 acres at Rainbow, as shown on this map. And you can also see, we've been here for a long, long time. This is one of our core operating areas, so we have a large processing plant right in the middle of it.

In both these plays, the rocks are the equivalent of the Duvernay and we believe we're in the fairway for oil and liquids-rich gas. The attraction, as I said before, the massive resource in place. And at Rainbow, the challenge now is really optimize productivity and drive down costs.

Recently, we significantly reduced drilling time by moving to a mono-bore well design in this area and we're now drilling these wells in a little -- in as little as 17 days. And that reduces the cost of wells by about 20%. So, again, continuing to work on delivering these at lower costs.

We like our position at Slater River in the Northwest Territories. It could be a very large play. We have 300 acres in which, we believe, is the heart of the fairway. So Husky's blocks are right in here and this is kind of the large trend. What did I say? 300?

ASIM GHOSH:
300.

ROB PEABODY:
So, 300,000, thank you, in the heart of the play. What do we know? We know the hydrocarbons are there. The rock is brittle. The porosity is good. The depths are reasonable. And the pressure is there to support production. But this is a difficult operating environment. It's remote and we have our work cut out for us, its early days and we will proceed cautiously.

So that's an overview, sort of, of our resource play. As I say, there's some more material in the supplemental materials we've also put out there. To sum up, our legacy land position in western Canada, as well as selective land acquisitions, has put us in a good place to develop our extensive portfolio of oil and liquids-rich plays.

Moving to the downstream, just because it's such a good story, we thought we'd tell it to you almost twice. Alistair explained our focused integration strategy to get world market pricing. So I won't go through that in

detail. But we are doing a lot of work in the business to continue to essentially work on three sort of axes of improvement, one being the -- giving us more flexibility to access different crude supply options, increasing our flexibility in terms of what products we make and also accessing more product markets, where we can get better value for the products. And some of the examples there, I won't go through all of the Lima examples again, because I think Alistair did a great job of going through that.

We also have some similar projects at Toledo and, importantly, we've identified a very capital efficient project, low-hanging fruit that will allow us to handle almost all of the production from Sunrise Phase I for a capital cost in the $400 million range.

We also continue to pursue the large upside we see in just sweating our assets in the downstream. And a good example is the upgrader, where up time and reliability have reached record levels. We're now achieving about 97% effective capacity and utilization at the upgrader, up from about 90% a few years ago.

So that sums up the foundation, there's lots going on to improve performance and sustain the business. There's even some green shoots of growth that are starting to appear. And with that, I'll ask Rob Symonds, Bob Baird and Ed Connolly to come up here and help me answer your questions and Brad Allison's also in the audience, as you've seen earlier, and he's a major -- he's the major driver of our exploration programs worldwide and if your questions take us in that direction, he can chime in on some answers. Thanks.

ROB MCINNIS:
Just to let you know, we'll have Asim and Alister up at the end for any questions for them so if we can kind of direct the questions around our heavy oil, Western Canada, Downstream operations here.

KATHERINE LUCAS MINYARD:
Just a quick question of clarification; when you talk about the IRRs in your Western Canada – or the resource plays, you talk about the in excess of 20%. Is that post-tax and are those fully loaded for any infrastructure and other related facilities costs? And then I'd like to follow up on the heavy oil project.

ROB PEABODY:
The answer to that is yes and yes.

KATHERINE LUCAS MINYARD:

Thanks. And then on the heavy oil project the thermal projects, the phases seem a little bit more modest compared to what some of the peers might be adding in terms of just size and production volumes. So can you talk about what factors are leading you to pursue more modest sized projects and more of them as opposed to maybe the larger projects.

ROB PEABODY:

I'll let Ed chime in in a second on that one. Just let me set the scene there a little bit. I mean the project sizes we're pursuing in heavy oil we're actually optimizing around those project sizes. So we have been – the teams' been using some really innovative concept in moving from engineering into construction in a very seamless way and not putting a lot of engineering in between the start and the finish of that. We actually do a lot of the engineering with our construction of those facilities so we have strategic relationships with some constructors that have taken a lot of the sort of redundancy in work that goes on there, eliminating a lot of that.

The size overall is largely dictated by the way the resource is laid down. In heavy oil the thermal projects actually go into what were many, many millions of years ago, the channels in the reservoir and so when you actually lay those out and look at lines, lengths of pipelines and everything like that those are the type of sizes that work best. Ed, did you want to --?

ED CONNOLLY:

I think you pretty much covered it Rob. I mean we sized and we looked for a reserve life index to match the economics of the play. So we are seeing, I think, in Canada today a downsizing of the thermal projects. We've figured out now how to build projects in the 5,000 and 10,000 barrel a day ranges opposed to 100,000 barrels a day range. The deposits in Lloydminster as Rob said, they come in channel sands and we look for deposits in a certain size and we are trying to – we're actually trying to build, as our project guys would call it, cookie cutter. We're trying to build a couple of standard sizes so that we don't' have to repeat. It's really coming around capital efficiency, that's what makes these plays. So we're driving to a couple of sizes for capital efficiency and we're trying to match those to the deposit size and we're finding that we can build those very quickly, very efficiently and they give us a very good IRR.

GEORGE TORIOLA:

Going back to your heavy oil, the thermal projects; why are you able to build those at around 24,000 to 28,000 net flowing and Sunrise at closer to 60,000 net flowing?

ROB PEABODY:

The answer to that really is that just fundamentally the thermal projects in heavy oil, as we've described, we've really gotten into a cookie cutter sort of operation there moving forward. I think we will see further capital efficiencies in the Oil Sands insitu projects. As well, keep in mind that Sunrise Phase I is carrying the infrastructure for further projects going down the road. So I think there's a bit more optimization go be done in the Oil Sands but Sunrise Phase I is not a fair comparison because it does have a lot of preinvestment for future phases.

GEORGE TORIOLA:

The second question is, you had a bit of a lull between 1996 and 2011 with your thermal projects there. Is there something that happened technology wise or your understanding of the asset base that drove, and I'm just looking for that here, because I think the last one, the last thermal project was in 1996 before you had the 2011. So what happened between 1996 and 2011?

ROB PEABODY:

Yes, probably Ed is the guy who really, I guess you could almost say, revived thermal projects and really went forward with them. It was really based on a much better understanding of the leases and a huge amount of – I shouldn't say huge, it sounds expensive, but a lot of effort put into 3D seismic over the Lloydminster area. So we now essentially have 3D seismic over our entire landholdings in Lloydminster or close to it. And through that enhanced technical understanding of how the entire resource is laid down, and advancements in 3D seismic technology in that period we can really see where we can put these projects now. I think that's the –

ED CONNOLLY:

I think that's a good answer. We have actually been running some pilots since 2005. And as Rob said, good definition further defined the size of these deposits and I think that combined with we have a very good understanding today of what it takes to build. Lloydminster is a little better place, it's one of the better places in Alberta to build we can do these without camps. We have a very large local labor force in there that's highly skilled. We can use that. We also have a very knowledgeable group of people. Their fathers were in the business, their grandfathers were in the business, it makes a big difference to – all of these things add to the capital efficiencies. The timing it takes, the approval process that you work through, the costs.

ASIM GHOSH:

(Inaudible - Microphone inaccessible)

GEORGE TORIOLA:
Okay thanks. And the last two here, I guess this is for Rob, for Rob Symonds. When you look your Western Canadian asset base and your path to transition into unconventional, outside of the Northwest Territories, the land that you have in the Northwest Territories, do you believe that you have the asset base, you have the land base to support growth beyond 2015 or sort of if you look out the next two or three years? Or how do you sort of expand that resource base that you have in the portfolio?

ASIM GHOSH:
Rob, let me take that in a high strategic place. Okay, so basically, it's a question of portfolio management again. And you'll recollect that at the first we set our task force to stabilize the base. We are doing that, we are doing that so out in the east coast really is stand up both base and future in that sense. But we are proving success in stabilizing the base and setting the stage for getting growth, turning the base itself into part of the future growth pillars. So in terms of our portfolio we have projects that give us confidence in the next five years. They're both growth pillars coming on board; the Asia-Pac and Sunrise.

We've got – we are starting to see the green shoots of growth around the foundation and then we've got a bunch of projects that we added that defined will have material impact towards the end of the five-year planned period and the next five years. And most importantly, we are starting to see stuff that could be material beyond that.

So I think if you're very – if you read between the lines in terms of everything that's been presented to you and I think you almost – I don't feel – almost don't need to draw it out for you that really we are moving from the luxury – from the crisis of three years ago of what do we do for the next two years, to being able to outline a long-term growth map. Now George, specifically the Northwest Territories, as Rob said, this is a large land position with a lot of fundamentals. The issue for here is the logistics of doing something in a remote area and so both the actual production work and the off take work in terms of its location. And it's getting the balance right between the two which is why we're not counting this up as Husky's next – coming in the next five years, that's not going to be but it certainly is giving us a lot of optimism for the longer term.

GEORGE TORIOLA: Thanks a lot.

GREG PARDY:

Just a couple of questions; one is, how much capacity do you have on Keystone Excel? And then the second question for Rob is just around decline rates, just given all the activity where do you see your crude oil decline rates in Western Canada going over the next three years, two to three years versus where they are in 2012?

ROB PEABODY:

I don't know if we – do we disclose the Keystone capacity now? It's what, about 75,000 barrels a day. So yes, the decline rates, two ways to answer that question I guess. One is, clearly it's as we – we believe overall the Western Canada business for us is flat with the production we're bringing on over the next five years. And as Asim's outlined I think there's a lot of resource out there to develop beyond that but its early days. So we're feeling quietly confident but we've got a lot of work to do in the next five years before we get there. In terms of underlying decline rates, on typical are 20%, 25% in Western Canada and very typical and similar to the rest of the industry.

BRIAN DUTTON:

Rob, you mentioned there that you're looking for about a 97% utilization rate for your Lloydminster upgrader and that's up from about 90%. What do you think you're doing right in terms of running that upgrader because some of your peers over the past week have been indicating rates much less than that?

ROB PEABODY:

I'm going to let Bob, talk to that.

BOB BAIRD:

A couple of things; we have a pretty consistent feedstock coming in from both the Alberta gathering system and the Saskatchewan gathering system so that makes a world of difference. The second thing also is we've worked hard in the last two years to – there was a great effort in reliability to improve reliability and basically everybody in that site is committed to getting a safe and reliable operation. So there was a lot of hard work that went into it.

ROB PEABODY:

Yes, just one quick example I'll give you is that in the last few years we've gone from people looking at metrics around the upgrader sort of week-to-week or month-to-month to looking at them hour-to-hour and you can see a lot more about what's going on in the facility when you're actually in real time looking at all the performance

metrics of the individual units. And that has allowed us to catch problems earlier, get on to them faster and avoid shutdown situations. That's just one example.

ASIM GHOSH:

I'd just, Rob, may I make a point. I think it's part of a larger, cultural transformation that we have been as a senior management team driving in the Company. That we strategize for three days in the year, we execute for 362 so it's really about a focus and execution and I think results we are getting are coming – you know the fact that we're getting it across the Company whether it's downstream at Lima, whether it's in the upgrader, whether it's the turnaround of the SeaRose. Whether it's the production in heavy oil, it's coming from the fact that we are getting – there's a constant mantra going throughout the Company that it's about execution. Anybody can strategize on an Excel spreadsheet, but at the end of the day it's the little – either you score it in singles rather than looking for home runs, okay.

So I think you have to look at it in a larger context as opposed to simply what's happening in the upgrader because you will see now that it's happening across the Company now. I'm always mindful of crossing my fingers when I say that because anybody can have, that's the nature of statistics, you can – we will have the odd blow out, I don't think we have invented any new laws of physics to prevent us from that but certainly we are trying to get a lot more predictable as a company than we have been in the past.

ROB MCINNIS:

And we have time for one more question before the break.

BARBARA BETANSKI:

Addenda Capital. It's a question about your resource plays, just looking across the map, you do have exposure to very many resource plays across the oil, liquids rich and gas. And I wonder if your intention is to continue to develop all of those plays or are there certain plays where you feel like you might not have the running room, perhaps they're more valuable in other hands, that you might trade them away, and if you might address specifically the Duverney play, whether you feel – how you feel about that play and also whether there's plays that you would like to grow?

ROB PEABODY:

I'm going to let Rob, start on that anyways.

ROB SYMONDS:

We do indeed have a very broad portfolio and we're very glad to have it. The opportunity we have within that portfolio is to put the money in the best place with the best net-backs. And that's our fundamental strategy. As soon as you highlight our position in some of them is quite modest, however, what that is doing is providing us real opportunities to learn and demonstrate that we actually know what we can do. Specifically to your question on the Duverney, we believe we have while not a huge position we have a very material position that could contribute to our growth going forward subject to what it is. And clearly the very large ones are the ones that are very early days and we're looking to do that. We certainly at any time are looking to optimize our positions in any of the plays but at this point in time the whole arena of what we have is very much what we like to have.

ROB MCINNIS:

Thanks. So we'll break for ten minutes or so and then we'll reconvene and continue on with the presentations.

So I would like to introduce Bob Hinkel who is our head of our Asia Pacific region and he'll talk to you about our operations in China and Indonesia.

BOB HINKEL:

Okay. Good morning, ladies and gentlemen. I'm Bob Hinkel, Husky's COO for Asia-Pac. And I'm here today presenting an update on the Asia-Pacific region, including, most importantly, the Liwan and Madura projects, offshore China and Indonesia, respectively.

First of all, I would like to give you a bit of history regarding Husky's experience in the Asia-Pac region. We actually have a long and rich history of working in Asia-Pac, dating back to the 1980s. We started working in EOR and joint development projects with the national oil companies back then. We've continued to build on those relationships and experiences. Husky has consistently worked with our partners in various governments to utilize new technology and to seek mutually beneficial projects. And now we're participating in a series of major developments in China and Indonesia, which will lead to production of 50,000 BOE per day by 2015.

First, we have one legacy production field in China, at the Wenchang field, which is operated by CNOOC. It's been live since 2002. Our production there has reached 50 million barrels to date of light, sweet crude oil that attracts Brent-plus pricing.

Next, there is the deepwater Liwan development project, which is also operated jointly with CNOOC and substantially advanced from our last meeting here. And we're looking forward to bringing strong cash flows from that project online in Q4 next year or Q1 of 2014.

Next, in Indonesia, we have the Madura field developments, which are progressing and we also now have discoveries from this year's exploration program, opening up additional production opportunities and further exploration of that block. Now I'll explain the status of each of these projects over the next few minutes.

Liwan will be our first new project to production in the Asia-Pac portfolio and we're getting closer by day to that goal. The wells have all been drilled and the final completion work is in progress with the last three wells remaining to be completed. The jacket has been floated to its location, set up right in the water and piled in place. The top sides are nearing completion and we floated out a construction yard and installed it over the jacket in the spring.

We had to plan the offshore infrastructure installation over two seasons, which allows for weather conditions and other unexpected circumstances. Starting in Q1 of next year, a full complement of pipeline and subsea installation vessels will be back on location in the South China Sea to complete the deep water work and also to hook up the shallow water platform. The onshore gas plant and pipeline are also progressing quite well and are on track for completion next year.

This chart -- this slide shows comparison of the size of the Liwan platform to the Calgary Tower. Basically the jacket itself is five meters taller than the tower, which is about 200 meters tall. The top sides add another 40 meters to the total height of the offshore facility. This is the largest platform ever built and installed in Asia. The top sides of this platform occupy about three -- the size of three football fields. So you can imagine stacking three football fields on top of the Calgary Tower as an example of how large this facility is. The top sides and the jacket each weigh over 30,000 tons. The top sides actually float over the jacket with the bars going through the slot between the two upper sections of the jacket. And you can see that slot here in this artist's rendering. It's right in here.

Now as you all, Asim is a very fact-focused leader. So I've asked for, and received, permission to show you a few photo slides here that might give you a better feel for the size, magnitude and progress of the Liwan project.

So this -- this sequence gives you a view of the size and complexity of the jacket float-out and installation. The jacket was essentially completed, from start to finish, in 19 months. During the 300-kilometer, 30-day trip by barge from the Qingdao Construction Yard to the installation location, it had to dodge no less than five typhoons before the weather cleared and it was safely launched in the water and piled in place, with 16 piles to pin the jacket to the ocean floor.

What you see here is, this is the -- this initially here, is the load out at the Qingdao yard, where it's jacked off the dock, onto the barge. Then, here you see, actually going off the barge, into the water. What happened is, it goes into the water, there are automatic releases in the legs that allow the jacket to be upright in the water. After it's upright, it's set in place like this, and then there are actually piles driven, 24-inch piles, driven, 16 of them, four around each leg, to keep it pinned to the ocean floor.

Now here's a view of the MEG Unit. It stands for Mono-Ethylene Glycol. MEG is actually the main ingredient in antifreeze, which is used in your car, and indeed that's the same purpose for which it's used here. It keeps hydrates, which are basically frozen natural gas in water, from forming in the production lines.

This unit takes the MEG back out of the production streams, recaptures it, so we can inject it back into the wellheads again. The unit is 15 meters tall and it weighs over 30 tons. And you can see it being jacked up here to sit on top of the upper deck of the top sides. So this 15-meter unit here, which weighs about 30 tons, is jacked up on and loaded onto the top deck of the top sides. Now this whole unit, we float it out in Q1 of next year and install it over top of the jacket, as you just saw a second ago.

Now here's a view of the Gaolan gas plant, which is a massive plant occupying about 300 hectares. You can see from the first picture here, this is what the plant looked like about a year ago, in August of 2011. The ground has been cleared and some of the dirt had been moved away, but basically the construction had just started.

Now here, in November 2012, you can see how much progress has taken place. We're targeting completion of this plan in the fourth quarter of 2013. It's a multi-use facility. It will have gas separation and compression from the Liwan gas and it will also have a gas-liquid separation plant for the NGLs, so we can produce independent propane and butane streams and a jetty for export for those NGLs and condensates. And we can take those NGLs and condensates in cash or kind and we can sell those in the international markets as well.

And here's an artist's rendering what the plant will look like upon completion. You can see it's a huge multi-purpose facility. It'll be connected directly to the Guangdong Natural Gas Grid. It's actually on the backside of the Zhuhai area. The Zhuhai area is actually one of the most waterfront development areas in China right now. It's right across the bay from Macau.

The Liwan Project gives Husky a solid return on our investments. We've preferentially recovered the initial exploration delineation costs which Husky bore for the entire block. However, since the first well of the block was a discovery, the cost recovery mechanism simply lowered the financial risk for further exploration.

Also, the PSC mechanism in China allows for commercial pricing of our products and this has been borne out at Wenchang and once again it's borne out here in the gas contracts we have in place. Also, since the shallow water facilities is being shared with future CNOOC developments, we've been able to leverage the cost and usage of that facility, to spread the capital and future operating costs.

Overall, the Liwan development is an excellent example of a commercially viable, deep water project being executed jointly in world-class time by a top-notch team of Husky and CNOOC employees and contractors working very closely together.

Now this is a list of the development milestones. As you can see we've ticked a lot of boxes here and we're getting very close on the ones remaining. The major components of the project have all been bid on a fixed-price basis and that minimized the risk of cost overruns. As a whole, the project is most than 75% completed. We're still fully on track for operational readiness in late 2013.

Okay. Moving now to our Indonesia projects, this slide shows a good overview of Madura Strait PSC and the locations of our developments, new discoveries and leads.

The PSC is in shallow water and is managed in conjunction with CNOOC and our local partner, Samudra Energy. CNOOC is a contracted operator for our block and both CNOOC and Husky have a 40% interest, while Samudra holds the remaining 20%.

The BD field, located over here, the BD field has an improved POD and a gas sales agreement in place and tendering is well advanced. The MDA and MDH fields are being developed together and have a POD under final consideration by the government. This is a simpler and faster development of BD requiring a relatively

simple wellhead platform and accompanying FPSO to process the gas. This slide also shows the four recent discoveries that have been made in the block here. So here is the MBH and MDA fields and you can see the discoveries made here and also over here.

The -- these discoveries, we plan to delineate these discoveries in 2013 and also submit PODs as appropriate. With that in place -- with those PODs in place, we're going to be in first production in the 2016 to 2017 time frame.

There is also remaining exploration potential in the block, denoted by the yellow shapes. Most of the gas in the Madura Strait field will feed directly into the East Java Pipeline system, which runs through the field. And that's the red line right here. We will have independent pipelines in the MBD field, which comes straight down to here. But the field here has units in it and it is in place already.

Now as I mentioned, the BD field has an improved POD in place and gas sales agreement with pricing in the $6 an Mcf range. The development is a bit more complicated because it is a liquids-rich gas stream and this FPSO here is set up to handle that gas and take the production from the field and offload it onto -- what's depicted (here as a shuttle tanker.

And so to summarize the status of our growth objectives in Asia-Pac, we're planning the following: ramping for production to rise substantially from multiple developments already well into progress, led by, number one, the Liwan 3-1 development that will achieve first gas in late 2013 or early 2014. The Madura, MD and MDH tandem shallow water development plan for first gas in 2014, 2015. The Liuhua 29-1 development, which will tie directly into the Liwan shallow facilities in 2015. The Madura BD development will produce liquids-rich gas in late 2015, which will be followed by the development of the four recent Madura discoveries, which tie into existing infrastructures and facilities in the 2016, 2017 time frame, feeding the Java gas markets.

So to conclude, Husky Asia-Pacific has the history, the existing relationships and the current production to grow our business in Asia. We also have the development projects, the people and the discoveries to achieve our target of 50,000 BOE per day by 2015 and to grow even harder through the end of this decade.

Thanks very much and I'll turn the podium over now to John Myer and John will talk about our Oil Sands projects at Sunrise and later on we'll have a chance to take questions from you all.

JOHN MYER:

Well, thanks, Bob. Asim gave an overview of our Oil Sands holdings in his opening comments. Now I'd like to give you a little bit more detail and give an update on the progress.

But I do have to admit one thing, I had some really mixed feelings coming into Toronto today. Because, you know, I'm a staunch Calgary Stampeders fan. And coming back to the home of the 100th Grey Cup champs is really like opening up a wound. But then it sort of broke up a whole bunch, once I realized I got to talk about my favorite topic, the Oil Sands.

As we're all aware, the Oil Sands is one of the single largest hydrocarbon resources in the world. And as you can see on our map, Husky is well positioned. Just to refresh our memory, Sunrise is an excellent project with a very high reservoir quality. We have about 3.7 billion barrels of 3P reserves, so we expect to product large volumes of oil from this project long after I'm no longer enjoying life on this planet. However, project execution in the Oil Sands region does have its challenges. But we've been very active on keeping this project on track.

I go up to the site, into the mod yards frequently, and Rob and Asim, they make regular visits to the site also. This allows all of us to keep a real close eye on the execution. But let's have a couple of -- let's have a look at a couple of site photographs to see how we're progressing and see how this tracks against the milestones we set out for this project.

So we have a couple of pictures here. This one is from May 2011 and then a follow-up picture in October 2012. And you can see the progress that we've made on site. If we each kind of take a look at the plant layout, we have a 1,500 man construction camp and just to the west of that, we can see the operations lodge, where operators will reside. Over here, we have our Sunrise services complex. As you move further to the north, that's where we have our construction offices and a bunch of our laid out area itself.

To the west of that, we have CR plant 1A and plant 1B and some ponds that we actually collect all the surface water for here. But let's have a little bit of a closer look at plant 1A. So we'll have a zoom-up picture looking at plant 1A itself. So you can see, right here, this is the once-through steam generator use that we're building. We can see some pipe manifolding for the water plan, we can see some tank bases through here.

So, we've actually just recently taken three pictures. So those pictures occurred in about mid-November, so about a month after the picture on the top here. So this picture around the pipe racks was actually taken up

around this corner south. So we can see the progress in one month that we've made. All the pipe racks are now in place for both east-west and north-south. So that's what we can see on those pipe racks itself.

The steam generator picture that was taken from the road over here, looking back in this direction. And now we can see in those ones through steam generators, we can see the stacks are in place and some of the connecting piping in the back there. So that's the view back there. So we can see the work. And this particular picture here, itself, is taken from the road just east of the one of the steam generators, looking to the west. So we can see the pipe racks are in place and here's the steam generators itself. So this kind of demonstrates the kind of progress that we're making on site at Sunrise and the progress that we can make in one month.

So I have another few more pictures. This was actually from the modular yards that are where we actually make those pipe racks. Those modular yards are located down in the Edmonton region and we currently use about four modular yards. The intent is really to remove as much work offsite as possible. This allows us to actually have better costs, but also really allows us to focus and execute the actual work itself.

So these modules, when they get built in Edmonton, they get shipped off. And that's some of those module pictures that we are seeing on site. On this side, we actually have some gathering lines and this is the pipe that actually connects a pad facility to the central plant. So we can see the lines that are in place at Sunrise.

And on the lower hand right-hand side, we actually see one of our well pads. You can see that's a pretty recent pad. Apparently, we get the snow up in Fort McMurray. But right through here, you can see a bunch of the modules there. So, the piping here. And these big chunks of stuff, we actually have equipment within those modules themselves. So the whole intent is, we do a lot of construction off site and eventually just button those modules together. So once again, we move a whole bunch of that work.

We can actually see on the lower-hand side here, this is actually one of the horizontal wells and then one of the last things we do is actually connect the well back to the pads. So we can see that that particular pad is actually fairly well advanced in its execution. Two years ago, at Husky's first investor day, I outlined these milestones. From the first well spud, early last year, to the recent conversion of all of our major contracts, we achieved all of the milestones, which shows our project is on track. The first phase is coming together nicely and we are on track for first oil in mid-2014. And as of today, we are slightly over 50% complete and substantially de-risked.

I spoke to you a couple of years ago about one of the approaches that we've taken in order to deliver the project on time. We've taken the 60,000 barrel a day plant and effectively divided it into two 30,000 barrel a day plants itself. And we -- it's about six month spacing between the two of those things. Now this allows us to smooth out the construction and commission resources and allows us to do some repeatable tasks on site. So this enhances our productivity. So as you can see, we've made some significant progress as Sunrise draws near to first production. There's a lot of discussion out there about cost inflation being an issue in the Oil Sands region. And it is.

Early on, we decided to take a deliberate contracting approach at Sunrise. And we believe that approach is paying off. So let me walk you through the slide here, which gives you a bit of a cost breakdown. The pie chart here, we can take a look at, and this is a breakdown of the capital costs for Sunrise. The dark blue are areas where we believe there's a high degree of certainty on the costs. These areas are broken down between the lump sum contracts, so both the fuel facilities and now the central plant, we've successfully converted that over to lump sum. So this gives a good degree of cost certainty around those particular plants. We also have cost certainty around reimbursables. So these are activities that we've done on a reimbursable basis. We've already got that work behind us. An example of that would be our SAGD drilling. We've completed the SAGD drilling this year, so we de facto don't owe those costs. So overall, we actually put that all together, about 85% of that is actually gives us that high degree of cost certainty.

If you take a look at that last little bit of spend to go, about 15%, that is reimbursable. But those costs typically don't have a high degree of risk with them. But I do actually have one last comment on the lump sum contracts. It's really nice to have that significant contractual certainty around the lump sums, but it does actually give you one more thing. It really allows you to align the producer with the contractor around excellent execution. So that's another benefit that we get around the lump sum contracts. And once again, we are about 50% complete on the work and our project spend today is about the same amount.

We've also made a number of design improvements over the last year, as we've moved through the detailed engineering phase. This allowed us to prove both the efficiency and the reliability, and these things include such things as increasing the size of our sulfur recovery plant, so we can actually allow higher flows.

We also added additional redundancy to certain key equipment. So a couple of examples would be our high-pressure feed pumps. We've put a spare online high-pressure feed pump, so if we're doing some maintenance on one pump, we can continue the plant.

Another area that we actually worked on was putting in additional produced water coolers. That particular equipment does tend to foul up. So again, we can take those offline, clean them out and still maintain the flows through the plant. So overall, this allows us to get improved operational utilization rates out of the plant.

So our cost estimate now, for Phase I, is $2.7 billion. This includes the completion of lump sum conversions and the important design improvements. Once again that capital intensity is around $45,000 per barrel, per day. But even with 85% of our costs have high degree of certainty we are maintaining our disciplined approach around execution.

As we execute Phase I, we are also setting the stage for the next phase of the development. As I've told you before, we have regulatory approvals for 200,000 barrels a day at Sunrise and we are advancing the design basis phase for the engineering work and we expect completion in 2013.

Once we have actually had the DDM complete, we'll be in a better position to tell you what Phase II will look like.

I'd like to talk a little bit about Saleski. We are planning to submit our regulatory application for a pilot in 2013. The industry focus continues in carbonates and we're getting more knowledge and we're learning more and more about the potential. We have one of the best signed holdings, about 1,000 square kilometers. Excuse me, I'll just take a drink of water. Sorry about that, I've been fighting a bit of a cold here.

And with about 260 well penetrations and 2D and 3D seismic, we believe we're in one of the best geological positions. The technology is still evolving and with 10 billion barrels of best estimate contingent resource that we announced last year, we think the prize is significant. And we put together a dedicated team, we're advancing the best subsurface recovery scheme.

And while our focus on Phase I will -- while we're maintaining our current focus on Phase I, we're still also moving forward on our future opportunities. So to sum up, we're executing and Sunrise is on track. I'll remind

you again that by converting all of our major contracts to lump sum, we have substantially derisked this project and 85% of the costs are fixed.

Early engineering for Phase II is being advanced and we'll share some more of this progress over the course of the next year. And in the longer term, Saleski is on deck.

Thanks very much. I look forward to answering any of your questions following Malcolm's presentation.

MALCOLM MACLEAN:

Thank you, John . As I have only been leading the Atlantic region business for a few months, I'd like to tell you a little bit about my background. I joined Husky about a year and a half ago. What attracted me most to Husky was the Atlantic region's potential and the chance to sustain and grow it over time. This is a very, underexplored region, compared to similar basins around the world. Over the past 18 months, I've been leading our development activities, including South White Rose and West White Rose.

Asim and Rob mentioned the excellent safety and operational performance of the SeaRose FPSO. It's a world-class facility operated by a best-in-class team. SeaRose will remain an important part of our story going forward. Near term, continued appraisal and development of the White Rose area will maintain our high net-back production.

Next month, we will reach 200 million barrels of production from the White Rose area. This is close to the amount of oil we expected to recover from the original development, when the project was first sanctioned. We've built a track record of exploration success in the area, by tying back discoveries to SeaRose such as North Amethyst. We have been steadily growing the resource base. With the other tie-back opportunities currently at various stages of development, we expect to produce more than double the oil we originally thought that we would. So what's next?

In 2013, we will drill our first Hibernia producer, also at North Amethyst. This formation underlies the Ben Nevis formation, which is the focus of current production. It will be drilled from an existing drill center, which will allow us to put it on production immediately.

Development of the South White Rose extension is already underway, with oil production due to start towards the end of 2014. This is the South White Rose extension area to the south of the field. We are also moving

forward with our plan to develop the much larger West White Rose extension. Production from the West White Rose extension is scheduled to start in late 2016 or early 2017.

Other near-fielded targets include Northwest White Rose and West Amethyst. They are shown in the northwest and southwest on this graphic. We plan to drill appraisal wells in the Northwest White Rose area next year and in West Amethyst in 2014. If these wells are successful, these satellites will also be tied back to the SeaRose.

As I said earlier, work on the South White Rose extension is already underway. The project is moving quickly, and we expect it to produce at least 20 million barrels of oil net to Husky. The development will use water and gas injection to maintain reservoir pressure and increase recovery. Including the drilling six wells, the project's total budget is $1.2 billion, $800 million net to Husky. The project has excellent financial return metrics, with over 20% returns. The South White Rose extension project builds upon our North Amethyst experience. In fact, many of the North Amethyst project team are currently working on it. It is this experience continuity that gives us confidence that we can deliver against budget and schedule.

Excavation of the drill center was completed in September. This is an area dredged in the sea bed, to project the sub-sea equipment from icebergs. We used the world's largest dredger to excavate it. Like most things in the offshore industry, the drill center is huge. It's about 80 meters long by 40 feet -- by 45 meters wide, by 10 meters deep. To put that into perspective, it's about the size of a soccer pitch. So the next time you're at a soccer ground, if you could imagine the whole of the pitch covered in our sub-sea equipment.

In November, we installed the temporary guide base for the first gas injection well. We plan to start drilling in January of next year. Fabrication work has already begun for the gas injection system and we will be installing it next summer. We are on track to achieve first gas injection towards the end of next year and oil production in 2014.

Following quickly on the heels of the South White Rose extension project, we've managed to -- ah, yes, sorry, will be the full-field development of West White Rose. We expect this development to deliver at least 80 million barrels of oil to Husky. We are currently finalizing development concept selection with our partners. We favor the use of a fixed wellhead platform.

This graphic shows how the wellhead platform would be tied back to the SeaRose in the same way as the sub-sea drill center is. Wellhead platforms are a proven development concept and are used around the world. We

expect this concept could reduce well costs by around 40%. This would bring F&D costs down to the mid-20s dollar per barrel range. That's around $12 per barrel, less than that, for equivalency development.

All going well, we plan to sanction the development by the end of next year. This will enable us to achieve first oil by the end of 2016 or early 2017. With 18 exploration licenses and 23 significant discovery areas, we are one of the largest landholders offshore Newfoundland and Labrador. We have a good inventory of exploration prospects. We have just secured a new drilling rig to enable us to test our potential. You may have heard that we recently signed a five-year contract for the new-build West Mira rig. This is a harsh environment rig and will start working for us at the middle of 2015. In the near term, we are currently drilling our Searcher prospect in the prolific Jeanne D'Arc Basin. We expect results from this well early next year.

In the next few weeks, we will also spud the partner operated Harpoon well in the Flemish Pass Basin. Harpoon is southwest -- southeast of the Mizzen discovery, which contains 100 to 200 million barrels of oil. Husky has a 35% working interest in both of these wells.

Next year, we will drill the Aster well, in which we hold a 40% interest. It's on the edge of the continental shelf near the Flemish Pass. We will also participate in the Federation well, which is also in the Jeanne D'Arc Basin.

As Asim mentioned, through the planned period, our goal is to maintain stable high net value production and lay the foundation for the next stage of growth. In the near term, building on our project delivery track record, production from the South White Rose extension is to be on stream in 2014. We expect to sanction West White Rose next year -- late next year. Production from it is slated for the end of 2016 or the beginning of 2017. Other satellite developments are in the pipeline and will help us produce more than double our original reserves estimates from the White Rose area.

In the medium term, we are confident that there are other discoveries to be made in what is still an underexplored region. Thank you very much.

ROB MCINNIS:

So it's the same process for the questions before. If we could just have the questions directed at our growth pillars right now and then we'll have Asim come up, give a short wrap up, and then we'll have Alistair and Rob join him for broader questions on any of the topics.

ARJUN MURTI:

I had two Sunrise and one Liwan question; regarding the 85% cost certainty, John, you mentioned, I know with some of these projects as you get close to the startup there can be scheduling and labor productivity type questions arise, does the lump sum certainty provide protection if the contractors have issues with the labor or anything along those lines. I realize from a timing perspective will come on when it comes on, will you at least be protected on the cost side?

And in moving forward with Phase II I assume part of it is seeing how Phase I works and so forth, so could you just comment on how much you need to see on Phase I before you get more confidence in Phase II?

The Liwan question was do you have running room or other stuff you have in the South China Sea after this initial project, I know there may be a phase or two to it, but besides Liwan what else can you or are you looking to do in the South China Sea?

JOHN MYER:

So the first question around the lump sum strategy. The lump sum strategy is a great vehicle for us to be in sharing that risk with all the contractors. So the elements do allow that burden to be on the contractors. But I think it's more than that. As I indicated it also allows us to align our interests around great execution of project rather than having some sort of misalignment. So I think most of that risk will be on the contractors for that.

Regarding the timing of Phase II we think it's very important and critical to get all the engineering done in a very effective manner, make sure we capture some of the learnings all those little pieces so we can really bring forward the best project we have in Phase II. So as a result we may want to see some of the timing around that. But it really is around mitigating all the risks whether it's learning about the reservoir which we feel very comfortable. We have a firebag right next to it, but it's almost on how the plants operate. So really it's putting together those collective drivers to do that. But we also share a little bit of capital improvements. We don't have to put all the infrastructure, the camps, the roads, in Phase II so we will get some capital improvement going forward.

BOB HINKEL:

On the question of South China Sea, we continue to look for opportunities there in the non-conflict areas, the areas that are not under controversy. We work closely with CNOOC, all over – CNOOC is the offshore

operator however there are some areas of reserve for both PetroChina and for Sinopec for future development, future exploration but they haven't been released yet to give PSCs in those areas.

The third thing we're working, we're working the whole areas as an overall picture and I think we'll have some things there to be able to talk some more about in the very near future.

PETER OGDEN:

This might be a question better suited to Alister, I'm not sure but could you maybe describe this or explain the status of the true up at Sunrise negotiations with BP, any potential acceleration of that 2015 true up period? How we would see that funded if it's a lump sum all at once or whether you're looking to spread out the equalization of the Downstream versus the Upstream?

ALISTER COWAN:

Yes, I'll take that. Based on the capital plans for Toledo we expect to see $1.1 billion true up at the end of 2015. Internally in our capital financing plan as a payout on that date, but clearly we're in discussions with BP over the next few months. If we use that money to raise some value it could see some opportunities for both parties.

PETER OGDEN:

A question for Malcolm about the well platform; could you elaborate why that would be your preference and would this be the first well bed platform on the Eastern seacoast there or have there been others installed?

MALCOLM MACLEAN:

To answer your first question, one of the biggest actions for us for the wellhead platform is the reduced well costs. With the harsh environment that is prevalent offshore Newfoundland and Labrador, they have seen the current floating rigs suffer lot of downtime. So we can eliminate most of that drilling time, downtime by having fixed platforms. Also the West WhiteRose we know from a geological point of view is not as good a quality as the rest of the field so it will require more rigs to actually develop it and recover the reserves from it. So again, the wellhead platform will allow us to actually drill more wells for a given amount of capital expenditure. It will be the first wellhead platform on the west side of the Atlantic Region, there is of course the large fixed Hibernia platform which will soon be joined by the Hebron platform. Ours is very much smaller since there's no processing or storage so it's a very, focused wellhead platform, as I mentioned which is a common development concept that's used around the world.

ASIM GHOSH:

I just want to add one point. I know you covered this point but one of the advantages of a wellhead platform is it makes reintervention much cheaper. Right now the cost of reintervention is the same as the cost of a new well. And we had a bunch of those and we had the ability to do cheaply which the wellhead platform will allow, it improves the recovery. And I also want to over amplify on the fact he said it's a smaller platform than existing platforms, that's simply focused around our specific needs. The fact that we already have an FPSO allows us to optimize the design of that platform to make it a much cheaper platform and therefore more cost effective than going to a full based platform. We create a redundancy we don't need of the pipe that we already work at FPSO.

ROB MCINNIS:

I'll ask Asim to come up and give a wrap up and then Alister and Rob for Q&A.

ASIM GHOSH:

The wrap-up is almost a repetition of what I said earlier. I think the points behoove repetition. Basically since we first met in this larger group three years ago we've focused on execution. In 2013 mantra is again going to be execution. We've done pretty well everything we set out to do this year. As you can see from this map we are rejuvenating our foundation in Western Canada and heavy oil. We are progressing our growth pillars and with our near term growth project basically in heavy oil, sort of in Liwan and in Sunrise and we are driving strong performance and capturing additional revenues from our Midstream and Downstream assets. And basically where we are positioned today at Husky, I would summarize it by saying we are on course and building momentum towards that five-year plan that we first outlined to you two years ago.

Thank you for joining us. We will now take your questions. The specific questions were taken by the individual business units so Rob, Alister and I will take your larger questions.

KATHERINE LUCAS MINYARD:

Just a follow up on your production growth change over the next several years and that accelerated production growth rate that you've put forth and the reserve replacement target; so with the reserve

replacement not changing and the production growth rate accelerating it seems like you might be at risk of losing a little bit of reserve life. So I was wondering if you had a particular reserve life you'd be looking at keeping or trying to preserve over time or if you're really targeting or prioritizing the production growth aspect in the next five years?

ASIM GHOSH:

Well, first of all the production growth target is simply if you take the fact that we had a three to five-year, a 3% to 5% over five years and in fact the first couple of years are fact and complicit in the fact that the production growth accelerates. So really we are not giving you new news it was implicit in what we said to you earlier and we're just extending that over – if you look at our new five-year period versus the original, I think it's a seven-year period.

In terms of reserves, we've actually achieved in excess of the figures that we've given you that we have given over the five year timeframe in the last couple of years. So by sticking to that original target again, implicit in that is the fact that if we achieve the same arithmetic rate we are comfortable with that geometric rate.

ROB PEABODY:

Just very cutting too, we are still replacing a lot more reserves than we're producing, even with the higher production rates so our LI will continue to expand over the plan period.

ARJUN MURTI:

Two questions; certainly this slide highlights a lot of organic growth potential you all have over the next five years and you articulated that very well today. Curious, what role acquisitions play in terms of your growth opportunities; I know most companies look to do tactical bolt-on deals in their areas. Beyond that, are you looking at other things you'd like to do, newer area you'd like to get into or is it really about just executing on the organic strategy?

Secondly and perhaps unrelated or not, you have a very high dividend yield but the dividend itself has been relatively flat over the years. How does dividend growth play into capital allocation going forward?

ASIM GHOSH:

Okay, so let me answer the first question in three parts. We've not had the luxury of what I'd call housekeeping M&A because we were kind of scrambling to stay – to maintain production for the long time and once we get this production coming we would be open to that sort of housekeeping. The second thing we had been open to at the right value is both sort of midscale acquisitions and midscale farm outs

Again, farm outs, in that case, again, the opportunity has been – we look at everything on an opportunistic basis but one thing we've gotten very focused on as a company is incremental IRR and we have actually upped the hurdle rates substantially higher than where they have been. Fortunately we found a lot of organic opportunities in every part of the business whether it's Upstream, Midstream or Downstream, to keep that pipeline full for a while. And anything external that we do would have to compete with that, we just haven't found that.

And finally, in terms of transformational acquisitions, mergers, we have looked at a few opportunities everything came with a substantial canker on the face and therefore where we are frankly is, where we are positioned is we see such major organic growth opportunities with clear visibility to these new projects that you have to have a pretty tough hurdle. So I've just been focused on it – I've been focused on two things; I'm focused on return but I'm also focused on scale mindful of the fact that the nature of the oil and gas business is changing such that what previously constituted as a good scale has been upped by a certain amount of time. And the sorts of projects we spoke about today, they're all long-cycle projects you know but it's something relatively smaller in heavy oil where there is the resource place to make these things work economically, you're contemplating a level of investment that we previously saw in the Oil Sands. So very mindful of that, but we think we can get to that scale organically and we would be open to something that presents itself in organically but we just haven't found such a thing.

And the second question, oh yes, so we went through the discipline of keeping the dividend alive through the difficult years. I think we'd like to keep that on an even keel for a while while we digest the new opportunities that come our way. So don't have immediate plans to up that. It has been a strongly rich dividend which will become a merely rich dividend.

GEORGE TORIOLA:

A question around capital employed and capital in use; so when we look at 2015 your capital employed and capital in use, the return on both metrics are quite close. Is the way to interpret that to mean that you don't have visibility on sort of growth at that time, at this moment or, that the spending around whether it's unconventional or other projects would be done and you've essentially been – the development fees.

ALISTER COWAN:

Yes, that's really just a purely timing issue. We see Liwan and Sunrise are onstream fully by the time you get into 2015 so therefore their capital is significant capital by that time, is all in use. We're just beginning to ramp up on the resource plays on the Sunrise Phase II. So it's purely a function of time as you go into 2016 and 2017 you see the capital in development rising again.

MICHAEL DUNN:

Good morning. Gentlemen, as you've said a few times today, the nature of the business and the nature of your business you have to look out over several years. What's like the only sort of multi-year production guidance that's absent from the presentations today, is it east coast or WhiteRose? Just wondering how we should be thinking about production presumably in declines I guess until South WhiteRose comes on, but maybe more specifically why there is no production guidance sort of longer term given beyond 2013 for east coast or specifically for the WhiteRose?

ASIM GHOSH:

Let me give you a high-level answer then I think Rob can fill in more specifics. But broadly as I've said in fact even two years ago, we see three growth pillars; the two are more meshed to visible

within the five-year time frame. The objective – actually it makes for a nice neat picture but there is a bit of large goof on that picture because we – the east coast is both a part of our foundation and a growth pillar. But in the context of the near and medium term it's really more a part of the foundation and all the stuff we are doing today in terms of the exploration and the GPS really creates the potential for growth outside of the timeframe. So the only reason you don't have those specifics is because in the context of the five-year timeframe it's really more part of the foundation. Okay, but Rob will tell you more about some of the stuff we're doing that will really, that still make us very enthusiastic about the east coast going forward.

ROB PEABODY:

Yes, just very shortly, between now and the end of the plan period we're saying you should think of that production as roughly flat. We don't expect it to decline overall because of the addition of South WhiteRose in 2014 and West WhiteRose toward the end of the period. In addition to that there are infill wells going in, and not just infill but development wells in the case of North Amethyst, including the North Amethyst Hibernia formation so another formation underneath that field. One of those wells will be coming on next year. So we have a number of infill targets to maintain production through to 2017. Beyond that, I mean really as was described earlier in Malcolm's presentation, we have about five exploration wells that are being drilled over the next 18 to 24 months, all of which are targeting longer term growth going forward. So that's the game plan.

ASIM GHOSH:

But just to put that flatness into perspective, you've got to remember that this was a business that was in decline for the previous five years so achieving flatness itself is material relative growth.

MICHAEL DUNN:

My minds bending but okay.

ASIM GHOSH:

But really, it's a very high net-back business for us and we couldn't afford to have it keep declining. So that's the first task I had, was to stabilize it. And I think we have some tremendous visibility towards doing that now.

BRIAN DUTTON:

Asim, earlier you mentioned that you were very focused on incremental IRR. From where we stood that's always very difficult to measure and to keep track of. So how should you think of us keeping your feet to the fire to make sure that indeed happens?

ASIM GHOSH:

Well, I think we give enough operational metrics out in terms of – I mean the very fact that you get forcefully measure on capital employed and the profits we're getting should give you a good sense of feet – of putting our – give you good tools in putting our feet to the fire. I mean that might – the soles of my feet are burnt already; you want to burn them even more.

ROB MCINNIS:

Any other questions? Thank you for joining us.

ASIM GHOSH:

Yes, thank you very much we're delighted to host you all and really, really appreciate the number of people who have taken the trouble to come out from a number of places outside of Toronto. So really appreciate that, thank you.