LIWAN GAS PROJECT

The Liwan Gas Project is the first deepwater development offshore China.

Located approximately 300 kilometres southeast of the Hong Kong Special Administrative Region (SAR), the US$6.5 billion project is a partnership between Husky Energy and CNOOC Limited and will supply natural gas to markets in mainland China and potentially the Hong Kong SAR.

The Liwan Gas Project (Liwan) consists of three deepwater fields: Liwan 3-1, Liuhua 34-2 and Liuhua 29-1. The fields share a subsea production system, subsea pipeline transportation and onshore gas processing infrastructure.

Liwan has taken approximately seven years from discovery to first production and is considered one of the fastest developments in the world for a large-scale gas project in deep water.

OPERATIONS & INFRASTRUCTURE

- Husky operates the deepwater segment of the infrastructure, including subsea wells, deepwater flowlines, control systems and manifolds and the Mono-Ethylene Glycol (MEG) unit on the shallow water platform.
- CNOOC Limited operates the shallow water facilities, including the platform, the 260-kilometre subsea pipeline to shore and the onshore gas terminal.
- The nine deepwater wells at Liwan 3-1 are located in 1,200 to 1,500 metres of water approximately 75 kilometres from the shallow water platform.
- The platform is the largest ever built and installed in Asia.
- The onshore Gaolan gas terminal occupies approximately 300 hectares and is connected directly to the Guangdong Natural Gas Grid. The terminal will extract condensates and natural gas liquids (NGLs) such as propane and butane, and compress and move the Liwan gas to commercial markets. The condensates and NGLs will be sold separately.

ANTICIPATED PRODUCTION

- Initial gas sales from Liwan 3-1 of approximately 250 million cubic feet per day (mmcf/day gross) will increase to approximately 300 mmcf/day in the second half of 2014.
- Subject to final approvals, the tie-in of Liuhua 34-2 in the second half of 2014 is expected to increase combined gas sales to approximately 340 mmcf/day (gross).
- Gas sales will increase to a range of 400 to 500 mmcf/day (gross) with the tie-in of Liuhua 29-1 in the 2016-2017 timeframe, contingent on the sales agreement terms.
- Initial sales of condensates and natural gas liquids from Liwan 3-1 are expected to be approximately 10,000 to 14,000 barrels of oil equivalent per day (boe/day gross).
ECONOMICS

- Gas production from Liwan 3-1 and Liuhua 34-2 is covered by long-term sales contracts.
- The Liwan 3-1 and Liuhua 34-2 gas sales price is US$11 to $13 per thousand cubic feet (mcf) in the initial five contract years, then floating referenced to the Guangdong City Gate price thereafter.
- Negotiations are underway for the Liuhua 29-1 gas sales contract.
- Husky will recover exploration costs of approximately $800 million in the first 18 months of production.
- Operating costs are expected to be approximately 10 percent of gross revenues.
- Royalties and taxes are expected to be approximately 20 percent of gross revenues.

HUSKY IN ASIA PACIFIC

- In addition to the Liwan Gas Project, current activities include:
  - A 40 percent working interest in the producing Wenchang oil field in the South China Sea, which to date has produced more than 137 million barrels (100% W.I.) of light, sweet crude oil at world pricing.
  - The development of several natural gas projects in the Madura Strait offshore Indonesia, including the MDA, MBH and BD shallow water fields.
  - Ongoing evaluation of five discoveries in the Madura Strait, with further exploration in progress.
  - Seismic work on a large exploration block offshore Taiwan.

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements and information (collectively “forward-looking statements”), within the meaning of the applicable Canadian securities legislation, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. The forward-looking statements contained in this document are forward-looking and not historical facts.

Some of the forward-looking statements may be identified by statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will likely result”, “are expected to”, “will continue”, “is anticipated”, “is targeting”, “estimated”, “intend”, “plan”, “projection”; “could”, “aim”, “vision”, “goals”, “objective”, “target”, “schedules” and “outlook”). In particular, forward-looking statements in this document include, but are not limited to, references to: with respect to the Company’s Asia Pacific Region: potential for sales from the onshore gas terminal at the Liwan Gas Project to the Hong Kong SAR; anticipated initial volumes and sales of gas, condensates and natural gas liquids from the Company’s Liwan Gas Project; anticipated increases in production and sales volumes by the second half of 2014 and following tie-in of the Liuhua 34-2 and Liuhua 29-1 wells; anticipated timing of tie-in of the Liuhua 34-2 and Liuhua 29-1 wells; anticipated timing of recovery of exploration costs from the project; and expected operating costs, royalties and taxes as a percentage of gross revenues from the project.

Although the Company believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, the Company’s forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to the Company about itself and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources including third-party consultants, suppliers, regulators and other sources.

Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other oil and gas companies and some are unique to Husky.

The Company’s Annual Information Form for the year ended December 31, 2013 and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com and the EDGAR website www.sec.gov) describe the risks, material assumptions and other factors that could influence actual results and are incorporated herein by reference.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable securities laws, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company’s course of action would depend upon its assessment of the future considering all information then available.