Husky Energy Inc.

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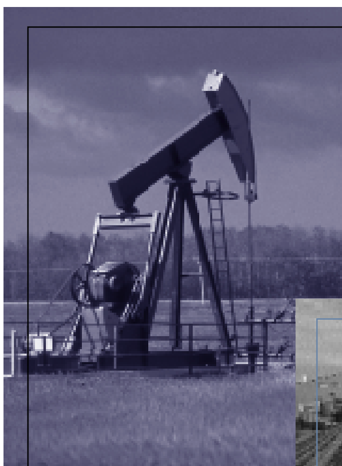
First Quarter Report & News Release

FOR THE THREE
MONTHS ENDED
MARCH 31



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

TO OUR SHAREHOLDERS

Husky Energy Inc. today announces its 2001 first quarter earnings of $242 million ($0.54 per common share on a diluted basis), an increase of 6.2 times over first quarter 2000 earnings of $39 million. Cash flow from operations in 2001 increased 3.2 times to $620 million ($1.39 per common share on a diluted basis) from $191 million in the first quarter of 2000.

The company attributes the increases to higher commodity prices, increased production volumes from both the acquisition of Renaissance and from the drill bit, as well as improved margins from Husky's midstream and downstream businesses, most notably Husky's heavy oil upgrading operations.

"Production growth, strong commodity prices and upgrading margins, in addition to higher income from our oil and gas marketing and asphalt operations contributed to the record financial performance of the company" said John C.S. Lau, President and Chief Executive Officer. *"We are pleased with the first quarter results and we continue to focus on a disciplined capital investment program, debt repayment and the delivery of good shareholder returns".*

HIGHLIGHTS

	Three Months Ended March 31			Full Year
(Millions of dollars, except per share amounts)	**2001**	2000	% Change	2000
Sales and operating revenues, net of royalties	**$ 1,788**	$ 951	⇑ 88%	$ 5,090
Cash flow from operations	**620**	191	⇑ 225%	1,399
Per share – Basic	**1.47**	0.68		4.26
– Diluted	**1.39**	0.65		4.05
Net Earnings	**242**	39	⇑ 521%	464
Per share – Basic	**0.57**	0.13		1.39
– Diluted	**0.54**	0.13		1.34
Production				
Light/Medium Crude Oil & NGL's (mbbls/day)	**115.5**	34.6		63.6
Heavy Oil (mbbls/day)	**56.9**	50.0		53.5
Gas (mmcf/day)	**584.0**	256.7		358.0
mboe/day (6:1)	**269.7**	127.4	⇑ 112%	176.8

First quarter progress in exploiting Husky's extensive high quality asset base was highlighted by:

CORPORATE

- In January 2001, Husky's syndicated credit facility was amended to permit borrowings of up to $1 billion. Husky's long term debt was reduced during the first quarter from $2.3 billion to $2.1 billion.
- On April 25, 2001, Moody's Investors Service announced an upgrade of Husky's senior debt ratings to Baa2 from Baa3.

UPSTREAM

- A shallow gas development program in the North West Alberta Plains business unit which included the drilling of 160 wells with reserve additions of 88 bcf and 40 mmcf/day of production brought on stream.
- During March and April, the Cordel and Bighorn wells in the Foothills exploration district were tied in with approximately 25 mmcf/day net to Husky. Also in the first quarter, discoveries at Galloway increased production in the deep basin by 12 mmcf/day and 800 bbl/day of condensate.
- Lloydminster heavy oil production was consistent with fourth quarter 2000 levels due to the reassignment of drilling rigs for the winter drilling program in the North West Alberta Plains.
- The White Rose FPSO topsides tender process moved into the final phase to define lump-sum costs for internationally competitive topsides. The first phase of the topsides bidding was encouraging in terms of the potential to meet target project costs on a fixed-price basis.
- Development work is progressing on schedule for the Wenchang offshore oil project in China with overall progress reaching in excess of 50% complete, including the completion of 80% of the development wells.

MIDSTREAM

- Effective January 1, 2001, Husky acquired a 50% interest in the 45 MW Rainbow Lake Cogeneration Facility for approximately $25 million. This acquisition is in line with Husky's intent to increase its self-sufficiency in electrical generation.
- Throughput on Husky's heavy oil pipeline system averaged 550 mbbls/day, an increase of 14% over first quarter 2000 levels.
- Husky commenced direct sales to sulphur customers in offshore markets in January 2001.

REFINED PRODUCTS

- Effective April 1, 2001, Husky signed a long term lubricant distributorship agreement with Chevron Corporation to provide Husky's customers with one of the world's most technologically advanced lubricant product lines in the commercial, industrial and passenger vehicle markets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis should be read in conjunction with the unaudited consolidated financial statements of the Company for the three months ended March 31, 2001 and the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2000.

Financial Summary
(millions of dollars)

Three Months Ended March 31								
Revenue	$1,788	⇑ 88%	**Earnings**	$242	⇑ 521%	**Cash flow**	$620	⇑ 225%

Higher earnings and cash flow reflect higher production of medium crude oil and natural gas, primarily resulting from the Renaissance acquisition, higher production of Lloydminster heavy oil resulting from development programs, higher natural gas prices, higher upgrading margins, higher margins and volume for oil and gas marketed, higher refined product margins partially offset by lower realized crude oil prices and higher energy related operating costs.

Industry Conditions

		Three Months Ended March 31	
		2001	2000
Average benchmark prices			
West Texas Intermediate	– $U.S./bbl	**$ 28.72**	$ 28.73
NYMEX natural gas	– $U.S./mmbtu	**$ 7.27**	$ 2.49

The price for WTI decreased during March 2001 ending the quarter at U.S. $26.25/bbl. Early April WTI prices rose above U.S. $28.00/bbl as U.S. gasoline stocks continued to decline just prior to the beginning of the driving season, conditions similar to last year.

The Nymex price for natural gas ended the first quarter of 2001 at U.S. $5.03/mmbtu. A combination of late March withdrawals from U.S. natural gas storage due to colder than normal weather and concerns about natural gas productivity as the storage replenishment season commences kept prices above U.S. $5.00/mmbtu during the first half of April.

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

RESULTS OF OPERATIONS

Upstream

Revenue and Production

Husky's total revenues from upstream operations (before royalties and hedging) increased $544 million (175%) in the first quarter of 2001 over 2000 levels.

UPSTREAM EARNINGS SUMMARY

	Three Months Ended March 31		
(Millions of dollars)	**2001**	2000	% Change
Gross revenue	**$ 855**	$ 311	175
Royalties	**176**	44	300
Hedging	**–**	37	(100)
Net revenue	**679**	230	195
Costs and expenses	**137**	57	140
EBITDA	**542**	173	213
DD&A	**174**	65	168
Operating profit (EBIT)	**$ 368**	$ 108	241

NET REVENUE VARIANCE ANALYSIS

(Millions of dollars)	Light & medium crude oil & NGL's	Lloydminster heavy oil	Natural gas	Other	Total
Q-1 2000	$ 80	$ 96	$ 50	$ 4	$ 230
Price changes	(97)	(76)	340	–	167
Volume changes	280	16	75	1	372
Royalties	(31)	4	(105)	–	(132)
Hedging	12	25	–	–	37
Processing	–	–	–	5	5
Q-1 2001	**$ 244**	**$ 65**	**$ 360**	**$ 10**	**$ 679**

AVERAGE PRICES

		Three Months Ended March 31	
		2001	2000
Light/medium crude oil & NGL's	($/bbl)	**$ 28.72**	$ 36.60
Hedging		**–**	4.05
Light/medium & NGL price realized		**$ 28.72**	$ 32.55
Lloydminster heavy crude oil	($/bbl)	**$ 13.81**	$ 28.63
Hedging		**–**	5.43
Lloydminster heavy crude price realized		**$ 13.81**	$ 23.20
Natural gas	($/mcf)	**$ 9.05**	$ 2.58
Hedging		**–**	–
Natural gas price realized		**$ 9.05**	$ 2.58

GROSS DAILY PRODUCTION

		Three Months Ended March 31		
		2001	2000	% Change
Light/medium crude oil & NGL's	(mbbls/day)	**115.5**	34.6	234
Lloydminster heavy crude oil	(mbbls/day)	**56.9**	50.0	14
Natural gas	(mmcf/day)	**584.0**	256.7	128
Barrels of oil equivalent	(mboe/day)	**269.7**	127.4	112

The increase in upstream revenues for the first quarter of 2001 compared with the first quarter of 2000 was primarily due to higher production of light/medium crude oil and natural gas associated with the acquisition of Renaissance. The remaining increase in upstream revenues for the quarter was attributable to higher natural gas prices and new production from drilling success and facility work primarily in the Alberta foothills and the Northwest Alberta plains. These positive factors were partially offset by lower realized crude oil prices. Lower heavy crude oil prices resulted from an oversupply combined with a shortage of diluent required for pipeline transportation. Although the benchmark price for light crude oil at Edmonton was slightly higher in the first quarter of 2001 compared with the first quarter of 2000, Husky's average realized price for light and medium crude oil and NGL's in the first quarter of 2001 was lower compared with the same period in 2000 as the properties acquired with Renaissance, on average, produce a heavier grade of crude oil.

The increase in heavy crude oil production was attributable to an increase in drilling activity which included the drilling and equipping of approximately 350 oil wells since the end of the first quarter of 2000.

Netbacks and Operating Costs

LIGHT/MEDIUM CRUDE OIL NETBACKS (1)

	Three Months Ended March 31	
(Per boe)	**2001**	2000
Sales revenue	**$ 29.70**	$ 36.87
Royalties	**5.01**	6.81
Hedging	**–**	4.05
Operating costs	**6.60**	4.64
Netback	**$ 18.09**	$ 21.37

LLOYDMINSTER HEAVY CRUDE OIL NETBACKS (1)

	Three Months Ended March 31	
(Per boe)	**2001**	2000
Sales revenue	**$ 14.27**	$ 28.66
Royalties	**0.85**	2.05
Hedging	**–**	5.43
Operating costs	**8.55**	6.40
Netback	**$ 4.87**	$ 14.78

NATURAL GAS NETBACKS (2)

	Three Months Ended March 31	
(Per mcfe)	**2001**	2000
Sales revenue	**$ 8.75**	$ 2.73
Royalties	**2.23**	0.61
Operating costs	**0.47**	0.53
Netback	**$ 6.05**	$ 1.59

TOTAL UPSTREAM NETBACKS (1)

	Three Months Ended March 31	
(Per boe)	**2001**	2000
Sales revenue	**$ 34.80**	$ 26.37
Royalties	**7.21**	3.81
Hedging	**–**	3.17
Operating costs	**5.62**	4.80
Netback	**$ 21.97**	$ 14.59

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

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

Husky's total upstream costs and expenses increased $80 million (140%) from $57 million during the first quarter of 2000 to $137 million during the first quarter of 2001. Higher costs and expenses in 2001 were primarily due to the Renaissance acquisition. Total upstream average operating costs per unit were $5.62/boe during the first quarter of 2001 compared with $4.80/boe during the same period in 2000. The higher unit operating costs in the first quarter of 2001 reflect an increase in heavy oil production energy costs and a larger proportion of mature conventional oil waterflood properties.

Depletion, Depreciation and Amortization

Depletion, depreciation and amortization ("DD&A") increased by $109 million from $65 million in the first quarter of 2000 to $174 million in the first quarter of 2001. Total upstream DD&A per unit was $7.15/boe during the first quarter of 2001 compared with $5.61/boe during the same period in 2000. The DD&A per boe in the first quarter of 2001 increased substantially as a result of the inclusion of the proved properties of Renaissance.

Midstream

Husky's total EBITDA from midstream operations (including upgrading, infrastructure and marketing) increased $57 million (102%), from $56 million in the first quarter of 2000 to $113 million in the first quarter of 2001.

UPGRADING OPERATIONS

		Three Months Ended March 31		
(Millions of dollars)		**2001**	2000	% Change
Gross margin		**$ 133**	$ 58	135
Operating costs		**69**	33	119
Other expenses (recoveries)		**5**	(2)	350
EBITDA		**59**	27	119
ODD&A		**3**	4	(25)
Operating profit (EBIT)		**$ 56**	$ 23	143
Selected operating data:				
Upgrader throughput	(mbbls/day)	**75.1**	74.6	–
Synthetic crude oil sales	(mbbls/day)	**56.2**	60.9	(8)
Upgrading differential	($/bbl)	**$ 21.61**	$ 8.67	149
Unit margin	($/bbl)	**$ 26.57**	$ 9.42	182
Unit operating cost	($/bbl)			
Energy	($/bbl)	**7.43**	2.44	204
Non-energy	($/bbl)	**2.68**	2.56	5
		$ 10.11	$ 5.00	102

UPGRADING EBITDA VARIANCE ANALYSIS

(Millions of dollars)	
Q1 – 2000	$ 27
Volume	(5)
Differential	81
Operating costs-energy	(33)
Operating costs-non-energy	(3)
Other	(8)
Q1 – 2001	**$ 59**

The upgrading operations accounted for 56% of the increase in Midstream EBITDA. The increase in upgrading EBITDA was due to a significantly wider differential between the price of synthetic crude oil and the cost of blended heavy crude oil feedstock. The effect of the wider differential was partially offset by higher operating costs, primarily due to the increased cost of natural gas and thermal energy. The lower average throughput during the first quarter of 2001 compared with the same period in 2000 was due to a temporary plant outage as a result of an electricity supply interruption in March 2001.

INFRASTRUCTURE AND MARKETING

	Three Months Ended March 31		
(Millions of dollars)	**2001**	2000	% Change
Gross margin – pipeline	**$ 23**	$ 22	5
– other infrastructure and marketing	**32**	9	256
	55	31	77
Other expenses	**1**	2	(50)
EBITDA	**54**	29	86
DD&A	**4**	4	–
Operating profit (EBIT)	**$ 50**	$ 25	100
Selected operating data:			
Aggregate pipeline throughput (mbbls/day)	**550**	483	14

Infrastructure and marketing operations accounted for $25 million of the total increase in Midstream EBITDA. Higher margins and volume of brokered natural gas were the main reasons for the increase. Higher earnings from the co-generation operations and other marketing activities also contributed to the overall increase.

Refined Products

Husky's total refined products EBITDA increased $9 million (100%), from $9 million during the first quarter of 2000 to $18 million during first quarter of 2001. Higher marketing margins for both light oil and asphalt products were the main reasons for the increased EBITDA.

REFINED PRODUCTS EARNINGS SUMMARY

		Three Months Ended March 31		
(Millions of dollars)		**2001**	2000	% Change
Light oil products				
Gross margin – fuel sales		**$ 13**	$ 12	8
– ancillary sales		**7**	6	17
		20	18	11
Operating expenses		**7**	7	–
Other expenses		**3**	3	–
EBITDA		**10**	8	25
DD&A		**6**	5	20
Operating profit (EBIT)		**$ 4**	$ 3	33
Selected operating data:				
Fuel volume	(millions litres/day)	**7.4**	7.0	6
Number of fuel outlets		**579**	597	(3)
Refinery throughput	(mbbls/day)	**10.9**	10.6	3
Asphalt products				
Gross margin		**$ 9**	$ 1	800
Other expenses		**1**	–	100
EBITDA		**8**	1	700
DD&A		**2**	2	–
Operating profit (EBIT)		**$ 6**	$ (1)	700
Selected operating data:				
Sales volume	(mbbls/day)	**15.0**	15.1	(1)
Refinery throughput	(mbbls/day)	**22.2**	20.8	7

Corporate

Interest Expense

Net interest expense was $1 million higher in the first quarter of 2001 compared with the first quarter of 2000. Capitalized interest was $2 million higher due to the progression of the Terra Nova development project and the White Rose delineation project. The Company's average interest rate during the first quarter of 2001 was approximately 70 basis points lower than in the first quarter of 2000. Interest expense in the first quarter of 2000 included $10 million of expenses related to the partial redemption of the Husky Terra Nova Finance 8.45% senior secured bonds.

Foreign Exchange

Husky recorded a foreign exchange loss of $9 million during the first quarter of 2001 compared with a gain of $1 million during the same period of 2000 primarily due to a weaker Canadian dollar. As at December 31, 2000 the Canadian dollar was U.S. $0.667 ($1.50), at March 31, 2001 it was U.S. $0.634 ($1.58).

INCOME TAXES

Income tax expense was $184 million during the first quarter of 2001 compared with $37 million during the same period of 2000. Higher income tax expense was due to higher pre-tax earnings.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

During the first quarter of 2001, cash available from operating activities amounted to $654 million, an increase of $528 million (419%) compared with the same period in 2000. Cash used for investing activities amounted to $323 million, an increase of $277 million compared with the first quarter of 2000. During the first quarter of 2001 cash used for investing activities comprised capital expenditures of $351 million, partially offset by sales of assets.

Investing Activities

During the first quarter of 2001, net capital investments were financed by cash flow from operating activities.

CAPITAL EXPENDITURES

	Three Months Ended March 31		
(Millions of dollars)	**2001**	2000	% Change
Upstream			
Exploration			
Western Canada	**$ 78**	$ 19	311
East Coast Canada	**13**	17	(24)
International	**–**	–	–
	91	36	153
Development			
Western Canada	**171**	43	298
East Coast Canada	**27**	27	–
International	**30**	–	100
	228	70	226
	319	106	201
Midstream			
Upgrader	**2**	2	–
Infrastructure and marketing	**25**	19	32
	27	21	29
Refined products	**5**	4	25
Corporate	**–**	3	(100)
	$ 351	$ 134	162

Upstream

Upstream capital expenditures during the first quarter in Western Canada totalled $249 million and included $29 million for development in the Lloydminster heavy oil area and $142 million in conventional oil and gas area development in North West Alberta shallow gas and Southern Alberta new pool and Enhanced Oil Recovery programs. Exploration spending during the first quarter of 2001 totalled $78 million in Western Canada or 31% of total upstream capital expenditures in Western Canada, approximately $38 million of which was spent in the Alberta foothills and Northeastern British Columbia. During the quarter $40 million was spent on exploration and development projects on the offshore East Coast of Canada, which include the Terra Nova development project and the White Rose delineation project. During the first quarter of 2001 $30 million was spent on the Wenchang development project in China.

At March 31, 2001 the development of the Terra Nova oil field off the East Coast of Canada was over 92% complete with first oil expected late in 2001.

WELLS DRILLED

	Three Months Ended March 31			
	2001		2000	
	Gross	Net	Gross	Net
Western Canada				
Exploration				
Oil	14	13	2	–
Gas	51	48	3	1
Dry	18	17	–	–
	83	78	5	1
Development				
Oil	137	129	101	82
Gas	141	123	10	1
Dry	31	30	10	6
	309	282	121	89

Midstream

Midstream capital expenditures for property, plant and equipment during the first quarter of 2001 totalled $27 million, primarily for the purchase of an interest in a cogeneration facility at Rainbow Lake, Alberta.

Refined Products

Refined products capital expenditures amounted to $5 million during the first quarter of 2001 and included $3 million for marketing outlet improvements and $2 million for various improvements at the Lloydminster asphalt refinery and Prince George refinery.

Financing Activities

At March 31, 2001 Husky's outstanding long-term debt, including amounts due within one year, totalled $2,110 million, compared with $2,344 million at December 31, 2000. During January 2001 Husky's $510 million syndicated credit facility was amended and restated to permit borrowings of up to $1 billion from a group of lenders on substantially the same financial terms.

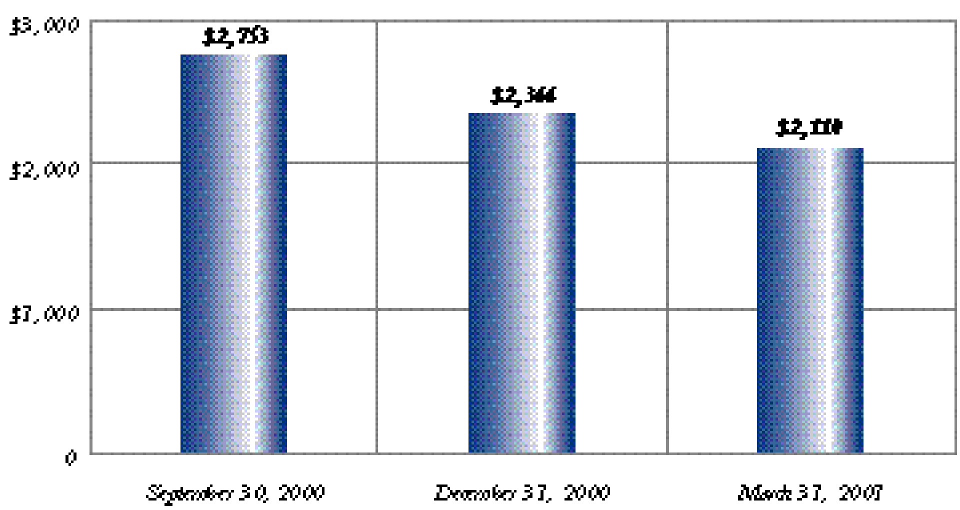
At March 31, 2001, $183 million (U.S.$116 million) had been drawn under the $1 billion syndicated credit facility. Interest rates vary based on Canadian prime, Bankers' Acceptance, U.S. Libor or U.S. base rate, depending on the borrowing option selected, credit ratings assigned by certain rating agencies to Husky's rated senior unsecured debt and whether the facility is revolving or non-revolving. A non-revolving syndicated credit facility, which had $300 million drawn under it was refinanced and cancelled during the first quarter 2001. In addition, four revolving facilities with an available aggregate amount of $500 million, which were unutilized at December 31, 2000, were cancelled in January 2001. As at March 31, 2001 Husky had unutilized committed long term lines of credit totalling $817 million.

At March 31, 2001, $122 million had been utilized under Husky's $224 million short-term credit facilities for operating loans and letters of credit. The interest rates applicable to these facilities are based on Canadian prime, Bankers' Acceptance or money market rates, or U.S. dollar equivalents.

Husky has an agreement to sell trade receivables of up to $220 million on a continual basis. The agreement calls for purchase discounts, based on Canadian commercial paper rates to be paid on an ongoing basis. The average effective interest rate during the first quarter of 2001 was approximately 5.94% (first quarter 2000 - 5.52%). Husky has potential exposure to an immaterial amount of credit loss under this agreement. At March 31, 2001 $90 million of receivables had been sold under the agreement.

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

Long Term Debt
(millions of dollars)



COMMON SHARE INFORMATION

(Thousands of shares, except prices)		Three Months Ended March 31 2001	Year Ended December 31 2000
Share price (1)	High	$ 15.80	$ 15.95
	Low	$ 13.20	$ 11.50
	Closing price	$ 13.25	$ 14.90
Closing price at April 30, 2001		$ 16.00	
Average daily trading volume		395	979
Weighted average number of common shares outstanding			
Basic		415,805	321,169
Diluted		444,646	345,033
Number of common shares outstanding at April 30, 2001		415,832	

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

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

CONSOLIDATED BALANCE SHEETS

(2001 unaudited)

March 31, 2001 and December 31, 2000 *(millions of dollars)*	2001	2000
Assets		
Current assets		
Accounts receivable	$ 723	$ 715
Inventories	199	186
Prepaid expenses	27	27
	949	928
Property, plant and equipment – (full cost accounting)	11,792	11,471
Less accumulated depletion, depreciation and amortization	3,808	3,630
	7,984	7,841
Other assets	195	133
	$ 9,128	$ 8,902
Liabilities and Shareholders' Equity		
Current liabilities		
Bank operating loans	$ 60	$ 34
Accounts payable and accrued liabilities	1,131	1,076
Long term debt due within one year	143	33
	1,334	1,143
Long term debt	1,967	2,311
Site restoration provision	187	178
Future income taxes	1,407	1,231
Shareholders' equity		
Capital securities and accrued return	340	347
Common shares	3,388	3,388
Retained earnings	505	304
	4,233	4,039
	$ 9,128	$ 8,902

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

CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited)

Three months ended March 31 *(millions of dollars, except per share amounts)*	2001	2000
Sales and operating revenues	$ 1,788	$ 951
Costs and expenses		
Cost of sales and operating expenses	1,113	720
Selling and administration expenses	17	12
Depletion, depreciation and amortization	192	84
Interest – net	28	27
Ownership charges	–	31
Foreign exchange	9	(1)
Other – net	3	2
	1,362	875
Earnings before income taxes	426	76
Income taxes		
Current	5	2
Future	179	35
	184	37
Net earnings	$ 242	$ 39
Earnings per share		
Basic	$ 0.57	$ 0.13
Diluted	$ 0.54	$ 0.13
Weighted average number of common shares outstanding (millions)		
Basic	415.8	270.2
Diluted	444.6	294.7

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(unaudited)

Three months ended March 31 *(millions of dollars)*	2001	2000
Beginning of period	$ 304	$ (295)
Net earnings	242	39
Dividends	(37)	–
Return on capital securities (net of related taxes)	(4)	(4)
End of period	$ 505	$ (260)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

Three months ended March 31 *(millions of dollars, except per share amounts)*	2001	2000
Operating activities		
Net earnings	$ 242	$ 39
Items not affecting cash		
Depletion, depreciation and amortization	192	84
Future income taxes	179	35
Foreign exchange – non cash	5	(1)
Ownership charges	–	31
Other	2	3
Cash flow from operations	620	191
Change in non-cash working capital	34	(65)
	654	126
Financing activities		
Bank operating loans financing – net	26	24
Long term debt repayment	(302)	–
Return on capital securities payment	(15)	(15)
Deferred credits	(3)	(1)
Dividends	(37)	–
	(331)	8
Available for investing	323	134
Investing activities		
Capital expenditures	351	134
Asset sales	(27)	(1)
Other assets	(1)	(87)
	323	46
Increase in cash equivalents	–	88
Cash equivalents at beginning of period	–	–
Cash equivalents at end of period	$ –	$ 88
Decrease(increase) in non-cash working capital		
Accounts receivable	$ (8)	$ (70)
Inventories	(13)	(38)
Prepaid expenses	–	(4)
Accounts payable and accrued liabilities	55	47
Change in non-cash working capital	$ 34	$ (65)
Cash taxes paid	$ 8	$ 2
Cash interest paid	$ 36	$ 26
Cash flow from operations per share		
Basic	$ 1.47	$ 0.68
Diluted	$ 1.39	$ 0.65

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2001

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

Note 1 Basis of Presentation

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

Note 2 Segmented Financial Information

	Upstream		Midstream				Refined Products		Corporate and eliminations		Total	
			Upgrading		Infrastructure & Marketing							
(millions of dollars)	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
Three months ended March 31												
Sales and operating revenues	**$ 679**	$ 230	**$ 225**	$ 237	**$ 1,592**	$ 459	**$ 301**	$ 267	**$ (1,009)**	$ (242)	**$ 1,788**	$ 951
Costs and expenses	**137**	57	**166**	210	**1,538**	430	**283**	258	**(982)**	(222)	**1,142**	733
EBITDA	**542**	173	**59**	27	**54**	29	**18**	9	**(27)**	(20)	**646**	218
Depletion, depreciation & amortization	**174**	65	**3**	4	**4**	4	**8**	7	**3**	4	**192**	84
Interest, net	**–**	–	**–**	–	**–**	–	**–**	–	**28**	27	**28**	27
Ownership charges	**–**	–	**–**	–	**–**	–	**–**	–	**–**	31	**–**	31
	174	65	**3**	4	**4**	4	**8**	7	**31**	62	**220**	142
Earnings (loss) before income taxes	**368**	108	**56**	23	**50**	25	**10**	2	**(58)**	(82)	**426**	76
Current income taxes	**–**	–	**–**	–	**–**	–	**–**	–	**5**	2	**5**	2
Future income taxes	**–**	–	**–**	–	**–**	–	**–**	–	**179**	35	**179**	35
Net earnings (loss)	**$ 368**	$ 108	**$ 56**	$ 23	**$ 50**	$ 25	**$ 10**	$ 2	**$ (242)**	$ (119)	**$ 242**	$ 39
Cash flow from operations	**$ 542**	$ 172	**$ 60**	$ 27	**$ 54**	$ 30	**$ 17**	$ 9	**$ (53)**	$ (47)	**$ 620**	$ 191
Capital expenditures (1) – Three months ended March 31	**$ 319**	$ 106	**$ 2**	$ 2	**$ 25**	$ 19	**$ 5**	$ 4	**$ –**	$ 3	**$ 351**	$ 134
Identifiable assets – As at March 31	**$ 6,663**	$ 2,764	**$ 573**	$ 578	**$ 389**	$ 353	**$ 323**	$ 325	**$ 1,180**	$ 969	**$ 9,128**	$ 4,989

TERMS AND ABBREVIATIONS

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

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

Husky Energy will host a conference call for investors on Tuesday, May 1, 2001 at 4:15 p.m. Eastern time to discuss Husky's first quarter results. To participate, please dial 1-800-296-6516 beginning at 4:05 p.m. Eastern time. Media are invited to participate in the call on a listen-only basis by dialing 1-800-367-4059 beginning at 4:05 p.m. Eastern time.

Those who are unable to listen to the call live may listen to a recording of the call by dialing 1-800-558-5253 one hour after the completion of the call, approximately 6:15 p.m. Eastern time, then dialing reservation number 18713144. The PostView will be available until Tuesday, May 8th

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