Husky

Husky Oil Ltd. 1980 Annual Report

COMPANY DESCRIPTION

Husky Oil Ltd. is a fully integrated Canadian oil and gas enterprise engaged, through subsidiaries, in the exploration for and production of crude oil and natural gas, the refining of crude oil and the wholesale and retail marketing of refined petroleum products. It is also engaged through subsidiaries in the pipeline transmission of crude oil, natural gas and finished products, in the warehousing and processing of steel products and in the production and marketing of briquets and other charcoal products.

The shares of Husky Oil Ltd. are listed on the Toronto, Montreal and American Stock Exchanges. Approximately 68% of the common shares of Husky Oil Ltd. are owned by NOVA, AN ALBERTA CORPORATION.

SI

SI is the official symbol in all languages for the International System of Units (metric system) which is administered in Canada by The Metric Commission.

In this Annual Report, statistics are stated in SI (metric) terms. The more familiar measurements of barrels, feet, inches and acres follow in brackets.

Form 10-K

Copies of the Company's 1980 Annual Report on Form 10-K filed with the United States Securities and Exchange Commission, including financial statements and exhibits, will be provided without charge, to shareholders who send written requests to the Office of the Secretary of the Company at Husky Oil Ltd., P.O. Box 6525, Station "D", Calgary, Alberta, Canada T2P 3G7

Duplicate Annual Report

Some holders of Husky Oil Ltd. securities receive more than one copy of our Annual Report and other material mailed to shareholders. We make an effort to eliminate duplications of such mailings; however, if securities are registered in different names and addresses, multiple copies will be received. Security holders receiving more than one copy of material should contact either the Company or the appropriate registrar to consolidate their holdings of each security under one name.

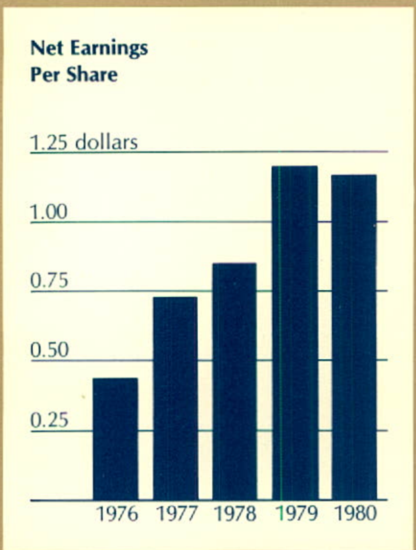
Annual Meeting

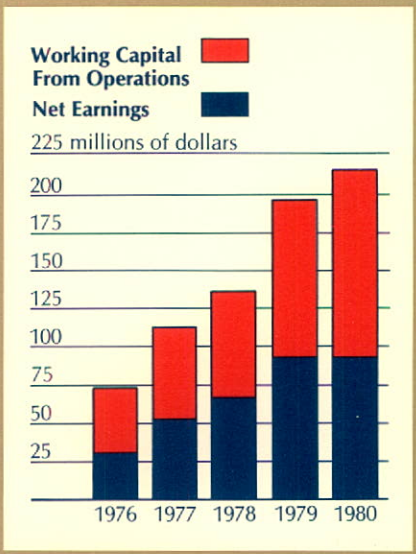
The Annual General Meeting of Shareholders of Husky Oil Ltd. will be held in The Calgary Inn, Calgary, Alberta on May 6, 1981 at 2:00 p.m. Formal notice of this meeting and proxy materials are enclosed.

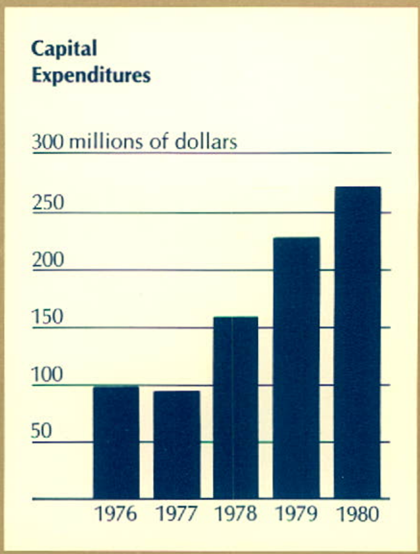
Cover Photograph

Lloydminster heavy oil is "cleaned" and tested before being mixed with natural gas condensate to form a blended heavy crude. The blending makes the crude less viscous and enables it to be transported by pipeline.

Highlights of Operations







FINANCIAL	**1980**	1979
	thousands of dollars	
Sales and operating revenues	**$1,282,598**	$1,052,979
Working capital provided by operations	**213,162**	196,196
Net earnings	**92,082**	93,100
Net earnings per common share (in dollars)	**1.18**	1.20
Capital expenditures	**270,313**	226,929
Working capital at end of year	**106,365**	66,092
Long-term debt at end of year	**284,818**	190,835

OPERATIONS	**1980**		1979	
	*		*	
Gross crude oil and gas liquids production (barrels daily)	**7 849**	**49,370**	8 166	51,359
Net crude oil and gas liquids production (barrels daily)	**6 302**	**39,640**	6 495	40,852
Gross natural gas production (mcf per day)	**2 949**	**104,644**	2 820	100,066
Net natural gas production (mcf per day)	**1 919**	**68,122**	1 949	69,157
Refinery runs (barrels daily)	**9 568**	**60,178**	10 030	63,083
Refined product sales (barrels daily)	**10 083**	**63,416**	11 951	75,161
Number of sales outlets		**1,209**		1,155

* Represents volumes in cubic metres.

Report to the Shareholders

FINANCIAL HIGHLIGHTS

Husky's net earnings for the year ended December 31, 1980, were $92.1 million or $1.18 per common share, down slightly from net earnings of $93.1 million or $1.20 per common share in 1979.

Sales and operating revenues increased by 22 per cent to $1,282.6 million in 1980 as compared to $1,053.0 million in the previous year. Cash flow from operations improved by $17.0 million, or nine per cent, to $213.2 million in 1980 from $196.2 million in 1979. Total provision for current and deferred income taxes totalled $60.6 million in 1980 compared to $47.8 million the previous year.

Capital expenditures for 1980 amounted to $270.3 million, an increase of 19 per cent over the $226.9 million spent in 1979. These expenditures provided for continued improvement in Husky's conventional land position and reflect a continuing commitment to accelerate development of heavy crude oil in the Lloydminster area. The increased capital expenditures along with a significant increase in inventory resulted in new long-term and short-term borrowing. The issue of long-term debt by the Company increased to $284.8 million, an addition of $94.0 million.

Shareholdings by NOVA, AN ALBERTA CORPORATION in Husky Oil Ltd. in 1980 remained constant and at year end were approximately 68 per cent of the outstanding common shares.

NATIONAL ENERGY PROGRAM

On October 28 the federal government announced its new National Energy Program (NEP) in conjunction with the tabling of the budget. After examining in detail those elements of the NEP and budget which are known currently (certain regulations and other aspects are still being finalized and there have been indications recently that further adjustments will be made), the Company supports three stated public policy objectives of:

1. Greater security of supply;
2. A higher level of Canadian ownership and participation in the energy industry;
3. An equitable revenue sharing system between governments and the industry.

Additionally, the Company makes these criticisms of the NEP at the time of sending this report to print:

- The price of energy to consumers in Canada and the netbacks being offered producers in various producing arenas are too low to allow the domestic balancing of supply and demand by the early 1990's.
- Primary production of many heavy oil wells, under the existing royalty structure in Saskatchewan combined with the new federal taxes and pricing, cannot recover basic costs and other wells are not generating sufficient cash flow to support routine maintenance requirements.
- The combined regime for tertiary and enhanced heavy oil production does not encourage such production.
- While the NEP intends to provide Canadian petroleum companies better opportunity to participate in frontier lands, the effectiveness of this intention is still not clear.

Husky anticipates a satisfactory resolution of the impediments which now exist, but many major Canadian energy developments have probably been delayed by at least one year.

Immediate effects of the NEP and budget are reduced cash flow in Husky Oil Operations Ltd. by about 20 to 30 per cent. However, as a company with approximately 75 per cent Canadian ownership, Husky should be in a position to take advantage of some of the opportunities that become available in the future, particularly in Canada Lands.

OPERATIONAL HIGHLIGHTS

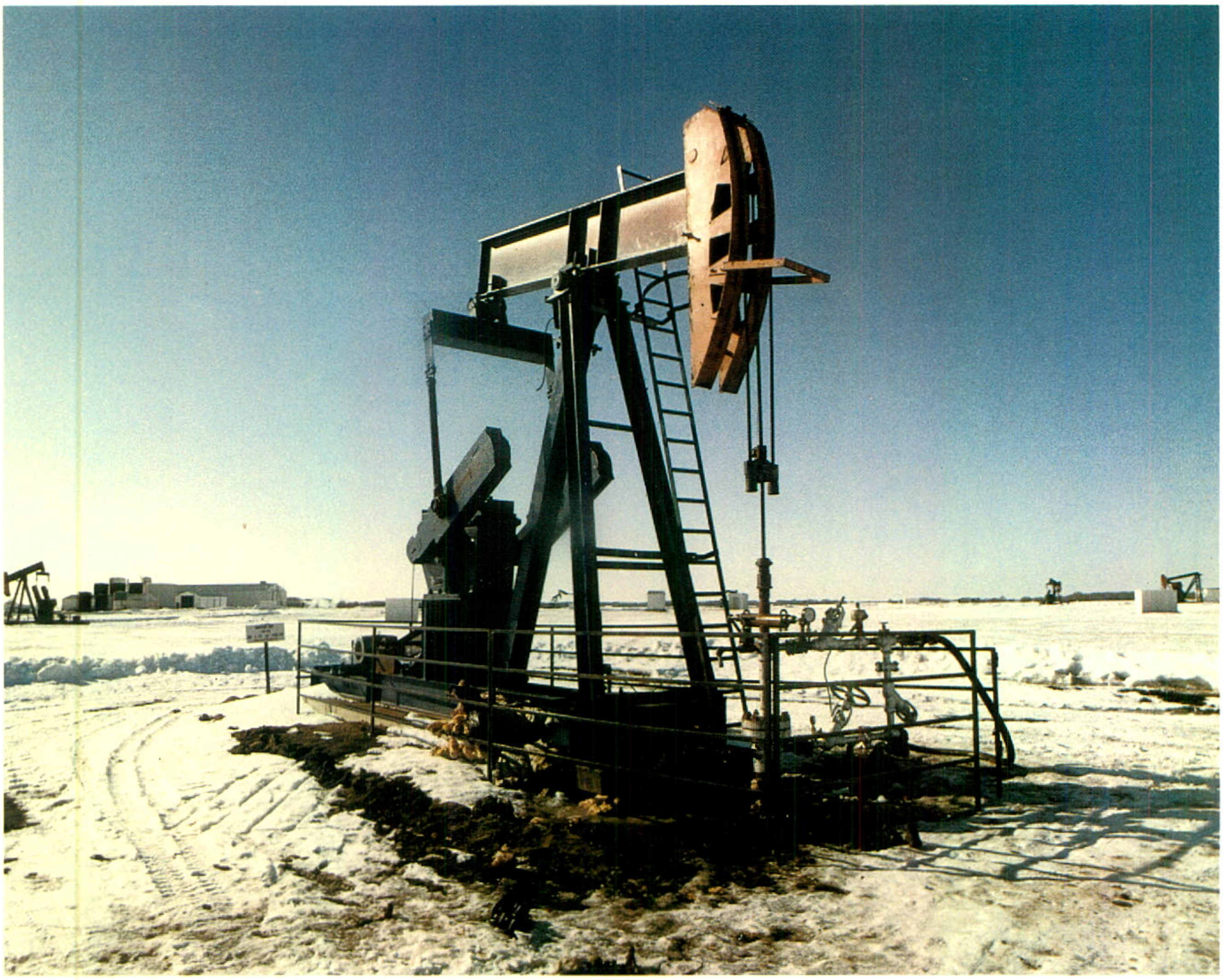
During the year the Company participated in the drilling of 64 exploratory wells in Canada and the United States excluding the Lloydminster area. In the Lloydminster area, Husky drilled or participated in an additional 85 exploratory wells.

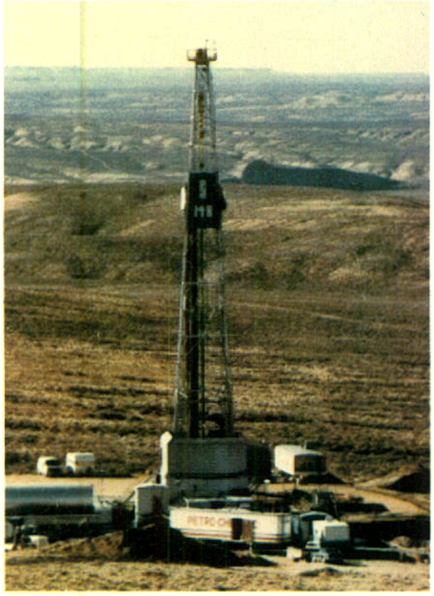
In conventional areas of Canada, expansion of the exploration programs continue and extend from southern Alberta to north-eastern British Columbia. In the United States, exploration was carried out in California, Nevada, Montana, Wyoming, New Mexico, Texas and Louisiana.

Husky Oil has added substantial land positions in Indonesia and Brazil to the positions it already holds in the Philippines, Senegal and Pakistan. In addition, the Company has a small working interest in the North Sea. Exploration continues on Husky's primarily offshore acreages and production from

Drilling rig operating off the east coast of Canada. Husky plans to commit up to $40 million for exploration on Canada Lands in 1981.

Report to the Shareholders





Husky operates a thermal Enhanced Oil Recovery pilot in the Aberfeldy field east of Lloydminster involving four steam injection wells and 17 producing wells.

Left: Drilling rig operating in Wyoming near Husky's U.S. headquarters at Cody.

Right: Model of Western Canadian Place, new Husky head office location, in Calgary scheduled for completion in 1983.

Philippines' acreage is expected to come on stream in mid-1981.

A program of accelerated exploration and development in the Lloydminster area continued through 1980. A total of 226 gross development wells and 16 enhanced oil recovery (EOR) wells were drilled in the same area during the year.

To facilitate further exploration and development in this area of Alberta/Saskatchewan, Husky implemented a concept of large block farmout projects. So far, a $35 million farmout has been placed with Gulf Canada Resources and a $45 million farmout has been arranged with Shell Canada Resources.

Intensified research and planning on thermal, gas and chemical EOR processes is continuing. Drilling and construction of a 16.2 hectare (40 acre) steam pilot in Aberfeldy, Saskatchewan, was completed during the year. Also during 1980 Husky announced it was proposing five commercial scale enhanced oil recovery projects in Alberta and Saskatchewan which would be designed to develop a data base for subsequent commercial scale EOR operations.

During 1980, a delayed coker installation became operational at the Cheyenne refinery. This facility now enables the Company to produce more gasoline and diesel fuel to meet market demands and at the same time reduces the Company's dependence on asphalt markets in the United States. In Canada, preliminary site preparation has been undertaken for an expansion of the Lloydminster refinery. When work is completed in mid-1982, the refinery will have doubled its capacity and improved its efficiency.

During the year an application for a new pipe line facility from Cold Lake to Lloydminster was filed with Alberta's Energy Resources Conservation Board. If approved, the pipe line facilities are scheduled to be operational by early 1982 and will provide greater security of supply for the expanded refinery facility in Lloydminster.

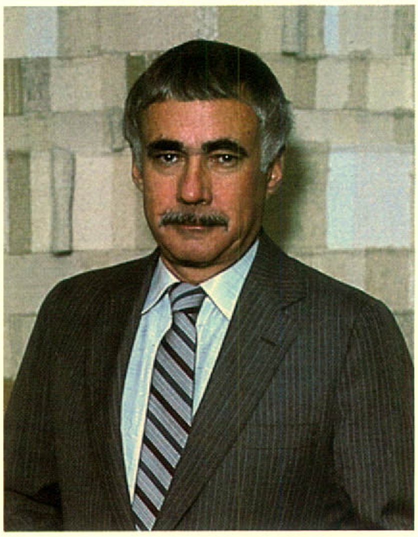
At mid-year, Husky announced participation in a synthetic light crude oil refinery joint venture with Shell Canada Limited. The Company will have a 40 per cent interest in the refinery portion of this facility which is planned for start-up in 1984.

Recognizing the need to expand markets for heavy oil, Husky has joined with four other companies in the first phase of a joint undertaking that is expected to lead to the construction of a heavy oil upgrader in Saskatchewan.

CanOcean Resources Ltd. (acquired by Husky in 1979) is being reorganized and is now headed by William A. Talley, Jr. as President and Chief Executive Officer. That company has recently embarked on a campaign to make its high technology services related to offshore activity known worldwide.

GENERAL

The corporate re-organization which was initiated in 1979, was further refined in 1980. Husky Oil Company, the U.S. operating entity, based in Cody, Wyoming, is under the direction of L. Merrill Rasmussen as President and Chief Executive Officer. Husky Oil Operations Ltd., the Canadian operating entity, is developing a strong and separate Canadian management. The position of President of Husky Oil Operations Ltd. is vacant at the present time and the Chief Executive Officer function rests with the Chairman of the Board.



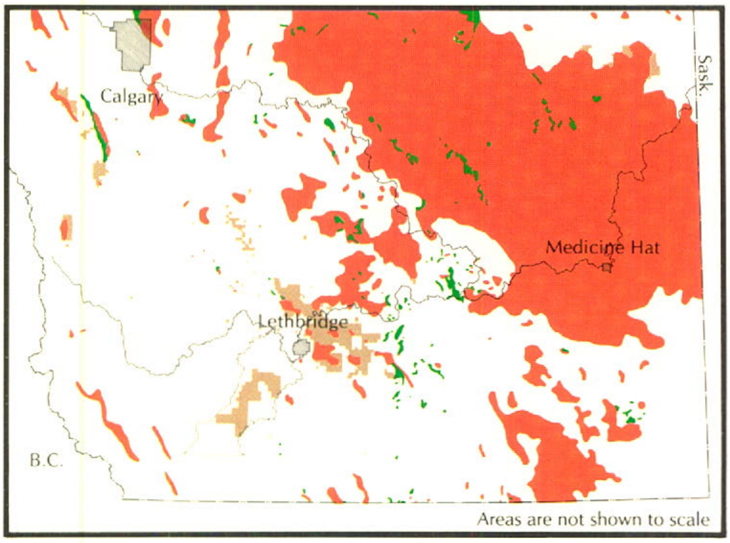
Also recorded during the year is the appointment of Thomas C. Douglas and Brian E. Eidem as directors of the Company replacing David M. Kennedy and William F. Mitchell who resigned following considerable terms of service as directors of Husky.

With the overall growth in Husky's activities, there has been a corresponding growth in the organization. At year end, Husky had a total of 3,768 employees. Of these, 1,110, including CanOcean, were in Canada and 2,658 were in the United States and beyond North America.

This growth has brought about many changes. New employees are now joining with those of longer service to build an even stronger and more effective organization. The management of the Company wishes to extend its thanks to all employees for their loyalty and initiative throughout the year.

S. R. Blair
Chairman of the Board
March 20, 1981
Calgary, Alberta

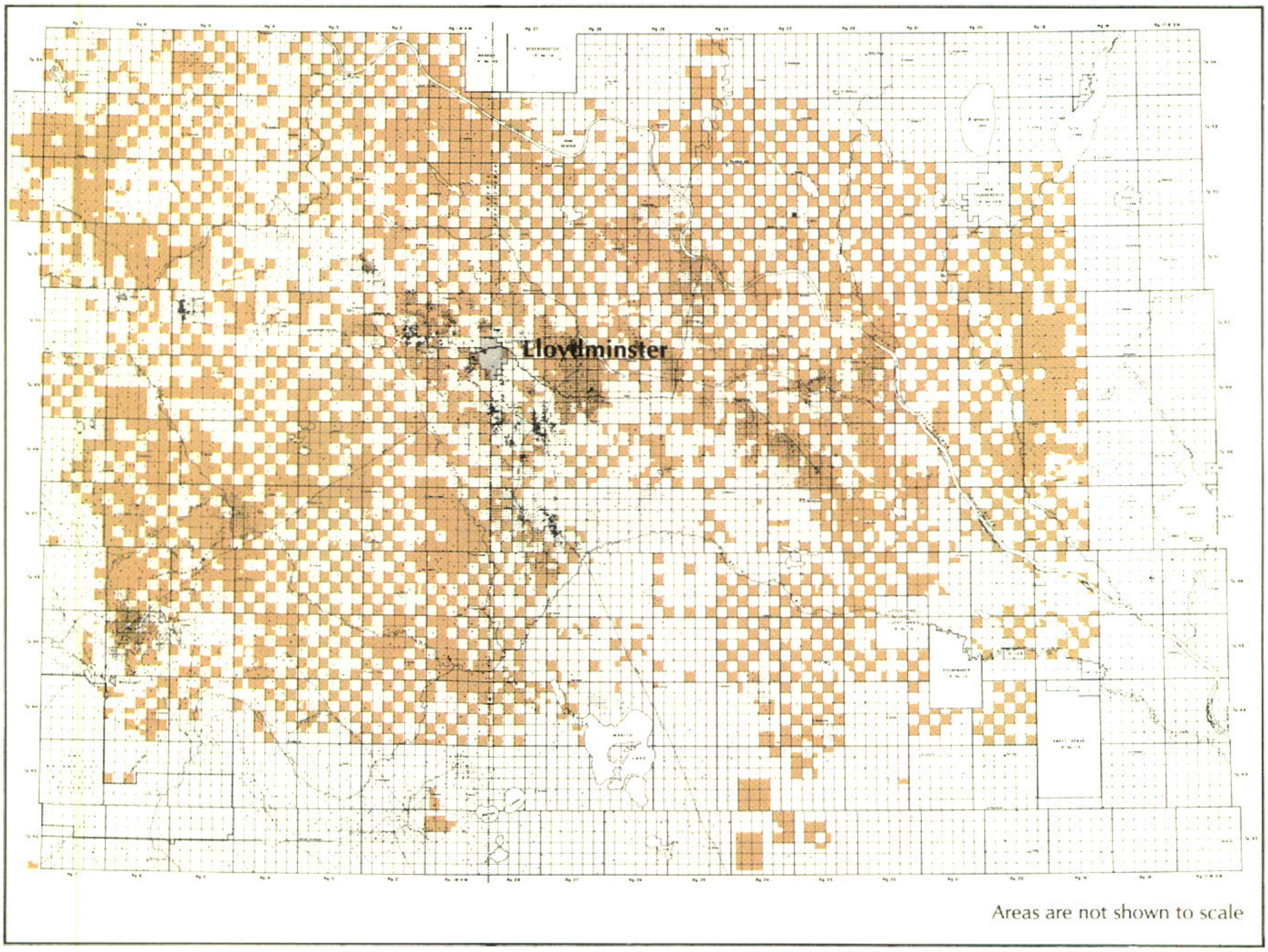
Canadian Petroleum Operations



Southern Alberta Acreage

- Oil Producing Areas
- Gas Producing Areas
- Husky Acreage

Lloydminster Area, Alberta/Saskatchewan



HEAVY OIL DIVISION

Husky continued a program of accelerated exploration, development and Enhanced Oil Recovery (EOR) in the Lloydminster area during 1980. Severe heavy oil marketing problems and the unsettling impact of Canada's National Energy Program to the basic economics of Husky's operations combined to produce results that were not as good as the Company had anticipated.

Heavy oil land holdings currently include a 19 300 hectare (50,000 acre) tract near Fort McMurray in the Alberta Oil Sands, a 7 000 hectare (18,000 acre) tract in the Cold Lake heavy oil region and a dominant 688 000 hectare (1.7 million acre) position checkerboarded through the heavy oil producing region of Lloydminster. During the year there were significant additions to the heavy oil division's personnel complement.

Approximately 350 of Husky's 865 Canadian employees work within this division. A strong recruiting program is providing valuable additions of experienced and talented personnel.

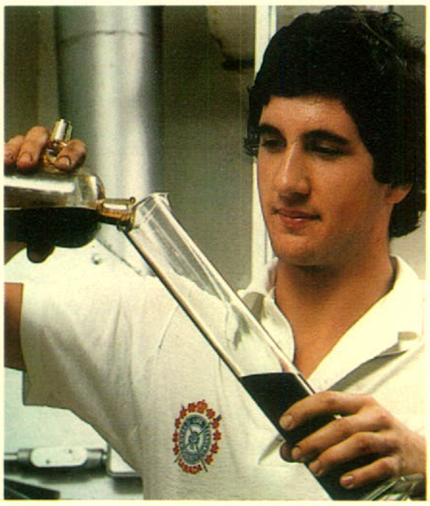
An accelerated program of exploration and development drilling was continued and in 1980 Husky drilled or participated in 226 gross development wells and 85 gross exploratory wells in the Lloydminster area. In addition, 16 EOR wells were drilled in the area in 1980. Of this total of 242 development and EOR wells, 213 were completed and cased for production as oil, oil/natural gas or natural gas wells, while six were cased as service or injection wells and 23 were abandoned.

Husky's gross operated and non-operated oil production during the year was 3 830 cubic metres per day (24,090 b/d). Net production was 3 095 cubic metres per day (19,468 b/d).

Cleaning plant and truck pit terminal at Tangleflags, north-east of Lloydminster.

During the year Husky implemented a concept of large block farmout projects and placed a $35 million exploration, development and EOR program with Gulf Canada Resources Inc. This program, which resulted in the drilling of 33 wells and the completion of a 600 kilometre (375 mile) seismic program in the Edam, Saskatchewan area, involves 47 330 hectares (116,954 acres) of Husky leases. Gulf will earn a 50 per cent working interest upon completion of the $35 million program over a six year period. A second farmout agreement was concluded with Shell Canada Resources in early 1981. It provides for Shell to commit expenditures of $45 million to earn a 50 per cent working interest in 64 750 hectares (160,000 acres) in the Lloydminster area.

Intensified research and planning on thermal, gas and chemical EOR processes is underway. Husky has been active in this area of research for several years and currently operates two fire flood and one steam flood projects. Drilling and construction of an additional 16.2 hectare (40 acre) steam pilot at Aberfeldy was completed during the year. Base line production testing and preliminary cyclic steam



Laboratory tests monitor quality.

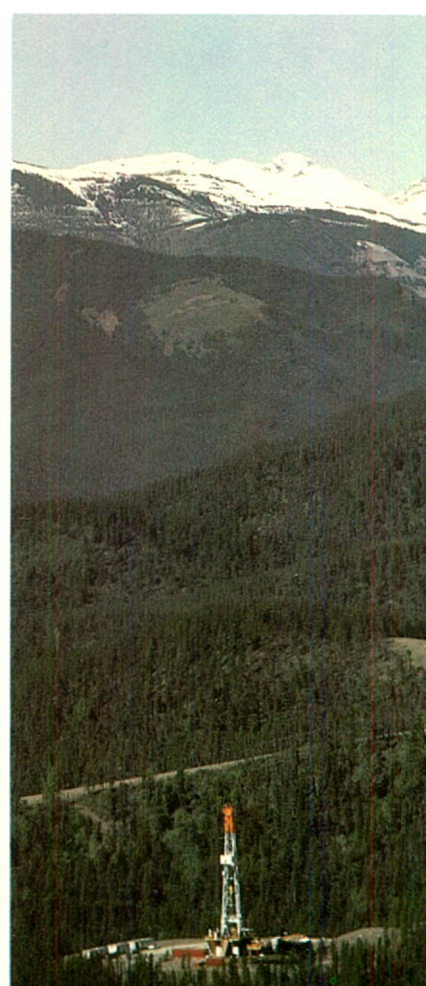
injection is currently in progress and start of the steam flood is scheduled for commencement in early 1981. At Tangleflags steam injectivity and pre-pilot evaluations for another steam flood were completed during the year.

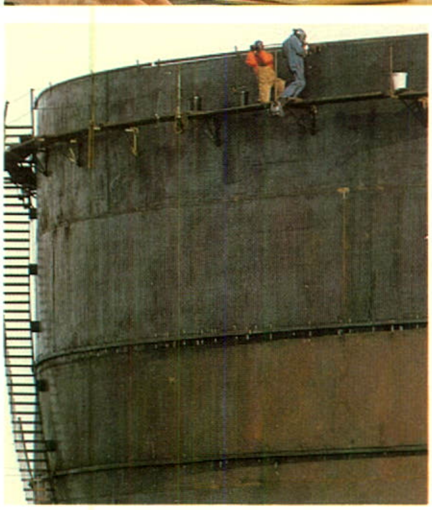
Husky announced during 1980 that it was proposing five commercial scale Enhanced Oil Recovery projects which would be designed to develop the data base for subsequent expansion to full scale commercial EOR operations. These larger "pilots" would determine the technical and economic viability of both thermal (fire flood and steam) and non-thermal Enhanced Oil Recovery. If favorable conditions develop during 1981, the Company could proceed with this suite of five expanded commercial-scale pilot projects.

During the year work also proceeded on a number of projects associated with the production and shipment of heavy crude from the Lloydminster area. Preparatory work was completed for a new warehouse facility and pipe yard. Considerable work was also done to upgrade the Lloydminster Hardisty pipeline system.

An application for a new pipeline facility from Cold Lake to Lloydminster was filed with the Alberta Energy Resources Conservation Board in July 1980. Husky proposes to construct a 305 mm (12 inch) pipeline to transport blended heavy crude oil and a 152 mm (6 inch) condensate pipeline between the two points. The "blend" is formed from adding one part natural gas condensate to about four parts heavy crude oil to produce a mixture of lower overall viscosity which is suitable for pipelining.

Also included in the proposal is a Cold Lake cleaning plant and truck pit terminal. The initial line capacity is designed for 2 945 cubic metres per day (18,525 b/d). If approved, the facilities are scheduled to be operational in early 1982. The pipeline terminates at the Husky refinery in Lloydminster and should provide greater security of supply for the expanded refinery facility. It could also provide additional supplies if an upgrader is constructed in the area.





With the completion of the 1980 program, Husky has in operation in this area a substantial complex comprised of 1,851 producing oil and gas wells, 1,084 injection, service, shut-in and suspended wells and 22 major batteries and truck pits with a number of associated satellites. There are 1 780 kilometres (1,106 miles) of laterals, gathering, flow and injection lines and the 8 744 cubic metre (55,000 barrels) per day capacity pipeline system from Lloydminster to the Interprovincial pipeline system at Hardisty, Alberta.

CONVENTIONAL OIL AND GAS DIVISION

The Conventional Oil and Gas Division is responsible for the Company's exploration and production activities in Canada with the exception of heavy oil activities. The division has various interests in approximately 2,250 gross oil and gas wells located primarily in the province of Alberta. The majority of this oil and gas production is from varying interests in petroleum producing properties operated for Husky by others. The principal non-operated properties include the Westerose oil and gas units, the Quirk Creek shallow field and the Sturgeon Lake field. Approximately two-thirds of the division's production is generated from these holdings. The principal production volumes operated by the Company are the Donalda unit, the Quirk Creek deep field, the Gleneath unit and the Savanna Creek field.

The division's net crude oil production decreased approximately six per cent due to natural declines in 1980. Net gas sales volumes decreased approximately 11 per cent, mainly as a result of decreased nominations by purchasers. However, during the year, total petroleum income increased approximately 15 per cent over 1979 results due primarily to higher product prices.

In an expanded exploration program extending from southern Alberta to north-eastern British Columbia, Husky participated in 36 gross (23 net) wildcat wells which resulted in 15 gas and five oil discoveries.

Early in the year the Cutbank exploration program in the Deep Basin of north-western Alberta was curtailed because of the low productivity of the wells and the lack of gas markets. Despite these constraints, four wells were cased and partially evaluated for potential gas production and the continued drilling preserves much of Husky's land position in the area. Further completion or work in this area will probably be deferred until there is an improvement in gas markets.

Husky continued with its plan to increase its land position in potential areas of conventional oil and gas production. The Company intends to establish a solid land base for growth beyond the heavy oil area and in support of this objective, is participating in a program to earn 34 800 hectares (86,000 acres) gross in the Blood Indian Reserve in southwestern Alberta. This will net 8 500 hectares (21,000 acres). In the same area, Husky purchased with partners an interest in permits and leases totalling 35 410 hectares (87,500 acres) gross which will net 11 088 hectares (27,400 acres). This acreage is in the same area as several oil and gas discoveries and exploration is planned to begin in 1981.

Other significant land acquisitions were made in the Entrance, Ante Creek and Cremona areas of central Alberta. In total, Husky added 74 867 hectares (185,000 acres) gross through purchases at Alberta land sales. This nets 28 490 hectares (70,400 acres). In conjunction with current programs on provincial lands, 6 300 kilometres (3,900 miles) of seismic were shot or purchased during 1980.

Top left: Team planning utilizes skills from interrelated disciplines.

Below left: Blended crude oil storage facility under construction near the Husky pipeline terminal in Lloydminster.

Below centre: Pumping unit operating in Lloydminster area.

Right: Drilling rig in the Quirk Creek area of southwestern Alberta.

With the introduction of the federal budget and the National Energy Program (NEP) in the fourth quarter of the year, there were major changes in the economics of exploration and production of oil and gas in Canada. Of particular interest to Husky, is the incentive program offered on Canada Lands. These lands consist essentially of all offshore lands on the east and west coasts, the lands in the Arctic Islands and the Beaufort Sea areas, and lands in the Yukon and Northwest Territories. Approved exploration expenditures by qualifying Canadian owned companies can receive cash incentives of 80 per cent from the Canadian government. Husky qualifies for maximum incentives under this plan and intends to aggressively pursue this opportunity to expand its activities in these regions.

REFINING AND MARKETING

Husky operates two refineries in Canada. A light oil refinery at Prince George, British Columbia produces gasoline, diesel and heating fuels, heavy fuel oils and highway asphalts. A heavy oil refinery at Lloydminster produces highway and specialty asphalts as well as some heavy fuel oils.

At the end of 1980 Husky had 363 marketing outlets located across Canada from the Ontario-Quebec border to Vancouver Island.

During the year the tight refined product supply situation in Western Canada continued. As a result, the Company experienced light oil sales volumes similar to those of 1979. However, significant benefit was still derived from increased prices in the marketplace.

Asphalt product sales volumes were down about seven per cent from the previous year due to poor weather conditions during the road construction paving season of 1980.

Summary of Refinery Runs

Canada

	Thousands of Barrels		Thousands of Cubic Metres	
	1980	1979	**1980**	1979
Refinery				
Lloydminster, Alberta	**4,089**	3,664	**650**	583
Prince George, B.C.	**2,891**	2,831	**460**	450
Total	**6,980**	6,495	**1 110**	1 033

	Barrels Per Day		Cubic Metres Per Day	
	1980	1979	**1980**	1979
Refinery				
Lloydminster, Alberta	**11,173**	10,039	**1 776**	1 596
Prince George, B.C.	**7,898**	7,757	**1 256**	1 233
Total	**19,071**	17,796	**3 032**	2 829

United States

	Thousands of Barrels		Thousands of Cubic Metres	
	1980	1979	**1980**	1979
Refinery				
Cheyenne, Wyoming	**8,191**	8,579	**1 302**	1 364
Cody, Wyoming	**3,728**	4,393	**593**	698
North Salt Lake, Utah	**3,126**	3,558	**497**	566
Total	**15,045**	16,530	**2 392**	2 628

	Barrels Per Day		Cubic Metres Per Day	
	1980	1979	**1980**	1979
Refinery				
Cheyenne, Wyoming	**22,379**	23,505	**3 558**	3 737
Cody, Wyoming	**10,185**	12,035	**1 620**	1 914
North Salt Lake, Utah	**8,543**	9,747	**1 358**	1 550
Total	**41,107**	45,287	**6 536**	7 201

At mid-year, Husky announced participation in a light oil refinery joint venture with Shell Canada Limited. This 7 950 cubic metre per day (50,000 b/d) facility will be the world's first to use synthetic crude oil as its exclusive feedstock. Husky will have a 40 per cent interest in the 6 360 cubic metre per day (40,000 b/d) refinery portion which will produce refined petroleum products, but is not participating in a 1 590 cubic metre (10,000 b/d) benzene manufacturing facility at the same location. The refinery will be constructed near Scotford, northeast of Edmonton, Alberta. Husky's share of the cost of the refinery planned for start-up in 1984 is expected to be about $200 million. The facility is being designed to increase capacity in the future to 11 100 cubic metres per day (70,000 b/d). An industrial development permit has been received and engineering, design and site preparation are proceeding.

At Lloydminster, Husky is expanding its asphalt refinery from 1 910 cubic metres per day (12,000 b/d) to 3 970 cubic metres per day (25,000 b/d). This expansion will provide additional capacity for the processing of Canadian heavy oil and will further improve Husky's supply of asphalt to areas which have experienced shortfalls in recent years.

The anticipated cost of this facility is approximately $80 million. The expanded Lloydminster refinery has been granted an industrial development permit and engineering, design and site preparation is proceeding.

The continued diversification of selected service station outlets is continuing. The objectives are to improve the Company's image and service to the public. Some full service stations are being converted to self-serve with convenience stores being added and modifications are being made to stations to better meet customer needs.

The speciality of Husky's marketing system is the 39 car/truck stops stretching from the Ontario-Quebec border to Canada's west coast. These facilities are significant contributors to profitability and account for 30 per cent of light oil sales volumes. A car/truck stop is a large diesel and gasoline facility positioned on major and secondary cross-Canada highways. Each car/truck stop provides a large paved parking area and incorporates a Husky House restaurant which remains open 24 hours a day — 365 days a year. Many also provide special facilities for drivers such as showers and truck bays.

The car/truck stop system is undergoing renovation and expansion. Additional car/truck stop facilities will be added in 1981.

Top: Husky will expand its Lloydminster asphalt refinery using the area shown in the foreground. The expansion will be completed in 1982.

Below left: Worker at Prince George refinery.

Below right: Refinery loading facilities.

Subsidiaries

During the fall of 1980 difficulties were encountered in marketing heavy crude oil which resulted in production cutbacks varying from 10 per cent to 50 per cent. At the end of September Husky announced a 50 per cent reduction in its production and purchase of Lloydminster, Wainwright and Wildmere heavy crude oil. On October 23, Husky announced the sale of 635 640 cubic metres (4 million barrels) of heavy crude oil to a U.S. refiner. This sale and other contracted sales enabled Husky to return to full production through the balance of the year.

Feasibility and engineering studies for a heavy oil upgrader continued through 1980. Husky has now joined with four other companies in the first phase of a joint undertaking that could lead to the construction of a heavy oil upgrader in Saskatchewan. The Company is co-ordinating the Phase I work to determine process, feedstock, size and location of the facility.

GENERAL

The recent growth in Husky's operations and activities has created a demand for a much expanded staff in Calgary and Lloydminster. In 1980, Canadian staff was increased from 665 to 865 over the year. Total Canadian Husky employment, including CanOcean employees, now stands at 1,110.

An aggressive recruiting program has been mounted to attract additional talented and high quality employees to Husky. In co-operation with operational departments, special training and development programs are being developed to maximize the potential of Husky's human resources.

To provide office facilities for this growing employee population, Husky will build a new office complex in downtown Calgary. The complex, named "Western Canadian Place", will be constructed by Trizec Corporation under a joint venture agreement with Husky. There will be two towers of 42 stories and 32 stories in height, separated by a four storey Atrium Park. Construction will begin in April 1981 with completion scheduled for mid-1983.

In Lloydminster, Husky recently completed a four storey addition to the existing two storey office facility. Plans have recently been initiated to develop an additional office building to be located at the refinery site.

HUSKY OIL INTERNATIONAL LTD.

Husky, through subsidiaries, holds land positions in Brazil, Senegal, Pakistan, Indonesia, and a one-third interest in the Palawan region of the Republic of the Philippines. In addition the Company has a small working interest in eight blocks in the United Kingdom sector of the North Sea and fourteen blocks in the West German sector.

In the Philippines, the area in which Husky has an interest totals 1 380 000 hectares (3.4 million acres). This involves two service contracts located primarily offshore of Palawan Island where two oil fields are under development. The two-well Cadlao field is scheduled to come on stream in mid-1981 and the Matinloc field should commence production by early 1982 and will produce from three wells. Production from both fields will flow into moored storage tankers for trans shipment to Manila. Two 1980 oil discoveries, Pandan and Libro will be further assessed.

In Indonesia, Husky has entered into a production sharing agreement for the Peleng-Banggai block comprising some 1.8 million hectares (4.4 million acres) located offshore East Sulawesi.

During September 1980, Husky acquired a 100 per cent interest in a 307 000 hectare (758,000 acre) Risk Contract block off the north-eastern coast of Brazil. A marine seismic program of 2 127 kilometre (1,320 miles) was completed by the year end. Husky has an option, to be exercised by September 15, 1981, to drill a well on that block.

Husky has added an additional 129 900 hectares (321,000 acres) to its 100 per cent controlled offshore Senegal concession. The Company's land position in this area now totals 2 130 000 hectares (5,259,000 acres). A 1 570 kilometre (975 mile) marine seismic survey has been conducted and processing of the data is currently underway.

In Pakistan, 483 000 hectares (1,194,000 acres) were surrendered during March 1980 in compliance with the terms of the Concession Agreement. Husky now has a 95 per cent interest in 1 280 000 hectares (3,158,000 acres) located onshore/offshore of the Indus region. A very shallow marine seismic survey is planned for 1981.

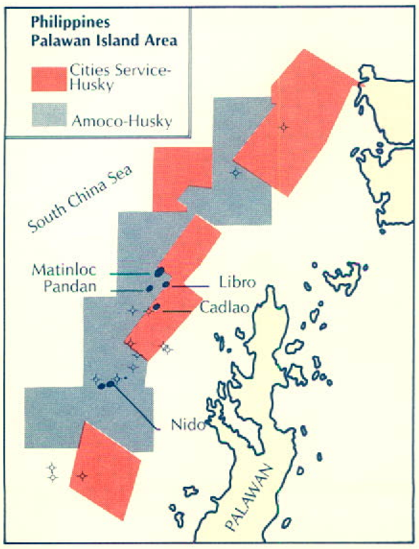
In the United Kingdom sector of the North Sea, the Company participated in a gas and condensate discovery located on the common boundary between Block 15/30 and Block 16/26. A second exploratory well, to be drilled in Block 16/26, where Husky has a 10 per cent interest will commence in early 1981. Husky is a participant (11 per cent) in a group which acquired the adjoining Block 16/27B of 5 500 hectares (13,500 acres).

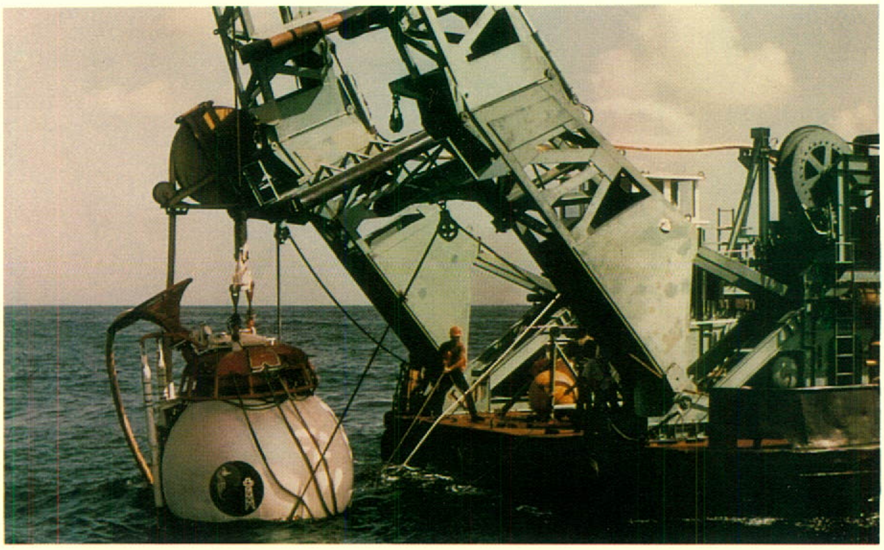
In the West German sector of the North Sea, two wells are scheduled for 1981. One is located on Block H8 which has an area of 40 000 hectares (98,500 acres). The Company's interest is 17 per cent. The second well will be drilled at no cost to Husky on a farmout of combined Blocks J8 and J11. Total acreage is 81 000 hectares (200,000 acres) and the well is planned for a deep test to 4 900 metres (16,000 feet). Husky's interest will remain at 7.5 per cent.

CANOCEAN RESOURCES LTD.

CanOcean Resources Ltd., acquired by Husky in late 1979, is primarily a developer, producer and servicer of systems for the exploration and production of hydrocarbons offshore. Activities of the Company include project management, engineering feasibility studies, research and development work, fabrication and manufacturing and operational activities of a subsea nature.

A pioneer of one atmosphere systems for the production of oil and gas and other offshore hydrocarbons, CanOcean designed, built and installed the world's largest subsea manifold centre and oil production system offshore Brazil in 1978. By August 1980, CanOcean's client had achieved production of 6 137 cubic metres per day (38,600 b/d) of oil production from seven onstream wells. This represents an increase of 4 055 cubic metres per day (25,500 b/d) over 1979 production figures. Head office for this international organization is New Westminster, British Columbia.





A one atmosphere CanOcean diving capsule is lowered into the sea. This unit allows workmen to operate in a "shirt-sleeves" environment at great depths.

Drilling and Production Information

Summary of 1980 Drilling Activity

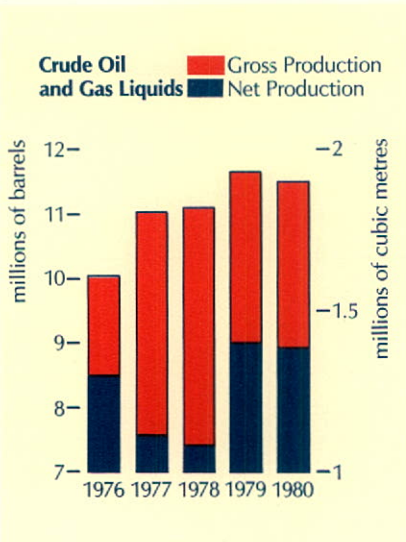
	Gross Wells: Oil	Gas	Service and Injection	Dry	Total	Net Wells: Oil	Gas	Service and Injection	Dry	Total
Canada										
Exploratory drilling	49	29		43	121	36	22		33	91
Development drilling	215	19	6	28	268	197	12	6	22	237
Total	264	48	6	71	389	233	34	6	55	328
United States										
Exploratory drilling	7	4		17	28	3	1		8	12
Development drilling	103	44	13	11	171	43	12	4	6	65
Total	110	48	13	28	199	46	13	4	14	77
International										
Exploratory drilling	2	1		3	6	1			1	2
Development drilling	1				1					
Total	3	1		3	7	1			1	2
Combined Canada, U.S. and International										
Exploratory drilling	58	34		63	155	40	23		42	105
Development drilling	319	63	19	39	440	240	24	10	28	302
Total	377	97	19	102	595	280	47	10	70	407

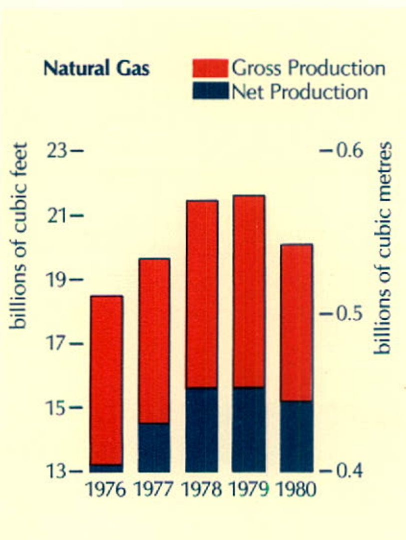
Summary of Gross and Net Production

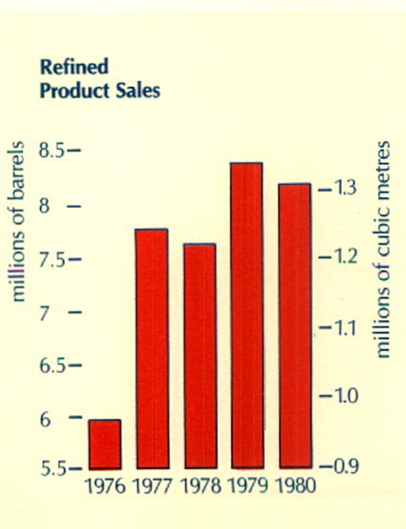
	Oil and Gas Liquids: 1980 Gross	1980 Net	1979 Gross	1979 Net	Natural Gas: 1980 Gross	1980 Net	1979 Gross	1979 Net
	Thousands of Barrels Thousands of Cubic Metres				Millions of Cubic Feet Millions of Cubic Metres			
Canada								
Alberta	**1,845** **293**	**1,310** **208**	2,140 340	1,500 239	**14,179** **399**	**9,716** **274**	15,831 446	10,770 303
Saskatchewan	**834** **133**	**494** **79**	879 140	516 82	**459** **13**	**428** **12**	518 15	475 13
Lloydminster	**8,816** **1 402**	**7,125** **1 133**	8,697 1 383	6,934 1 102	**5,569** **157**	**5,012** **141**	4,972 140	4,206 119
Other Areas			1	1			204 6	167 5
Total Canada	**11,495** **1 828**	**8,929** **1 420**	11,717 1 863	8,951 1 423	**20,207** **569**	**15,156** **427**	21,525 607	15,618 440
United States								
California	**917** **146**	**806** **128**	846 134	731 116	**145** **4**	**121** **3**	65 2	55 2
Colorado	**652** **104**	**516** **82**	719 114	565 90	**126** **3**	**112** **3**	229 6	204 6
Louisiana	**8** **1**	**7** **1**	8 1	7 1	**9,625** **271**	**2,496** **70**	5,315 150	1,404 40
Montana	**140** **22**	**121** **19**	154 24	132 21	**47** **1**	**47** **1**		
Nebraska	**214** **34**	**183** **29**	289 46	248 39				
New Mexico	**573** **91**	**494** **79**	705 112	606 96	**5,286** **149**	**4,552** **128**	6,010 169	5,135 145
Texas	**263** **42**	**215** **34**	272 43	222 35	**916** **26**	**803** **23**	590 17	494 14
Utah	**237** **38**	**182** **29**	381 61	294 47	**235** **7**	**191** **6**	845 24	686 19
Wyoming	**3,168** **503**	**2,679** **426**	3,065 487	2,598 413	**1,620** **46**	**1,389** **39**	1,841 52	1,561 44
Other Areas	**143** **23**	**117** **19**	177 29	143 24	**78** **2**	**59** **2**	104 3	85 1
Total United States	**6,315** **1 004**	**5,320** **846**	6,616 1 051	5,546 882	**18,078** **509**	**9,770** **275**	14,999 423	9,624 271
International	**259** **41**	**259** **41**	414 66	414 66				
Total	**18,069** **2 873**	**14,508** **2 307**	18,747 2 980	14,911 2 371	**38,285** **1 078**	**24,926** **702**	36,524 1 030	25,242 711

Operating and Reserve Information

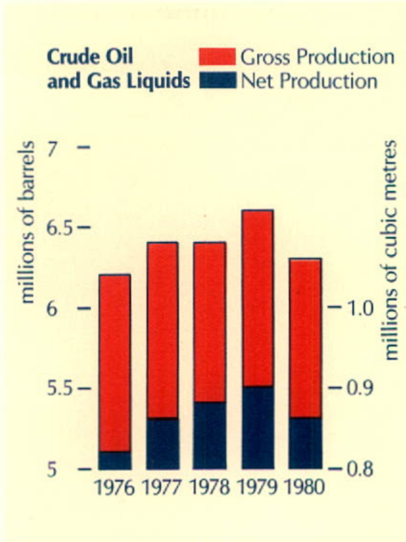
CANADA

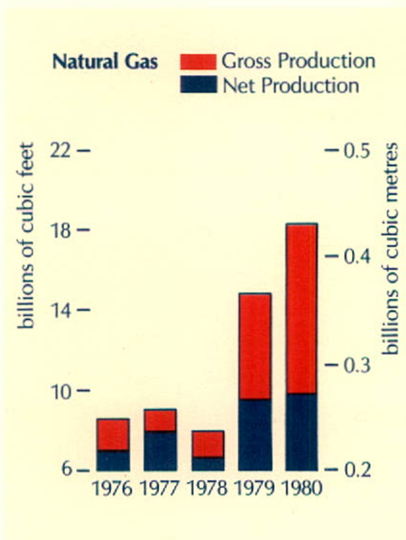


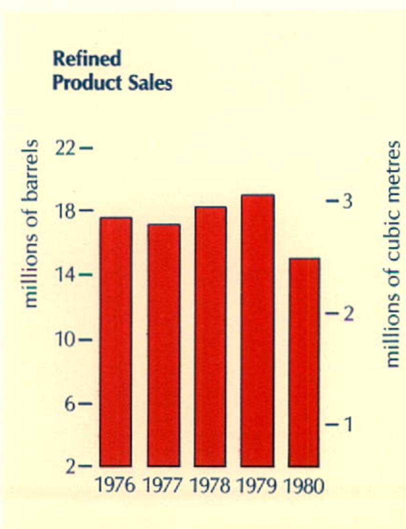




UNITED STATES







Proven Net Reserves

As at December 31,	1980	1979
Crude Oil (barrels)		
Canada	**80,775,000**	79,598,000
United States	**32,245,000**	28,045,000
International	**1,473,000**	
Total	**114,493,000**	107,643,000
Crude Oil (cubic metres)		
Canada	**12 836 000**	12 655 000
United States	**5 124 000**	4 459 000
International	**234 000**	
Total	**18 194 000**	17 114 000
Natural Gas (thousands of cubic feet)		
Canada	**237,606,000**	215,649,000
United States	**92,483,000**	76,229,000
Total	**330,089,000**	291,878,000
Natural Gas (thousands of cubic metres)		
Canada	**6 694 000**	6 076 000
United States	**2 606 000**	2 148 000
Total	**9 300 000**	8 224 000

Probable Net Reserves

Crude Oil (barrels)		
Canada	**18,679,000**	19,282,000
United States	**3,802,000**	7,862,000
International	**2,002,000**	
Total	**24,483,000**	27,144,000
Crude Oil (cubic metres)		
Canada	**2 967 000**	3 066 000
United States	**604 000**	1 250 000
International	**318 000**	
Total	**3 889 000**	4 316 000
Natural Gas (thousands of cubic feet)		
Canada	**40,230,000**	37,909,000
United States	**649,000**	2,713,000
Total	**40,879,000**	40,622,000
Natural Gas (thousands of cubic metres)		
Canada	**1 134 000**	1 068 000
United States	**18 000**	76 000
Total	**1 152 000**	1 144 000

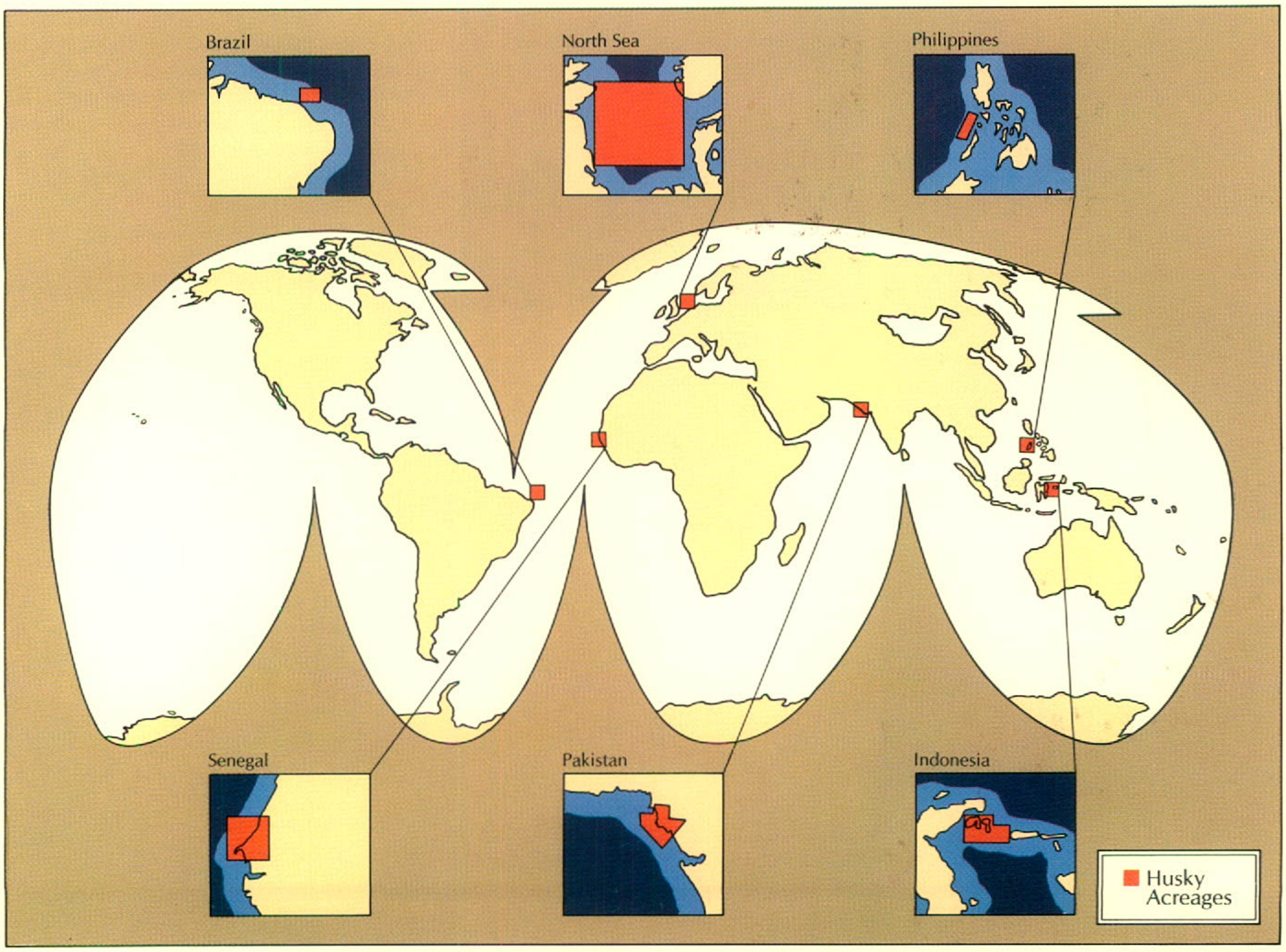
Combined Proven and Probable Net Reserves

Crude Oil (barrels)		
Canada	**99,454,000**	98,880,000
United States	**36,047,000**	35,907,000
International	**3,475,000**	
Total	**138,976,000**	134,787,000
Crude Oil (cubic metres)		
Canada	**15 803 000**	15 721 000
United States	**5 728 000**	5 709 000
International	**552 000**	
Total	**22 083 000**	21 430 000
Natural Gas (thousands of cubic feet)		
Canada	**277,836,000**	253,558,000
United States	**93,132,000**	78,942,000
Total	**370,968,000**	332,500,000
Natural Gas (thousands of cubic metres)		
Canada	**7 828 000**	7 144 000
United States	**2 624 000**	2 224 000
Total	**10 452 000**	9 368 000

Statistics and Locations

Net Acreage Holdings and Rights on December 31, 1980

	Net Acres (In thousands)
Canada	
Developed	488
Undeveloped	2,112
Total	2,600
United States	
Developed	74
Undeveloped	1,282
Total	1,356
International	
Undeveloped	10,237
Total	10,237



United States Petroleum Operations

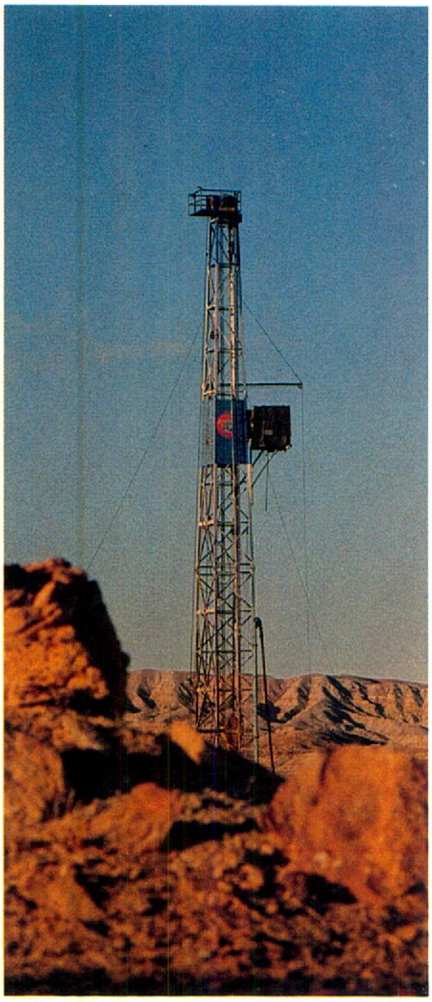
EXPLORATION AND PRODUCTION

Husky has oil and gas producing interests in approximately 4,800 gross wells located both onshore and offshore throughout the central and western part of the United States. Net daily oil production is now 2 544 cubic metres (16,000 barrels) and net daily gas production is 765 000 cubic metres (27,000,000 cubic feet).

During 1980 the Company's production department participated in the drilling of 158 wells. This resulted in 43 net oil wells (103 gross), 12 net gas wells (44 gross), and 6 net (11 gross) abandonments. The development program has been successful in increasing the Company's reserves.

The most prolific oil prospect now under development is the Little Sand Draw field in Wyoming. Husky has a 50 per cent working interest in this field. Six wells have been drilled in an expansion area of that field with four wells being completed as oil wells. Well pumping rates have ranged up to 143 cubic metres per day (900 b/d).

Some limited step-out drilling in the Santa Maria Valley of California has indicated a potential for a number of follow-up locations. The Company has under lease an estimated 101 750 000 cubic metres (640,000,000 barrels) of heavy oil in place in California, much of which could be developed by some form of enhanced oil recovery in the future.



Steam generator at the Brooks Steam Flood pilot in the East Cat Canyon field in California.

Husky has a 50 per cent working interest in the Little Sand Draw field in Wyoming.

A heavy oil steam flood pilot was put into operation in the East Cat Canyon field of California in 1980. This pilot will help Husky assess the potential recovery of the very substantial reserves in place in this area.

Two recent natural gas discoveries are noteworthy. The Atoka Zone completion on the Diamond Mound prospect located north-east of Artesia, New Mexico, resulted in a 142 000 cubic metres per day (5.0 million cubic feet per day) production test. Husky has lease interests from 50 to 100 per cent in the surrounding 1 255 hectares (3,100 acres). The other gas discovery is located in Tehema County in northern California. Husky is currently completing an earning well that drill stem tested at 93 000 cubic metres per day (3.3 million cubic feet per day) at 1 097 metres (3,600 feet). Additional high quality shows have been encountered below this depth. Five hundred and twenty-six hectares (1,300 acres) are included in this farmin.

Exploratory drilling operations in 1980 involved participation in 28 wells located in California, Nevada, Montana, Wyoming, New Mexico, Texas and Louisiana. To date, the program has resulted in the completion of six oil wells, five natural gas wells and one suspended oil well. One of the Company's most promising prospects, located in the Green River Basin — Unita Mountain Front area is drilling and is yet to reach its objective.

In the Santa Maria Basin of California, three exploratory wells were completed as heavy oil producers. Between them these wells have added substantially to Husky's reserve base and provided many additional development locations.

An extensive seismic program is underway on the western flank of the Williston Basin in north-central Montana. Here, Husky has a 25 per cent interest in 222 577 hectares (550,000 acres) and exploratory drilling is scheduled for 1981.

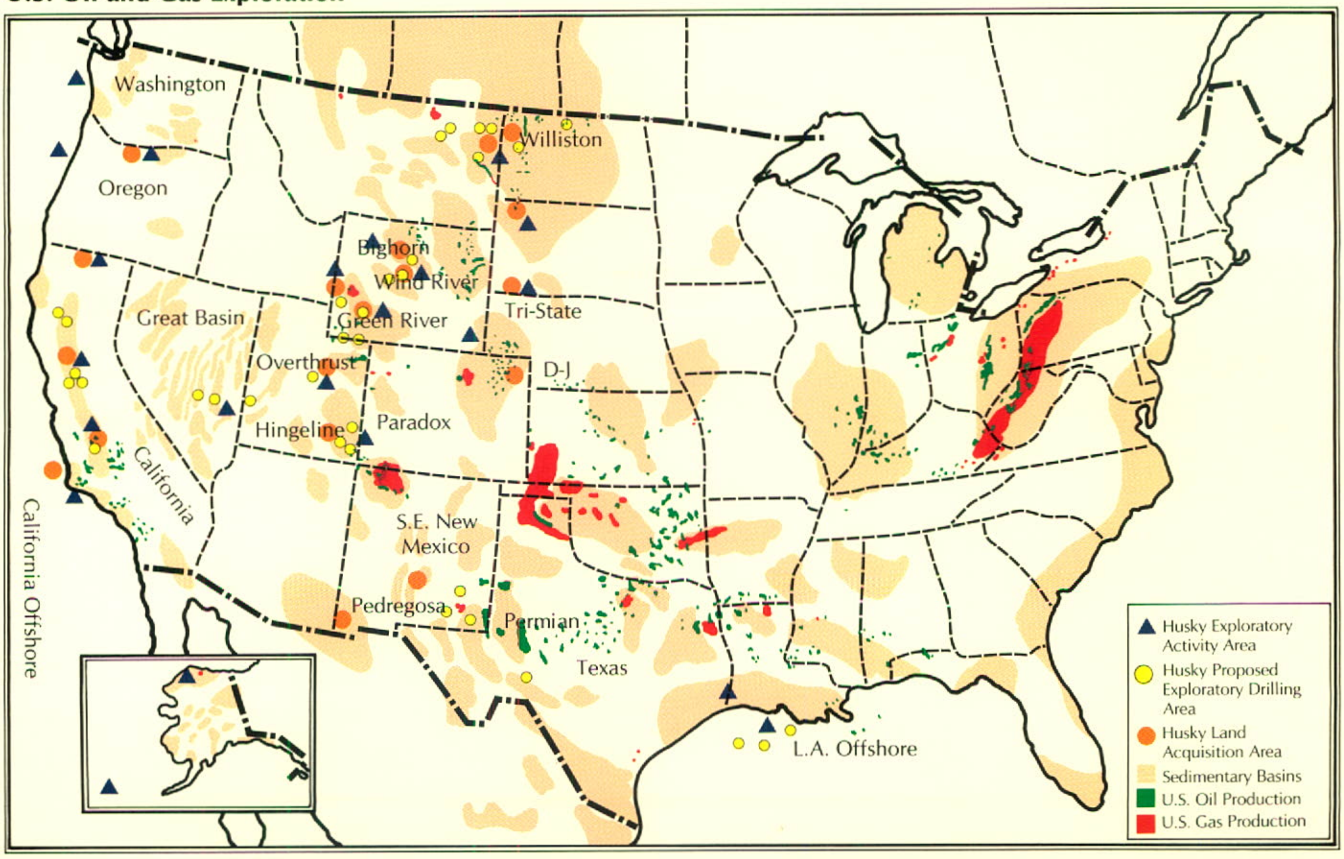
The Company has an excellent land position on the Wind River Indian Reservation in the Wind River Basin of central Wyoming. The Husky #3-34 Tribal Pavillion well provided shows of API 45 degrees light oil and has encouraged further exploration in the area.

In Crockett County, Texas, an exploratory well in which the Company has a 12 per cent interest was completed as a commercial gas producer from rocks of Strawn-Devonian age. It is a significant step-out from the production and enhances substantially the productive potential of adjacent lands in which the Company has an interest.

To date, seven wells have been drilled as part of the Company's limited partnership participation in an exploratory drilling program located primarily onshore from the Gulf of Mexico. Two of these wells have been completed as oil producers from the Austin Chalk formation. A third well located in Louisiana was completed as a gas and condensate producer. Husky, as a member of a four company evaluation and bidding group, participated in the acquisition of four high potential tracts at Federal OCS Sale A62 for offshore Louisiana acreage. Preparations for drilling on at least one of these blocks is now underway.

The Company's increased efforts to acquire exploratory acreage resulted in a net 1980 increase of gross mineral interest leases of more than 303 351 hectares (750,000 acres). Husky presently has more than 971 244 hectares (2,400,000 acres) gross under lease and a net position in excess of 546 325 hectares (1,350,000 acres).

U.S. Oil and Gas Exploration



Subsidiaries

REFINING AND MARKETING

Husky's three United States refineries are located at Cody and Cheyenne, Wyoming and North Salt Lake, Utah. The Cody and Cheyenne refineries produce gasoline, propane, diesel fuels, heavy oil fuels and highway asphalts. In addition, the Cody refinery produces packaged roofing asphalts.

The North Salt Lake refinery produces gasoline, propane and diesel fuels. The plant also produces a heavy fuel oil which can be utilized as a refinery feedstock for further processing by the Cheyenne and Cody refineries.

During 1980, a delayed coker installation became operational at the Cheyenne refinery. It provides the capacity to handle 1 431 cubic metres (9,000 barrels) per day of residual and asphaltic feedstocks. This facility now produces more gasoline and diesel to meet market demands and at the same time reduces the Company's dependence on asphalt market conditions.

The Cheyenne refinery cracker throughput was increased 20 per cent and with other modifications improved operating efficiency considerably. Computer crude stock blending among all three Husky refineries maximized the value of raw materials to their finished form. Energy use was reduced 20 per cent through modification, unit additions and insulation. Floating roofs installed on storage tanks helped reduce evaporative losses.

Early in 1980 all three refineries experienced a seven week strike. Although the refineries continued to operate during most of this period, the Cheyenne refinery was shut down a portion of this time and this contributed to overall lower throughput in 1980. Settlement followed the industry pattern and extends through January 1982.

The Company has a total of 771 marketing outlets in the United States including 36 Husky car/truck stops. The Company markets its products in 17 western states.

During the year, Husky instituted a more equitable rack pricing system to replace the dealer tank wagon pricing system. Under this new pricing system Husky receives a consistent gross profit per gallon.

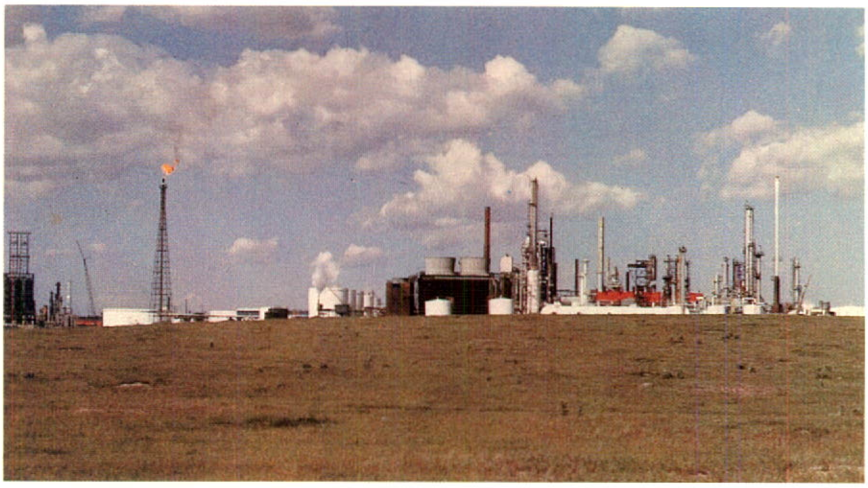
GATE CITY STEEL

Gate City Steel is a wholly owned subsidiary engaged in warehousing, distribution and processing steel and steel products. It also fabricates concrete reinforcing bars and substations for the electrical utility industry.

During 1980 Gate City experienced a downturn in sales and profitability. Steel consuming industries liquidated eight million tons of inventory and this reduced purchases from steel service centers such as Gate City Steel. Despite the reduction in sales, Gate City earned approximately $2.3 million (U.S.) in 1980. With an end to manufacturers' inventory liquidation and the expected improvement in farm equipment production, Husky is optimistic that Gate City will make improvements in 1981.

Gate City Steel now has fourteen plants located in the northern, mid-west and Rocky Mountain regions of the United States.

During 1980, a delayed coker installation went into operation at Husky's Cheyenne refinery.



HUSKY INDUSTRIES

A wholly owned subsidiary, Husky Industries, Inc. is engaged in the manufacturing and marketing of charcoal briquets and associated outdoor cooking products as well as activated carbon which is used primarily for municipal water treatment.

The Company currently operates eight plants located mainly in the mid-western and eastern regions of the United States with one plant facility located in the north-west.

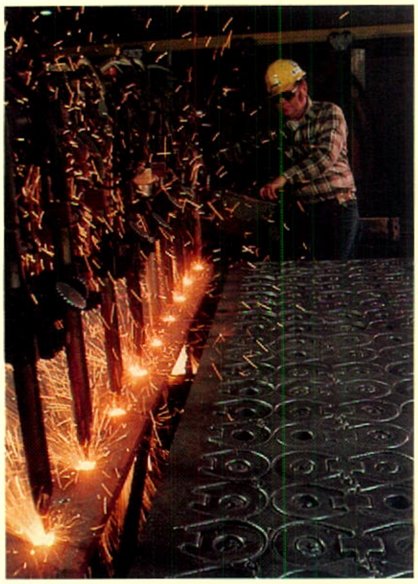
Six of the plants manufacture and market charcoal briquets. A seventh plant in Stamford, New York is engaged in producing the Company's instant lighting charcoal product "Brix", while the eighth plant located in Romeo, Florida produces activated carbon.

During 1980, the Company initiated a campaign to establish "Royal Oak" briquets as a leading national premium brand and increased the sales volume of this label in excess of 40 per cent. The campaign coupled with re-organization of the sales and marketing department resulted in a net sales increase of approximately nine per cent over 1979. In the same period Husky Industries earned $500 thousand (U.S.). This downturn from 1979 was primarily attributable to the cost of the first year advertising program designed to introduce "Royal Oak" briquets nationwide.

HUSKY OIL NPR OPERATIONS, INC.

At the end of 1980, the Company's contract with the U.S. Department of the Interior was extended for one fiscal year beyond its original five year term. The contract extension through the sixth year provides for the completion of two 1980 wells. It further provides for drilling four new wells in 1981 and the operation of the camp and all support activities.

At the conclusion of the 1981 program, Husky will have drilled 27 exploratory wells and completed 18 000 kilometres (11,000 line miles) of geophysical surveys.



Left: Multiple steel cutting equipment in operation at Gate City Steel.

Right: Exploration on the National Petroleum Reserve in Alaska.

Financial Review

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three Years Ended December 31, 1980

OPERATIONS

Consolidated sales and operating revenues increased 66% over the three years ended December 31, 1980. Compared to the previous year, consolidated sales and operating revenues were up 36% in 1979 and 22% in 1980. The most significant factor in the increase was related to sales of refined oil products which were up about $200 million in 1979 and about $160 million in 1980. In both years higher prices received for refined oil products in the United States was the major cause for the increase. In Canada, where sales of refined products increased about $32 million in 1979 and about $40 million in 1980, approximately one-half of the 1979 and all of the 1980 improvement resulted from higher prices. Sales volumes in the United States were up 4% in 1979 and down 21% in 1980. The decline in 1980 reflects conservation efforts by consumers.

Consolidated sales and operating revenues also improved over such period as a result of greater revenues received from the production of crude oil and natural gas. Such revenues increased approximately $40 million in 1979 and $42 million in 1980. In 1979 nearly 40% of the increase was caused by higher prices received for crude oil and natural gas produced in the United States, 20% resulted from revenues received in 1979 from production in the Philippines and 10% reflected greater volumes of natural gas produced in the United States. Most of the balance of the increase resulted from the production of crude oil in Canada which included a 5% increase in production volumes. In 1980 about 60% of the increase resulted from higher prices received for crude oil and, to a lesser degree, natural gas produced in the United States. The balance represented higher prices received for those products in Canada. Production volumes remained constant in both countries.

Revenues received from production in the Philippines represent a recovery, under an exploration agreement, of certain exploration costs expended by the Company in that area.

Sales from steel and charcoal operations were up approximately 20% and 34%, respectively, in 1979. In 1980, sales from charcoal operations increased 10%, but sales from steel operations declined 4% reflecting a very slow steel market in the United States.

Cost of sales and operating expenses increased 66%, the same rate as sales and operating revenues, over the three-year period. The rate of gross profit as a percentage of sales remained about the same in each of the three years. The most significant item affecting costs was the cost of crude oil refined in the United States which began escalating rapidly in the last part of 1979 and continued through most of 1980. Additionally, the Windfall Profits Tax, a new tax in 1980 on the production of crude oil in the United States, amounted to over $15 million.

Selling, general and administrative expenses increased when compared to the previous year by 23% in 1979 and 44% in 1980, or a 76% increase for the three-year period. The increase is primarily a result of expanded business activity, particularly activities related to the development of heavy oil reserves in Canada, a substantial charcoal advertising campaign in 1980, the segregation and movement of Canadian administrative functions from Cody, Wyoming to Calgary, Alberta and general inflationary increases.

Income taxes as a percentage of pretax earnings amounted to 41% in 1978, 34% in 1979 and 40% in 1980. Generally, the reduced rate in 1979 reflects the utilization of a greater amount of tax incentives in relation to pretax earnings.

In the United States the rapid escalation of both petroleum sales prices and crude oil costs during this period was due to changes in the world spot market and the gradual decontrol (complete decontrol became effective on January 28, 1981) of crude oil prices. The United States Government has imposed a Windfall Profits Tax on oil producers which has reduced the profit that might have been realized as crude oil prices increased to world prices. Crude oil prices are expected to continue to rise. The market for refined products allowed the Company to raise prices enabling it to maintain a profit from the sales of those products and no significant change is expected at this time.

In Canada crude oil prices are controlled and are currently about one-half of the world price. The Government of Canada has imposed an 8% production tax as well as offered certain exploration incentives effective January 1, 1981. It is expected that the government will allow prices to increase but it could be some time before the higher prices will offset the production tax. Also substantial new capital expenditure programs will not immediately produce revenues and as a result earnings from Canadian operations are expected to remain constant or decline over the next two to three years.

Profits from steel operations were level between 1978 and 1979 but dropped in 1980. Some improvement is expected in 1981 but the operations are affected by the general economic activity within the steel industry.

Profits from charcoal operations declined over the three-year period. A substantial advertising campaign was undertaken in 1980 in an effort to introduce a single brand name to all markets and to increase the sale of briquets. Improvement is expected in 1981.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in a period of rapid growth as evidenced by the increase in capital expenditures, which when compared to the previous year, were up 43% in 1979, 19% in 1980 and are estimated to increase by more than 50% in 1981. The increase has been primarily in the areas of exploration for new oil and gas reserves, the development of proved oil and gas reserves and the application of enhanced oil recovery technology. As a result, the Company's proved crude oil reserves have increased slightly over each of the past three years, and proved gas reserves increased 13% in 1980.

The Company plans to maintain or increase expenditures in almost all areas of exploration and development. Special emphasis is planned for development of the Company's heavy oil reserves in Canada.

In addition, the Company has entered into the first phase of a joint undertaking with four other companies that could lead to the design and construction of a heavy oil upgrading facility in Saskatchewan. The proposed facility would process heavy crude oil to the point that it could be utilized as feedstock for most existing refineries. The Company's cost is estimated at approximately $250 million.

During 1980, the Company announced plans to expand its refining capacity at Lloydminster in Canada from 1 908 cubic metres (12,000 barrels) to 3 975 cubic metres (25,000 barrels) per day. Expenditures for the expansion to be completed in 1982, are estimated at $80 million.

Also in 1980, the Company announced a joint venture with Shell Canada Limited to build a new refinery which will run exclusively synthetic crude oil as feedstock. The Company's share of the cost of the refinery, expected to start-up in 1984, is estimated at $200 million.

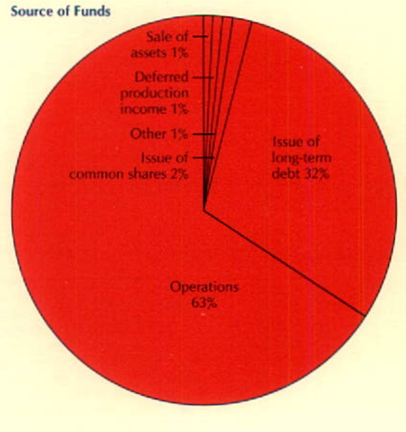
Much of the capital expenditures will be financed by cash flow from operations which amounted to $213 million during 1980 and is expected to remain fairly constant for the next couple of years. However, additional long-term financing will be required to meet the Company's goals and objectives.

Bank financing has normally been, and is expected to continue to be, available and other sources may be explored as the need arises. The Government of Canada plans to award grants for certain expenditures which are intended to find or develop new oil and gas reserves, including heavy oil and tar sands projects. The Company has recently used farmout arrangements, including two significant agreements amounting to $80 million in which other companies have agreed to explore and develop certain properties in the Lloydminster area in exchange for a 50% working interest in those properties. The Company may continue to use such arrangements to explore and develop other oil and gas properties.

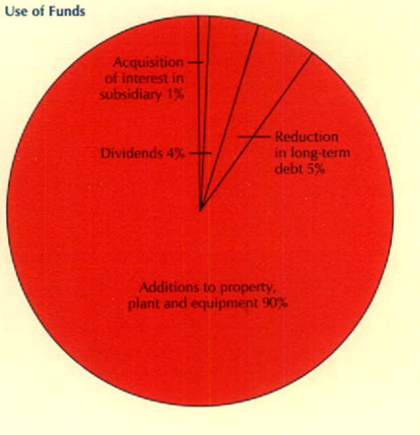
INFLATION

Inflation has had a substantial impact on the operations and the financial statements of oil and gas producing companies. The Company's sales and operating revenues and its cost of sales and operating expenses each increased 66% over

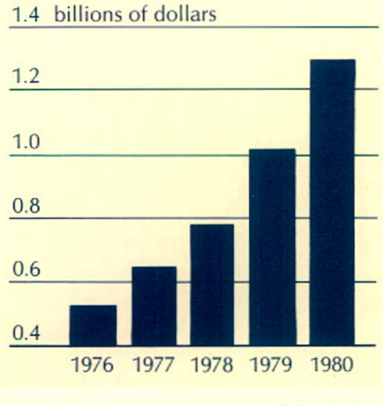
Source of Funds



Use of Funds



Sales and Operating Revenues



the three-year period with very little change in the volume of products sold. Inventories that are sold must be replaced at a much higher cost. Depreciation and depletion provided on capital assets are not adequate to finance the replacement of these assets. The resultant inflated profits are taxed as if the profits were real. The Company has not attempted to measure inflation adjusted earnings at this time.

The Company has had the ability to raise prices to compensate for increased costs and maintain a profit, but this ability will continue to be subject to market constraints and government regulations.

GOVERNMENT POLICIES AND REGULATIONS

On October 28, 1980, the Government of Canada introduced a budget and The National Energy Program. The proposals announced include changes in crude oil and natural gas pricing and taxation and outline a number of approaches to increase Canadian ownership of the petroleum industry, including measures designed to give competitive advantages to Canadian controlled entities. Implementation of these measures will have a major impact on the entire petroleum industry in Canada including the Company.

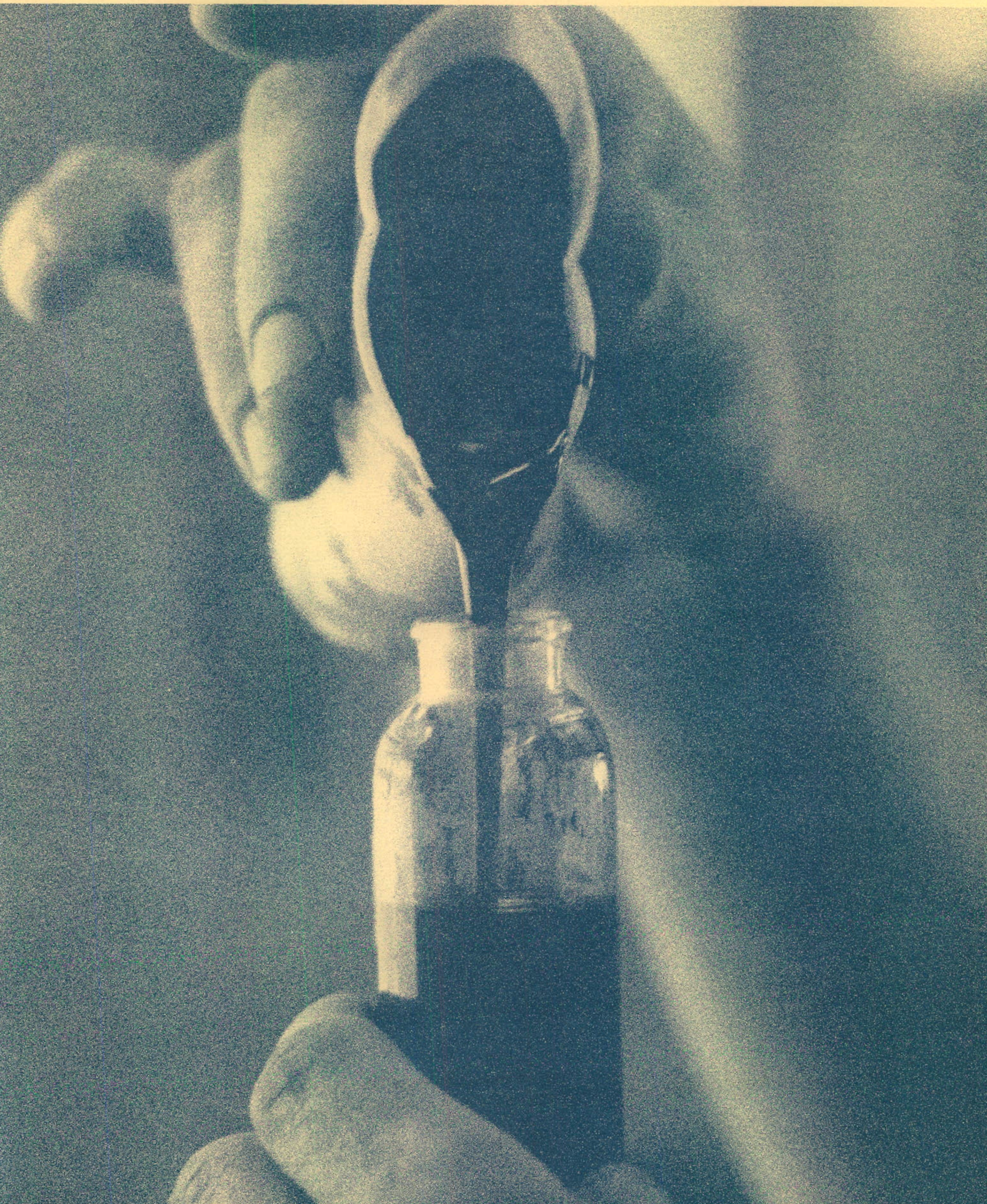
The Company cannot accurately predict the extent of the impact of these measures on its future operations. If all the measures are implemented as proposed, the Company anticipates, as indicated earlier, that their relative impact would be to reduce 1981 net earnings. However, the long term effect of these proposed measures on the net earnings may be more favourable to the Company as substantial incentives are to be paid in cash to enterprises which have certain requisite levels of Canadian ownership and are Canadian controlled. The Company is Canadian controlled and has concluded that it would qualify for the maximum level of incentive grants.

CAPITAL EXPENDITURES (thousands of dollars)	**1980**	1979	1978	1977	1976
Exploration	**$118,378**	$ 79,913	$ 36,341	$33,170	$21,144
Producing properties and pipeline facilities	**102,646**	93,135	59,308	35,355	21,154
Refining and marketing	**35,392**	38,743	40,734	19,482	42,866
Other	**13,897**	15,138	21,914	8,063	13,493
Total	**$270,313**	$226,929	$158,297	$96,070	$98,657

MARKET INFORMATION	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Market price per share				
6% Cumulative Redeemable Preferred Shares				
Series A				
1980 High	**$39.50**	**$37.25**	**$37.00**	**$36.00**
Low	**33.75**	**34.25**	**32.75**	**33.25**
1979 High	43.00	44.00	43.50	41.00
Low	41.00	42.13	40.75	37.25
Series B				
1980 High	**38.00**	**35.75**	**37.00**	**33.50**
Low	**34.75**	**33.00**	**33.13**	**29.75**
1979 High	43.00	43.50	45.00	40.25
Low	39.50	41.75	39.25	35.50
* Common Shares (per Toronto Exchange)				
1980 High	**14.50**	**17.75**	**19.75**	**20.63**
Low	**9.64**	**11.04**	**16.25**	**16.00**
1979 High	7.46	8.68	11.00	11.00
Low	6.14	7.29	8.00	9.14
* Dividends per Common Share				
1980		**$0.071**		**$0.075**
1979		0.071		0.071

* Information has been adjusted to reflect the subdivision of the Company's common shares on a seven for one basis, effective May 16, 1980.

Financial Statements



Consolidated Statements of Earnings

Husky Oil Ltd. (stated in thousands of dollars)

	Year ended December 31, 1980	1979	1978
Sales and operating revenues	**$1,282,598**	$1,052,979	$772,752
Costs and expenses			
Cost of sales and operating expenses	**912,140**	747,347	549,219
Selling, general and administrative expenses	**83,797**	58,379	47,511
Interest (net of interest income of $2,375 in 1980, $1,495 in 1979 and $1,855 in 1978) (note 6)	**49,395**	34,165	17,892
Miscellaneous — net	**(3,858)**	(2,881)	(1,923)
Depreciation and amortization	**43,318**	33,694	27,390
Depletion	**43,217**	39,044	22,420
Foreign currency exchange loss (gain)	**1,809**	2,224	(1,226)
Minority interest in earnings of consolidated subsidiary	**69**	84	998
	1,129,887	912,056	662,281
Earnings before income taxes	**152,711**	140,923	110,471
Income taxes (note 7)			
Current	**7,327**	(1,560)	24,969
Deferred	**53,302**	49,383	20,305
	60,629	47,823	45,274
Net earnings	**$ 92,082**	$ 93,100	$ 65,197
Net earnings per common share	**$ 1.18**	$ 1.20	$ 0.84

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

Husky Oil Ltd. (stated in thousands of dollars)

	Year ended December 31,		
	1980	1979	1978
Balance at beginning of year	**$311,854**	$227,180	$173,655
Add			
Transfer from (to) capital surplus arising from the redemption of preferred shares		3,037	(305)
Gain on redemption of preferred shares	**125**	35	66
Net earnings	**92,082**	93,100	65,197
	404,061	323,352	238,613
Deduct			
Cash dividends			
Preferred shares	**434**	460	469
Common shares	**11,399**	11,038	10,964
	11,833	11,498	11,433
Balance at end of year	**$392,228**	$311,854	$227,180

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

Husky Oil Ltd. (stated in thousands of dollars)

Assets	December 31, 1980	1979
Current assets		
Cash	**$ 14,631**	$ 17,490
Accounts and notes receivable (note 3)	**240,741**	244,020
Inventories (note 4)	**275,672**	167,799
Prepaid expenses	**2,381**	1,329
Total current assets	**533,425**	430,638
Property, plant and equipment - at cost, based on full cost accounting		
Oil and gas properties and equipment	**762,198**	583,267
Refining, manufacturing, marketing, transportation facilities and other assets	**453,924**	392,642
Accumulated depreciation and amortization	**(239,763)**	(203,210)
Accumulated depletion	**(123,048)**	(103,273)
	853,311	669,426
Other assets - at cost less amounts written off	**15,401**	18,454
	$1,402,137	$1,118,518

See accompanying notes to consolidated financial statements.

Liabilities and Shareholders' Equity	December 31, 1980	1979
Current liabilities		
Notes payable to banks (note 5)	**$ 192,060**	$ 146,942
Accounts payable - trade	**158,672**	153,141
Other accrued liabilities	**22,344**	23,293
Deferred income taxes	**42,154**	25,578
Long-term debt due within one year	**11,830**	15,592
Total current liabilities	**427,060**	364,546
Long-term debt (note 6)	**284,818**	190,835
Deferred income taxes	**160,263**	123,288
Deferred production income	**12,778**	6,998
Minority interest in consolidated subsidiary		1,895
Cumulative, redeemable preferred shares - Yield $3; authorized 616,250 shares, issued 142,223 shares in 1980 and 151,023 shares in 1979 (aggregate preference on involuntary or mandatory redemption value of $7,504 in 1980 and $7,968 in 1979 (note 8)	**7,111**	7,551
Common shareholders' equity		
Common shares, unlimited number of shares without nominal or par value authorized; issued 78,467,648 shares in 1980 and 77,281,911 shares in 1979 (note 9)	**14,704**	11,103
Other paid-in capital (note 9)	**103,175**	100,448
Retained earnings (notes 2 and 6)	**392,228**	311,854
	510,107	423,405
Commitments and contingencies (notes 12 and 13)	**$1,402,137**	$1,118,518

On behalf of the Board

S. Robert Blair, Director

William C. Rankin, Director

Consolidated Statements of Changes in Financial Position

Husky Oil Ltd. (stated in thousands of dollars)

	Year ended December 31, 1980	1979	1978
Funds provided			
Net earnings	**$ 92,082**	$ 93,100	$ 65,197
Add (deduct) items not affecting working capital			
Depreciation, depletion and amortization	**86,535**	72,738	49,810
Deferred income taxes	**36,975**	31,550	20,333
Other	**(2,430)**	(1,192)	(6)
Working capital provided by operations	**213,162**	196,196	135,334
Issue of common shares and capital contributions from the parent company	**6,328**	2,522	1,833
Sale of assets	**5,129**	8,370	2,962
Issue of long-term debt	**109,261**	61,219	25,470
Increase (decrease) in deferred production income	**5,780**	4,180	(1,729)
Other	**1,941**	(5,792)	729
	341,601	266,695	164,599
Funds used			
Additions to property, plant and equipment	**270,313**	226,929	158,297
Acquisition of interest in subsidiary	**2,874**	3,518	
Reduction in long-term debt	**15,993**	19,426	11,916
Retirement of preferred shares	**315**	162	239
Dividends			
Preferred shares	**434**	460	469
Common shares	**11,399**	11,038	10,964
	301,328	261,533	181,885
Increase (decrease) in working capital	**$ 40,273**	$ 5,162	$ (17,286)
Changes in components of working capital			
Increase (decrease) in current assets			
Cash	**$ (2,859)**	$ 5,270	$ (230)
Receivables	**(3,279)**	80,482	48,552
Inventories	**107,873**	39,011	25,102
Prepaid expenses	**1,052**	309	236
	102,787	125,072	73,660
Increase (decrease) in current liabilities			
Notes payable	**45,118**	78,404	41,957
Accounts payable - trade	**5,531**	17,736	46,529
Other accrued liabilities	**(949)**	2,683	(4,300)
Deferred income taxes	**16,576**	17,808	934
Long-term debt due within one year	**(3,762)**	3,279	5,826
	62,514	119,910	90,946
Increase (decrease) in working capital	**$ 40,273**	$ 5,162	$ (17,286)

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Husky Oil Ltd. December 31, 1980

1. Significant Accounting Policies

The consolidated financial statements are presented on the basis of accounting principles generally accepted in Canada and include the accounts of all subsidiaries. All subsidiaries are wholly owned after the acquisition during 1980 of a 10% interest in Husky Industries, Inc. Approximately 68% of the shares of Husky Oil Ltd. are owned by NOVA, AN ALBERTA CORPORATION.

The accounts of United States subsidiaries have been translated to Canadian dollars as follows. Current assets and current liabilities are translated at the rates in effect at the balance sheet dates. All other assets and liabilities are translated at rates in effect at the time the transactions occurred. Revenue and expense items, except for depreciation, depletion and amortization which are translated at the rate applicable to the related asset, are translated using average rates for the year. Foreign currency exchange gains and losses are included in earnings.

Inventories are valued at the lower of cost, on a first-in, first-out basis, or net realizable value excluding materials and supplies which are stated at average cost. Refined oil product inventory costs are determined by allocating costs to products on the basis of the relative market value of the products. The costs consist of raw material, labor, manufacturing overhead and loading and shipping costs. Interdepartmental profits are eliminated.

Substantially all of the Company's exploration and production activities related to oil and gas, are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

The Company employs the full cost method of accounting and capitalizes all North American exploration and reserve development costs into three cost centers; the United States, the Lloydminster area of Canada and all other areas in Canada. These costs are depleted, by cost center, on a composite unit-of-production method, based upon proved developed reserves as estimated by Company engineers and in 1980 confirmed by independent consultants.

The cost of acquiring, exploring and developing oil and gas interests outside of North America has been capitalized pending the outcome of exploration in each area of interest. These costs are being amortized on a straight-line method at an annual rate of 20% pending reserve development. Unamortized costs will be depleted by the method set forth in the preceding paragraph if sufficient reserves are developed. The unamortized costs of an abandoned area are charged against earnings at the time of abandonment. Unamortized costs at December 31, 1980 and 1979 amounted to $19,731,000 and $22,533,000, respectively.

During 1980 and 1979 the Company received revenue under an agreement with the Philippines government and other exploration partners from production of crude oil in the Philippines area. The revenue represents a recovery of certain exploration costs expended by the Company. Accordingly, related costs are being amortized on a unit-of-production basis.

Depreciation of certain production equipment is provided by the unit-of-production method. Depreciation of substantially all other depreciable assets is provided by the straight-line method at rates based upon their estimated useful lives as follows:

Classification

	Rate
Buildings and storage tanks	3.3 - 5.0%
Refineries and pipelines	4.0 - 6.3%
Equipment, machinery and leasehold improvements	10.0 - 20.0%
Production equipment (excluding equipment depreciated by unit-of-production method)	7.1 - 10.0%
Transportation equipment, furniture and fixtures and other depreciable assets	20.0 - 33.3%

Repairs and maintenance costs are charged to expense as incurred. Renewals and betterments are capitalized. At the time of disposition of property, the accounts are relieved of the asset values and accumulated depreciation and any resulting charges or credits are carried to earnings except that normal retirements of the asset value of depletable oil and gas properties are charged against the accumulated allowance for depletion.

Other intangible assets are being amortized on a straight-line basis over their estimated lives.

Proceeds received pursuant to take-or-pay provisions of gas sales contracts are deferred and taken into income as production occurs or upon expiration of the contract period.

Amounts received from the Saskatchewan Provincial government relative to its oil and gas incentive regulations are credited against provincial royalties.

Incentive recoveries, from provincial governments, relative to exploration activities are accounted for as a reduction of capital expenditures.

The retirement and pension plans of the Company and its subsidiaries are available to substantially all permanent employees. The policy is to fund accrued pension costs as determined by actuarial studies. The unfunded past service costs are being funded and charged to operations over periods ranging from 5 to 20 years.

Beginning January 1, 1980 the Company capitalized interest on significant capital projects which take a period of time to construct or place in service.

Income tax expense is reduced by flow through of the allowable investment tax credits, frontier exploration allowance, and supplementary depletion from enhanced recovery programs.

Earnings per common share are based on the weighted average number of common shares outstanding during the year after giving effect to the subdivision of the outstanding common shares on a seven for one basis (see note 9). If all outstanding options, warrants, stock bonus shares awarded, or conversion privileges had been exercised at the beginning of the year, earnings per share would not have changed by a material amount.

2. Reconciliation to Accounting Principles Generally Accepted in the United States of America

The Company's common shares are traded publicly in the United States. The United States Securities and Exchange Commission, (SEC) requires that the financial statements delivered to United States shareholders contain a reconciliation presenting the statements on the basis of accounting principles generally accepted in that country. Any differences in accounting principles as they pertain to the accompanying financial statements are not material except as follows:

(A) United States accounting principles require long-term monetary assets and liabilities to be translated at exchange rates that are current at the balance sheet date and require current assets valued at cost to be translated at rates in effect at the dates the assets were purchased.

(B) The SEC has required oil and gas producing companies in the United States to use a standard form of full cost accounting or a standard form of successful efforts accounting in financial reporting. The full cost accounting required by the SEC, which would include adjustments to capitalized interest, would result in the following changes:

(1) Amortization of oil and gas properties, including leasehold equipment and estimated future development costs, would be provided on a unit-of-production method on a country by country basis.

(2) The cost of significant exploration or development projects, which include the company's exploration costs outside of North America, may be deferred until evaluated.

If the Company's financial statements had been presented on the basis of these accounting principles, net earnings, earnings per share and retained earnings would have been:

	Year ended December 31,		
	1980	1979	1978
		(in thousands)	
Net earnings as reported	**$ 92,082**	$ 93,100	$ 65,197
Adjustments, net of applicable income taxes, for:			
Foreign currency translation	**(4,017)**	2,117	(6,780)
Full cost accounting	**76**	(202)	(3,440)
Net earnings as adjusted	**$ 88,141**	$ 95,015	$ 54,977
Net earnings per common share	**$ 1.13**	$ 1.22	$ 0.71
Retained earnings	**$371,404**	$294,972	$208,383

3. Accounts and Notes Receivable

Accounts and notes receivable consisted of the following at December 31:

	1980	1979
	(in thousands)	
Trade	**$217,726**	$218,093
Income taxes	**4,478**	13,234
Other	**23,216**	15,579
	245,420	246,906
Allowance for doubtful accounts	**(4,679)**	(2,886)
	$240,741	$244,020

Notes to Consolidated Financial Statements

Husky Oil Ltd. December 31, 1980

4. Inventories

The major categories of inventories at December 31, are summarized below:

	1980	1979
	(in thousands)	
Crude oil and refined oil products	**$193,248**	$ 97,077
Steel and steel products	**26,565**	31,757
Charcoal briquets and raw materials	**29,280**	25,855
	249,093	154,689
Materials and supplies	**26,579**	13,110
	$275,672	$167,799

5. Notes Payable to Banks

A general assignment of receivables and inventories of certain Canadian subsidiaries has been given as security for $65,687,000 in notes payable to banks.

At December 31, 1980 the Company had $98,470,000 in unused lines of credit which expire as follows:

	(in thousands)
Demand	$13,117
March 1, 1981	8,347
April 30, 1981	23,849
June 1, 1981	16,617
December 31, 1981	1,887
April 30, 1982	10,804
February 29,1984	23,849
	$98,470

6. Long-term Debt

Long-term debt at December 31 consisted of:

	Maturity	1980	1979
		(in thousands)	
Husky Oil Ltd. and Canadian Subsidiaries			
Secured			
Sinking fund debentures			
6% Series A	1984	**$ 7,320**	$ 8,034
6¾% Series B	1987	**12,747**	13,528
8½% Series C	1991	**11,745**	12,137
Revolving production loan, ¼% over prime	See below	**75,000**	25,000
Notes payable - other	Various	**3,389**	3,131
Unsecured			
Notes payable 9% - ($18,006 U.S.)	1982	**17,480**	17,480
		127,681	79,310
Husky Oil Company and United States Subsidiaries			
Secured			
Capital lease obligations (1980, $11,871 U.S., 1979, $12,811 U.S.)	Various	**12,297**	13,421
Notes payable 4½% to 10% (1980, $3,024 U.S., 1979, $7,856 U.S.)	Various	**3,133**	8,239
Unsecured			
Revolving loans (1980, $100,000 U.S., 1979, $34,000 U.S.)	1990	**115,130**	40,139
Notes payable			
11¼% (1980, $21,154 U.S., 1979, $23,077 U.S.)	1991	**22,254**	24,155
112% of prime plus ¼ of 1% per annum ($20,000 U.S.)	1986		20,730
9% (1980, $9,750 U.S., 1979, $12,750 U.S.)	1984	**10,100**	13,583
7% to 8½% (1980, $5,843 U.S., 1979, $6,508 U.S.)	Various	**6,053**	6,850
		168,967	127,117
Total long-term debt		**296,648**	206,427
Less amount due within one year		**11,830**	15,592
		$284,818	$190,835

The revolving production loan represents amounts borrowed under a $75,000,000 line of credit. An assignment of future oil and gas production has been granted and there is no repayment requirement as long as estimated amounts to be received from future production, discounted at 7%, are at least 200% of the line of credit. Accordingly, no provision has been made for this loan in the aggregate annual debt maturities over the five years subsequent to December 31, 1980.

The unsecured revolving loans relate to two revolving lines of credit which provide for maximum loans of $100,000,000 (U.S.). On March 1, 1984 the revolving loans are to be converted to term loans. One loan in the amount of $94,400,000 (Cdn.) accrues interest at the rate of 102.5% of the United States prime rate or at the London Interbank Offered Rate (LIBOR) plus ½ of one percent and the other loan in the amount of $20,730,000 (Cdn.) accrues interest at the United States prime rate or at LIBOR plus ½ of one percent.

The following is a schedule of interest costs incurred for the years ended December 31:

	1980	1979	1978
		(in thousands)	
Long-term debt	**$34,242**	$18,448	$14,872
Short-term and other debt	**19,078**	17,212	4,875
	53,320	35,660	19,747
Less amount capitalized	**1,550**		
Amount charged to expense	**$51,770**	$35,660	$19,747

Assets of subsidiaries with an aggregate cost of approximately $82,451,000 and $75,687,000 on December 31, 1980 and 1979, respectively, are specifically pledged as collateral. Additionally, the Company has pledged the common shares of certain wholly owned subsidiaries and given a first floating charge on all other assets of the Company and its subsidiaries presently owned or hereafter acquired as security for the Series A, B and C Sinking Fund Debentures.

Aggregate annual maturities of long-term debt for the five years subsequent to December 31, 1980 are: 1981 - $11,830,000; 1982 - $28,865,000; 1983 - $10,225,000; 1984 - $13,642,000; 1985 - $9,504,000.

The terms of the Trust Deeds for the 6%, 6¾% and 8½% Sinking Fund Debentures, Series A, B and C contain certain restrictions on the payment of dividends wherein consolidated net current assets after giving effect to the dividend payment must equal 10% of the aggregate principal amount of all funded obligations or $1,000,000, whichever shall be the greater. This covenant did not restrict the payment of dividends at December 31, 1980.

Distributions to the Company by a consolidated subsidiary, Husky Oil Company, were limited to $4,925,000 at December 31, 1980 by the terms of the indenture for the 11¼% notes due in 1991.

If long-term debt payable in United States dollars were translated at current rates, the total debt would be increased by $15,852,000 and $13,676,000 at December 31, 1980 and 1979, respectively.

7. Income Taxes

Earnings (losses) before income taxes were derived from operations in the following geographic areas:

	Year ended December 31,		
	1980	1979	1978
	(in thousands)		
Canada	**$ 72,309**	$ 69,142	$ 69,782
United States	**84,544**	75,870	44,390
Other foreign	**(4,142)**	(4,089)	(3,701)
	$152,711	$140,923	$110,471

Income taxes charged to earnings consisted of the following components:

	Year ended December 31,		
	1980	1979	1978
	(in thousands)		
Current taxes			
Canadian Federal and Provincial	**$ 4,336**	$ 532	$20,144
United States Federal and State	**2,991**	(2,092)	4,825
	7,327	(1,560)	24,969
Deferred taxes - current			
United States Federal and State	**16,327**	17,832	(28)
Deferred taxes - noncurrent			
Canadian Federal and Provincial	**20,798**	17,473	10,140
United States Federal and State	**16,177**	14,078	10,193
	36,975	31,551	20,333
Total provision	**$60,629**	$47,823	$45,274

The provision for deferred income taxes resulted from the following timing differences which are presented with related taxes thereon:

	Year ended December 31,		
	1980	1979	1978
	(in thousands)		
Lease acquisition, drilling and exploration costs (net of depletion)	**$34,009**	$22,090	$15,856
Tax and book depreciation	**8,396**	9,742	5,768
Inventories	**16,327**	17,975	1,501
Investment tax credit carry forward	**(4,856)**		
Other	**(574)**	(424)	(2,820)
	$53,302	$49,383	$20,305

Total income taxes amounted to $60,629,000 in 1980, $47,823,000 in 1979 and $45,274,000 in 1978, an effective rate of approximately 40% in 1980, 34% in 1979 and 41% in 1978. These totals are less than the amounts computed by applying the expected Canadian Federal tax rate to earnings before income taxes. The reasons and approximate amounts for these differences are as follows:

	Year ended December 31,		
	1980	1979	1978
	(in thousands)		
Expected Canadian Federal tax rate	**46%**	46%	46%
Computed "expected" tax expense	**$70,247**	$64,824	$50,816
Increase (decrease) in taxes resulting from:			
Royalties, lease rentals and mineral taxes payable to the Crown	**23,528**	21,023	19,533
Resource allowance on Canadian production income	**(16,928)**	(15,739)	(13,952)
Earned and supplementary depletion	**(9,244)**	(8,758)	(4,723)
Earnings from United States subsidiaries with lower effective tax rates	**(1,276)**	(3,915)	(2,283)
Investment tax credits	**(2,244)**	(3,114)	(1,815)
Frontier exploration allowance	**(1,367)**	(1,787)	
Miscellaneous	**(2,087)**	(4,711)	(2,302)
Actual tax provision	**$60,629**	$47,823	$45,274

8. Redeemable Preferred Shares

The cumulative redeemable preferred shares have voting rights equal to the common shares and are subject to annual sinking fund requirements of 2,100 Series A shares at $53.50 per share and 5,850 Series B shares at $52.50 per share, or a total of $419,000 annually. The shares are presented on the balance sheet at the fair value at the date of issuance, which value is not materially different from the mandatory redemption value. Shares have historically been redeemed on the market at amounts less than the redemption value. Differences between the actual redemption cost and the recorded value are credited to retained earnings. At December 31, 1980 the sinking fund requirements had been met.

Preferred shares were redeemed as follows during the three years ended December 31, 1980. The dollar amounts are in thousands.

	Series A		Series B		Total	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance January 1, 1978	42,162	$2,108	118,911	$5,945	161,073	$8,053
Redeemed during 1978	1,484	74	4,625	231	6,109	305
Balance December 31, 1978	40,678	2,034	114,286	5,714	154,964	7,748
Redeemed during 1979	1,405	70	2,536	127	3,941	197
Balance December 31, 1979	39,273	1,964	111,750	5,587	151,023	7,551
Redeemed during 1980	1,600	80	7,200	360	8,800	440
Balance December 31, 1980	**37,673**	**$1,884**	**104,550**	**$5,227**	**142,223**	**$7,111**

9. Common Shares

On May 1, 1980 the shareholders passed special resolutions to amend among other things, the Articles of Continuance of the Company to (i) create an unlimited number of authorized common shares and, (ii) subdivide the issued common shares of the Company outstanding on May 16, 1980 on a seven for one (7 for 1) basis. Accordingly all share quantities and per share amounts have been retroactively restated to reflect the split.

The following schedule analyzes the common share capital changes for the years ended December 31, 1980, 1979 and 1978.

		Credited to	
Number Common Shares	Consideration	Share Capital	Other Paid-in Capital
		(in thousands)	
	1980		
	Cash contributions from the parent company		**$2,727**
1,180,837	Cash (issued on exercise of stock purchase warrants)	**$3,543**	
4,900	Stock bonus	**58**	
1,185,737		**$3,601**	**$2,727**
	1979		
	Cash contributions from the parent company		$ 852
165,900	Cash (issued on exercise of stock purchase warrants)	$ 80	417
157,850	Stock bonus	29	1,144
323,750		$ 109	$2,413
	1978		
292,180	Cash (issued on exercise of stock options and stock purchase warrants)	$ 42	$ 831
192,850	Stock bonus	27	933
485,030		$ 69	$1,764

Common shares have been reserved for issue as follows:

1980	1979	
457,303	1,638,140	Shares for Series E stock purchase warrants at an exercise price of $3.00 per share expiring August 15, 1981.
10,850	15,750	Shares under a stock bonus plan for key employees.
468,153	1,653,890	

10. Pension and Retirement Plans

Total pension expense was $4,858,000, $3,785,000 and $3,461,000 for 1980, 1979 and 1978, respectively, which includes amortization of the past service costs. The following information is based on actuarial reports, as of January 1 of 1980 and 1979.

	January 1, 1980	January 1, 1979
	(in thousands)	
Present value of		
Vested accumulated benefits	**$26,057**	$20,886
Nonvested accumulated benefits	**3,516**	2,245
	$29,573	$23,131
Net assets available for benefits	**$39,900**	$32,059
Assumed rates of return in determining present value	**4 - 8%**	4 - 8%

Accumulated benefits are based on various actuarial assumptions including employee salaries and wages at levels in effect at the valuation dates. The fact that net assets available for benefits exceeds accumulated benefits is indicative that the Company's past contributions to the plans were based, in part, on factors such as benefits related to employees' future years of service and salary levels.

The unfunded past service costs amounted to $3,880,000 and $2,890,000 at December 31, 1980 and 1979, respectively.

11. Business Segments

The following is an analysis of certain consolidated financial information by industry lines and geographic areas.

Information by Industry Segment

	1980	1979	1978
	(in thousands)		
Sales			
Petroleum			
Crude oil and natural gas	**$ 203,868**	$ 163,306	$123,808
Asphalts and heavy fuels	**116,736**	114,578	89,655
Gasoline, light fuels and other	**782,554**	597,303	416,015
	1,103,158	875,187	629,478
Steel	**114,188**	118,685	99,074
Charcoal	**65,252**	59,107	44,200
Consolidated total	**$1,282,598**	$1,052,979	$772,752
Operating profit			
Petroleum	**$ 194,847**	$ 158,645	$111,543
Steel	**3,980**	10,179	10,038
Charcoal	**4,505**	7,732	9,160
	203,332	176,556	130,741
Interest — net	**(49,395)**	(34,165)	(17,892)
General corporate and minority interest	**(1,226)**	(1,468)	(2,378)
Consolidated earnings before income taxes	**$ 152,711**	$ 140,923	$110,471
Depreciation, depletion and amortization expenses			
Petroleum	**$ 80,472**	$ 67,319	$ 46,081
Steel	**2,147**	1,967	1,669
Charcoal	**3,916**	3,452	2,060
Consolidated total	**$ 86,535**	$ 72,738	$ 49,810
Capital expenditures			
Petroleum	**$ 264,624**	$ 216,316	$146,539
Steel	**1,161**	4,959	1,742
Charcoal	**4,528**	5,654	10,016
Consolidated total	**$ 270,313**	$ 226,929	$158,297
Identifiable assets			
Petroleum	**$1,282,800**	$ 998,404	$737,723
Steel	**61,270**	67,025	58,829
Charcoal	**57,233**	52,133	42,094
	1,401,303	1,117,562	838,646
General corporate	**834**	956	112
Consolidated total	**$1,402,137**	$1,118,518	$838,758

Information by Geographic Area

	1980	1979	1978
	(in thousands)		
Sales			
Canada	**$ 339,059**	$ 282,294	$237,666
United States	**907,009**	762,856	536,600
Other	**36,617**	7,979	
Elimination of intersegment sales	**(87)**	(150)	(1,514)
Consolidated total	**$1,282,598**	$1,052,979	$772,752
Operating profit			
Canada	**$ 94,531**	$ 83,018	$ 77,737
United States	**108,144**	94,942	56,705
Other	**657**	(1,404)	(3,701)
	203,332	176,556	130,741
Interest expense — net	**(49,395)**	(34,165)	(17,892)
General corporate and minority interest	**(1,226)**	(1,468)	(2,378)
Consolidated earnings before income taxes	**$ 152,711**	$ 140,923	$110,471
Identifiable assets			
Canada	**$ 620,318**	$ 487,798	$359,649
United States	**731,098**	607,648	458,924
Other	**49,887**	22,116	20,073
	1,401,303	1,117,562	838,646
General corporate	**834**	956	112
Consolidated total	**$1,402,137**	$1,118,518	$838,758

The Company operates principally in three industries; petroleum, steel and charcoal. Petroleum operations include the exploration for and the production of crude oil and natural gas, the refining of crude oil, the wholesale and retail marketing of refined petroleum products and the pipeline transmission of crude oil, natural gas and finished products. Steel operations include warehousing, processing and fabrication and distribution of steel and steel products. Charcoal operations include the production and marketing of barbecue briquets, activated carbon and other charcoal products.

Operating profit is total revenue less operating expenses. In computing operating profit, none of the following items have been deducted: general corporate, interest expense, minority interest and income taxes.

Identifiable assets by industry or geographic area are used in the Company's operations in each industry or area. Corporate assets are principally cash. Transfers between geographic areas are recorded at cost.

12. Contingencies

The petroleum operations of the Company in the United States during 1980 were regulated extensively by the United States Department of Energy (DOE), which controlled crude oil and refined product allocation and the prices of crude oil and most refined products. The regulations were extremely complex and were continually being changed. On January 28, 1981 the President of the United States terminated all controls. On September 30, 1980 the DOE issued a Notice of Probable Violation (NOPV) alleging that the Company had violated certain DOE regulations during the period from

September 1, 1973 through December 31, 1974. The NOPV proposes to require the Company to reduce its "bank" of unrecovered product costs, as of December 31, 1974, by $12,928,000 and to refund $5,679,000 which DOE alleges to have been overcharged on sale of gasoline by the Company during the period in question. The Company disputes all of the allegations and intends to vigorously oppose DOE's claims to the fullest extent. Litigation may ultimately be required to confirm the Company's opinion. While the ultimate outcome cannot be determined at this time, in the opinion of Management, the Company is in substantial compliance with the regulations as issued and any liabilities which may result would not be material to the financial position of the Company.

The Entitlements Program, administered by the DOE, was instituted in 1974 in an effort to ameliorate inequities arising out of the United States government's multi-tier crude oil price program. A subsidiary obtained exception from the Entitlements Program through September 1977 conditioned on maintenance of a profit margin no greater than the profit margin realized by the subsidiary's refining and marketing operations in certain base years. In the fall of 1977 the subsidiary filed suit against the DOE seeking to enjoin enforcement of the restrictive profit margin limitation. The Federal District Court entered a decision finding the DOE's requirements, as applied to the subsidiary to be arbitrary and capricious. The DOE appealed the decision to the Temporary Emergency Court of Appeals, which sustained the ruling of the District Court. The matter was remanded to the Agency with directions to reconsider. The DOE reopened the proceedings on October 19,1978 and requested additional financial information. No decision has as yet been issued. The impact of the ultimate decision upon the Company will not be known until DOE completes its reconsideration, as directed by the courts. At December 31, 1980 and 1979 the Company has provided $13,226,000 for entitlement costs relative to 1977. The DOE has been enjoined from requiring the subsidiary to purchase entitlements pending DOE resolution of the issues remanded to DOE by the Court. The Company has not paid or provided for any entitlement obligations for 1980, 1979 and 1978. In the year the matter is resolved, retained earnings would be affected by approximately one-half of any change to the entitlements provision.

The Company is a defendant in various lawsuits at December 31, 1980. While it is impossible to estimate the ultimate liability with respect to pending litigation, Management believes there will be no material adverse effect on the financial position of the Company.

13. Commitments

(a) The Company announced on April 7, 1980 plans to increase the capacity of its Lloydminster heavy oil refinery from 12,000 barrels per day to 25,000 barrels per day. The estimated cost of the project, expected to be complete in the latter part of 1982, is $80 million. As of December 31, 1980 the cost incurred by the Company on this project totalled approximately $4,122,000.

(b) On June 9, 1980, the Company announced it had entered into a joint venture agreement with Shell Canada Limited to construct a refinery in Canada which will use exclusively synthetic crude oil as feedstock. Under the agreement Husky will have a 40% interest in the facilities producing refined petroleum products. The benzene manufacturing facilities will be owned 100% by Shell Canada Limited. The refinery, with start-up planned for 1984, is estimated to cost in total $750,000,000 of which Husky has budgeted expenditures of $200,000,000.

Notes to Consolidated Financial Statements

Husky Oil Ltd. December 31, 1980

14. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data (in thousands of dollars except for per share amounts) for 1980, 1979 and 1978 is as follows:

	Three months ended,			
	Mar 31	Jun 30	Sep 30	Dec 31
1980				
Net sales and operating revenues	**$270,675**	**$335,502**	**$330,716**	**$345,705**
Gross profit	**76,953**	**86,987**	**107,364**	**99,154**
Net earnings	**16,215**	**14,386**	**44,002**	**17,479**
Net earnings per common share	**0.21**	**0.18**	**0.56**	**0.23**
1979				
Net sales and operating revenues	$188,295	$257,866	$306,041	$300,777
Gross profit	52,557	72,336	86,247	94,492
Net earnings	9,103	20,757	27,298	35,942
Net earnings per common share	0.12	0.27	0.35	0.46
1978				
Net sales and operating revenues	$152,354	$195,673	$224,998	$199,727
Gross profit	44,326	56,542	62,070	60,595
Net earnings	11,118	14,705	20,516	18,858
Net earnings per common share	0.14	0.19	0.27	0.24

15. Oil and Gas Producing Operations

The following information has been included to comply with the United States Securities and Exchange Commission regulations. Information including reserve quantities, reserve present values and operations based upon "reserve recognition accounting" has not been audited and is being reported as supplementary financial statement information.

Capitalized Costs

	Total	Canada	United States	North Sea	Pakistan	Philippines	Other
				(in thousands) **1980**			
Proved properties	**$573,224**	**$313,481**	**$233,100**			**$26,643**	
Unproved properties	**188,974**	**108,973**	**54,856**	**$6,550**	**$7,203**	**8,593**	**$2,799**
	$762,198	**$422,454**	**$287,956**	**$6,550**	**$7,203**	**$35,236**	**$2,799**
Accumulated depreciation, depletion and amortization	**$209,538**	**$102,297**	**$ 87,905**	**$2,475**	**$3,182**	**$13,378**	**$ 301**
				1979			
Proved properties	$429,166	$233,623	$187,340			$ 8,203	
Unproved properties	154,101	100,580	30,562	$3,342	$7,718	11,063	$ 836
	$583,267	$334,203	$217,902	$3,342	$7,718	$19,266	$ 836
Accumulated depreciation, depletion and amortization	$175,149	$ 90,046	$ 71,094	$1,721	$2,670	$ 9,618	

Net Revenues from Producing Oil and Gas

	Total	Canada	United States	Philippines
	(in thousands)			
	1980			
Proved developed reserves	**$205,756**	**$108,858**	**$96,898**	
Other (1)	**7,070**			**$ 7,070**
	$212,826	**$108,858**	**$96,898**	**$ 7,070**
Sales and transfers to consolidated operations included above	**$ 94,498**	**$ 26,939**	**$67,559**	
	1979			
Proved developed reserves	$149,763	$ 90,931	$58,832	
Other (1)	7,979			$ 7,979
	$157,742	$ 90,931	$58,832	$ 7,979
Sales and transfers to consolidated operations included above	$ 34,688	$ 10,063	$24,625	
	1978			
Proved developed reserves	$124,405	$ 83,103	$41,302	
Sales and transfers to consolidated operations included above	$ 31,573	$ 11,658	$19,915	

(1) The Company received revenue under an agreement with the Philippine government and other exploration partners from production of crude oil in the Philippines area. The revenue represents a recovery of certain exploration costs expended by the Company.

Costs Incurred in Oil and Gas Producing Activities

	Total	Canada	United States	North Sea	Pakistan	Philippines	Other
	(in thousands)						
	1980						
Acquisition	**$41,585**	**$21,965**	**$17,976**	**$1,528**			**$ 116**
Exploration	**47,593**	**11,891**	**15,654**	**1,225**	**$ 490**	**$16,486**	**1,847**
Development	**121,232**	**75,020**	**45,943**			**269**	
Production	**85,541**	**39,510**	**46,031**				
Depreciation, depletion and amortization	**59,769**	**28,552**	**24,273**	**1,238**	**1,631**	**3,774**	**301**
	1979						
Acquisition	$33,466	$31,295	$ 2,171				
Exploration	63,736	42,053	13,126	$ 155	$ 630	$ 6,936	$ 836
Development	75,845	43,151	32,694				
Production	57,040	32,599	24,441				
Depreciation, depletion and amortization	52,899	21,901	21,544	687	1,482	7,285	
	1978						
Acquisition	$ 7,604	$ 3,377	$ 4,227				
Exploration	34,594	13,642	8,902	$ 481	$5,898	$ 5,671	
Development	56,791	26,210	30,581				
Production	41,353	23,610	17,743				
Depreciation, depletion and amortization	33,346	13,776	15,660	681	1,031	2,198	

Auditors' Report to the Shareholders

We have examined the consolidated balance sheets of Husky Oil Ltd. as at December 31, 1980 and 1979 and the consolidated statements of earnings, retained earnings and changes in financial position for the three years ended December 31, 1980. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1980 and 1979 and the results of its operations and the changes in its financial position for the three years ended December 31, 1980 in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Canada

February 12, 1981

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Supplementary Financial Statement Information
Oil and Gas Producing Operations

Husky Oil Ltd. December 31, 1980

The following information is presented to comply with United States Securities and Exchange Commission regulations and is not subject to audit.

Estimated Quantities of Proved Oil and Gas Reserves

	Total		Canada		United States		Philippines
	Oil	Gas	Oil	Gas	Oil	Gas	Oil
Proved developed and undeveloped reserves							
At January 1, 1978	98,901	292,203	71,932	210,223	26,969	81,980	
Revisions of previous estimate	(1,482)	(10,305)	(1,568)	(766)	86	(9,539)	
Improved recovery	5,490	11,307	1,714	7,780	3,776	3,527	
Extensions, discoveries and other additions	14,170	22,855	9,025	13,685	5,145	9,170	
Production	(12,848)	(22,202)	(7,472)	(15,575)	(5,376)	(6,627)	
At December 31, 1978	104,231	293,858	73,631	215,347	30,600	78,511	
Revisions of previous estimate	6,975	2,548	5,999	1,642	976	906	
Improved recovery	892				892		
Purchases of minerals-in-place	1,149	10,437	1,149	10,437			
Extensions, discoveries and other additions	9,029	12,127	7,904	5,691	1,125	6,436	
Production	(14,502)	(25,244)	(8,956)	(15,620)	(5,546)	(9,624)	
Sales of minerals-in-place	(131)	(1,848)	(129)	(1,848)	(2)		
At December 31, 1979	107,643	291,878	79,598	215,649	28,045	76,229	
Revisions of previous estimate	**5,145**	**36,438**	**2,652**	**31,668**	**2,493**	**4,770**	
Improved recovery	**1,807**	**361**			**1,807**	**361**	
Purchases of minerals-in-place	**40**				**40**		
Extensions, discoveries and other additions	**14,162**	**26,345**	**7,509**	**5,452**	**5,180**	**20,893**	**1,473**
Production	**(14,249)**	**(24,933)**	**(8,929)**	**(15,163)**	**(5,320)**	**(9,770)**	
Sales of minerals-in-place	**(55)**		**(55)**				
At December 31, 1980	**114,493**	**330,089**	**80,775**	**237,606**	**32,245**	**92,483**	**1,473**
Proved developed reserves							
At December 31, 1977	97,718	289,897	70,762	210,043	26,956	79,854	
At December 31, 1978	103,547	291,548	72,960	215,163	30,587	76,385	
At December 31, 1979	107,415	289,752	79,383	215,649	28,032	74,103	
At December 31, 1980	**113,020**	**330,089**	**80,775**	**237,606**	**32,245**	**92,483**	

Crude oil, including natural gas liquids, is expressed in thousands of barrels. A barrel represents a stock tank barrel equivalent to 42 U.S. gallons or 35 Imperial gallons. Natural gas is expressed in millions of cubic feet measured at 60°F and 14.65 psia.

Volumes represent the net reserves owned by Husky after deduction of royalties, reversionary interests, and net profit interests owned by others.

Supplementary Financial Statement Information
Oil and Gas Producing Operations

Husky Oil Ltd. December 31, 1980

Present Value of Future Net Revenues From Estimated Production of Proved Oil and Gas Reserves

	December 31,			
	Total	Canada	United States	Philippines
	(in thousands)			
	1980			
Proved reserves	**$1,032,895**	**$570,634**	**$444,707**	**$17,554**
Proved developed reserves	**$1,015,341**	**$570,634**	**$444,707**	
	1979			
Proved reserves	$ 820,655	$516,434	$304,221	
Proved developed reserves	$ 818,036	$514,977	$303,059	
	1978			
Proved reserves	$ 636,985	$450,913	$186,072	
Proved developed reserves	$ 633,458	$448,557	$184,901	

The present value is obtained by applying a 10% discount factor to the estimated future net revenues resulting from the production of proved reserves.

Future Net Revenues From Estimated Production of Proved Oil and Gas Reserves

The following schedule presents the estimated future net revenues from the production of the Company's proved reserves at December 31, 1980.

	Total	1981	1982	1983	Remainder
			(in thousands)		
Canada					
Proved oil and gas reserves	$1,012,436	$106,441	$ 99,799	$ 91,174	$ 715,022
Proved developed oil and gas reserves	1,012,436	106,441	99,799	91,174	715,022
United States					
Proved oil and gas reserves	727,281	98,615	89,651	74,165	464,850
Proved developed oil and gas reserves	727,281	98,615	89,651	74,165	464,850
Philippines					
Proved oil reserves	57,954	12,929	21,087	14,249	9,689
Total					
Proved oil and gas reserves	1,797,671	217,985	210,537	179,588	1,189,561
Proved developed oil and gas reserves	1,739,717	205,056	189,450	165,339	1,179,872

Future net revenues from production of proved reserves are based on existing circumstances (i.e., prices and costs at year-end) after deduction of operating costs and future capital expenditures. Deductions include production and severance taxes, direct operating costs, ad valorem taxes, overhead charges of others, net profit interests owned by others and future capital expenditures. No provision has been made for income and franchise taxes or administrative overhead.

Summary of Oil and Gas Producing Activities

The Securities and Exchange Commission (SEC) has required companies to report oil and gas producing operations on the basis of Reserve Recognition Accounting (RRA).

RRA differs from conventional accounting in that revenues are recognized at the time oil and gas reserves are discovered rather than at the time the oil and gas is sold. All expenditures other than property acquisition costs and exploratory drilling costs in progress are charged to earnings at the time they are incurred. Property acquisition costs and exploratory drilling costs are deferred pending reserve evaluation at which time they are charged to earnings. In conventional accounting certain expenditures are capitalized and charged to earnings as the oil and gas revenues are produced. It is Management's opinion that RRA is highly imprecise because of the many speculative estimates and assumptions that have to be made.

The following is a summary of oil and gas producing activities on the basis of Reserve Recognition Accounting for the years ended December 31, 1980 and 1979.

	Year ended December 31, **1980**	1979
	(in thousands)	
Additions and revisions to estimated oil and gas reserves		
Additions to estimated proved reserves — gross	**$163,524**	$ 41,305
Revisions to estimates of reserves proved in prior years		
Changes in prices	**323,922**	154,590
Other (1)	**(149,071)**	16,835
Accretion of discount	**83,012**	63,699
	421,387	276,429
Evaluated acquisition, exploration, development and production costs		
Costs incurred, including amortization of exploration costs outside of North America	**93,481**	29,440
Present value of estimated future development and production costs	**117,544**	28,112
	211,025	57,552
Additions and revisions to proved reserves over evaluated costs	**210,362**	218,877
Provision for income taxes	**74,834**	79,876
Results of oil and gas producing activities on the basis of Reserve Recognition Accounting	**$135,528**	$139,001

(1) The amount in 1980 includes a reduction in reserve values resulting from consideration in 1980 of the Saskatchewan Oil Well Income Tax.

Supplementary Financial Statement Information
Oil and Gas Producing Operations

Husky Oil Ltd. December 31, 1980

Profit before interest, unallocated overhead and income taxes, contributed by oil and gas producing activities under the Company's full cost accounting was $147,769,000 and $104,053,000 for the years ended December 31, 1980 and 1979, respectively.

The following costs have been deferred in the RRA presentation.

	Year ended December 31, 1980	1979
	(in thousands)	
Unevaluated acquisition costs	**$ 79,034**	$ 53,885
Exploration wells in process	**9,846**	36,676
Unevaluated foreign exploration projects	**25,146**	31,580
	114,026	122,141
Accumulated amortization of foreign exploration projects	**(8,958)**	(9,047)
	$105,068	$113,094
Amortization provision	**$ 4,932**	$ 2,148

Summary of Changes in Present Value of Estimated Future Net Revenues

	Year ended December 31, 1980	1979
	(in thousands)	
Increases		
Additions and revisions	**$ 421,387**	$276,429
Less estimated future development and production costs	**117,544**	28,112
	303,843	248,317
Purchases of reserves-in-place	**244**	20,398
Expenditures that reduced estimated future development costs	**121,232**	75,845
	425,319	344,560
Decreases		
Sales of oil and gas and value of transfers	**298,367**	214,782
Less production costs	**85,541**	57,040
	212,826	157,742
Sales of reserves-in-place	**253**	3,148
	213,079	160,890
Net increase	**212,240**	183,670
Balance at beginning of year	**820,655**	636,985
Balance at end of year	**$1,032,895**	$820,655

Financial and Operating Summary

Husky Oil Ltd.

	1980	1979	1978	1977	1976
Financial (thousands of dollars except for per share figures)					
Sales and operating revenues	**$1,282,598**	$1,052,979	$772,752	$645,786	$515,217
Cost of sales and operating expenses	**912,140**	747,347	549,219	463,057	377,592
Selling, general and administrative expenses	**83,797**	58,379	47,511	39,971	32,440
Interest (net of interest income)	**49,395**	34,165	17,892	14,012	13,083
Depreciation, depletion and amortization	**86,535**	72,738	49,810	41,538	35,789
Other	**(1,980)**	(573)	(2,151)	(3,968)	1,015
	1,129,887	912,056	662,281	554,610	459,919
Earnings before income taxes	**152,711**	140,923	110,471	91,176	55,298
Income taxes					
Current	**7,327**	(1,560)	24,969	22,656	18,025
Deferred	**53,302**	49,383	20,305	15,668	7,330
	60,629	47,823	45,274	38,324	25,355
Net earnings	**92,082**	93,100	65,197	52,852	29,943
Dividends on preferred shares	**434**	460	469	493	523
Earnings for common shares	**$ 91,648**	$ 92,640	$ 64,728	$ 52,359	$ 29,420
Common shares outstanding (weighted average in thousands)	**77,709**	77,210	76,720	72,919	68,488
Earnings per common share	**$ 1.18**	$ 1.20	$ 0.84	$ 0.72	$ 0.43
Dividends per common share	**$ 0.15**	$ 0.14	$ 0.14	$ 0.11	$ 0.11
Working capital provided by operations	**$ 213,162**	$ 196,196	$135,334	$112,478	$ 73,748
Capital expenditures	**270,313**	226,929	158,297	96,070	98,657
Working capital	**106,365**	66,092	60,930	78,216	63,003
Total assets	**1,402,137**	1,118,518	838,758	660,640	564,475
Long-term debt	**284,818**	190,835	148,947	135,393	157,197
Redeemable preferred shares at par value	**7,111**	7,551	7,748	8,053	8,443
Operations (daily average)					
Production					
Net crude oil and gas liquids					
Barrels	**39,640**	40,852	35,200	35,287	37,301
Cubic metres	**6 302**	6 495	5 594	5 607	5 928
Net natural gas					
Thousand cubic feet	**68,122**	69,157	60,829	61,061	55,618
Thousand cubic metres	**1 919**	1 949	1 714	1 720	1 567
Refining and marketing					
Refinery runs					
Barrels	**60,178**	63,083	60,080	59,521	55,719
Cubic metres	**9 568**	10 030	9 547	9 458	8 854
Refined product sales					
Barrels	**63,416**	75,161	71,007	68,638	64,895
Cubic metres	**10 083**	11 951	11 284	10 907	10 312

Note: The weighted average common shares and all per common share data have been restated to reflect a seven for one share split during 1980.

Corporate Information

Corporate Officers

Husky Oil Ltd.
S. Robert Blair
Chairman of the Board

Dianne I. Hall
Vice President

Arthur R. Price
Vice President

William C. Rankin
Vice President

L. Merrill Rasmussen
Vice President

Robert Strother
Vice President

Russell A. Robinson
Controller

Lawrence E. Saunders
Treasurer

Robert G. P. Maclellan
Secretary

Husky Oil Operations Ltd.
S. Robert Blair
Chairman of the Board

Robert R. Bagby
Senior Vice President

Russell A. Robinson
Senior Vice President and Controller

Robert Strother
Senior Vice President

J. A. Warner Woodley
Senior Vice President

Edward R. Blasken
Group Vice President

Robert Y. Pogontcheff
Group Vice President

Richard H. Roda
Group Vice President

Holland J. Berry
Vice President

Douglas O. F. Gurel
Vice President

Robert D. Orr
Vice President

Arthur R. Price
Executive Assistant to the Chairman of the Board and Vice President

Robert G. P. Maclellan
Secretary

Husky Oil Company
S. Robert Blair
Chairman of the Board

L. Merrill Rasmussen
President and Chief Executive Officer

Robert M. McManis
Executive Vice President

John G. McKenzie
Group Vice President

Lawrence E. Saunders
Group Vice President and Treasurer

Jon S. Beasley
Vice President

Russell M. Davidson
Vice President

George S. Dibble, Jr.
Vice President

Robert P. Ottenstein
Vice President

Clayton A. Rystrom, Jr.
Vice President

James V. Sheffield
Vice President

Franklin J. Tilleman
Vice President

M. Frank Westfall
Vice President

Donald L. Jensen
Secretary & General Counsel

Kenneth R. Chase
Controller

Other Subsidiaries and Affiliates

Robert Strother
President
Husky Oil International Ltd.

James H. Manning
Executive Vice President
Husky Oil International Ltd.

William A. Talley, Jr.
President
CanOcean Resources Ltd.

James W. Rimmer
President
Gate City Steel Corporation

James P. Keeter
President
Husky Industries, Inc.

Walter G. Brantz
President
Husky Oil NPR Operations, Inc.

Company Locations and General Information

Head Office
P. O. Box 6525
Station "D"
Calgary, Alberta
T2P 3G7

United States Offices
P. O. Box 380
Cody, Wyoming
82414

600 South Cherry Street
Denver, Colorado
80222

1980 South Post Oak Road
Ste. 2000
Houston, Texas
77056

1800 "M" Street N. W.
Ste. 295
Washington, D.C.
20036

Division Production Offices
Calgary, Alberta
Lloydminster, Saskatchewan
Santa Maria, California
Denver, Colorado

Refineries
Lloydminster, Alberta
Prince George, British Columbia
Cheyenne, Wyoming
Cody, Wyoming
North Salt Lake, Utah

Division Marketing Offices
Calgary, Alberta
Winnipeg, Manitoba
Denver, Colorado
Billings, Montana
Salt Lake City, Utah
Spokane, Washington

Husky Industries, Inc.
62 Perimeter Center East
Atlanta, Georgia
30346

Sales Offices:
Springfield, Missouri
Minneapolis, Minnesota
Atlanta, Georgia

Plant Locations:
Branson, Missouri
Dickinson, North Dakota
Isanti, Minnesota
Medford, Oregon
Ocala, Florida
Pachuta, Mississippi
Romeo, Florida
Stamford, New York
Waupaca, Wisconsin

Gate City Steel Corporation
P.O. Box 14022
Omaha, Nebraska
68114

District Offices:
Albuquerque, New Mexico
Boise, Idaho
Davenport, Iowa
Denver, Colorado
Gary, Indiana
Idaho Falls, Idaho
Milwaukee, Wisconsin
Omaha, Nebraska
Pocatello, Idaho
Portland, Oregon
St. Paul, Minnesota
Salt Lake City, Utah
Sterling, Illinois
Tulsa, Oklahoma

Overseas
Manila, Luzon, Philippines
Karachi, Pakistan

CanOcean Resources Ltd.
New Westminster, British Columbia

Husky Oil NPR Operations, Inc.
Houston, Texas
Anchorage, Alaska

Transfer Agents and Registrars

Common Shares:
Montreal Trust Company
Offices at Calgary, Halifax, Montreal, Regina, Saint John, Toronto, Vancouver and Winnipeg

The Chase Manhatten Bank
New York City

Preferred Shares:
Montreal Trust Company
At above offices

Auditors
Peat, Marwick, Mitchell & Co.
Calgary, Canada.

Board of Directors

Husky Oil Ltd.

S. Robert Blair
Calgary, Alberta
Chairman of the Board
Husky Oil Ltd., and
President and Chief Executive Officer
NOVA, AN ALBERTA CORPORATION

Robin J. Abercrombie
Calgary, Alberta
Senior Vice President
NOVA, AN ALBERTA CORPORATION

Dr. Lloyd I. Barber, O.C.
Regina, Saskatchewan
President and Vice Chancellor
University of Regina

William D. Dickie, Q.C.
Calgary, Alberta
Barrister and Solicitor
Energy Advisor

Thomas C. Douglas
Ottawa, Ontario
Retired Member of Parliament

Brian E. Eidem
Saskatoon, Saskatchewan
President, B & T Holdings Ltd.

Dianne I. Hall
Calgary, Alberta
Senior Vice President and Secretary
to the Board of Directors
NOVA, AN ALBERTA CORPORATION

A. Ernest Pallister
Calgary, Alberta
President, Pallister Resource
Management, Ltd.

Robert L. Pierce, Q.C.
Calgary, Alberta
Executive Vice President
NOVA, AN ALBERTA CORPORATION

William C. Rankin
Calgary, Alberta
Senior Vice President and Controller
NOVA, AN ALBERTA CORPORATION

L. Merrill Rasmussen
Cody, Wyoming
President and Chief Executive Officer
Husky Oil Company

Top photos from left: Dr. Lloyd I. Barber, S. Robert Blair, Robin J. Abercrombie, A. Ernest Pallister, L. Merrill Rasmussen, William C. Rankin.

Bottom photos from left: Thomas C. Douglas, Dianne I. Hall, Brian E. Eidem, Robert L. Pierce, William D. Dickie.




Husky

Husky Oil Ltd. 1980 Annual Report

LITHO'D IN CANADA
AGENCY PRESS LIMITED