

January 20, 2010

Sunrise Oil Sands Project Update

Calgary, Alberta (January 20, 2010) – Husky Energy Inc. (TSX: HSE) is pleased to announce that it has completed front end engineering and design (FEED) for Phase 1 of the Sunrise Oil Sands Project and has obtained necessary approvals from the Government of Alberta, Environment Department and the Energy Resources and Conservation Board (ERCB) to proceed with the project.

“Overall, the cost estimate for Phase 1 has been reduced by more than \$1 billion through design optimization,” said John C.S. Lau, President & Chief Executive Officer of Husky. “Under the current market environment and the applied facility design for Phase 1, the Sunrise Oil Sands Project has been able to achieve a solid sustainable economic return.”

With the FEED work complete and regulatory approval for the amended design in place, Husky is preparing to issue requests for proposals (RFP) for the central plant and field facilities. The first five well pads are being built and site preparation work for the central facilities will be finalized this year. Pending project sanction by Husky and its partner BP, the detailed engineering, procurement, and construction phase of the project is scheduled to begin in the second half of 2010, with Phase 1 production anticipated in 2014.

The Sunrise Oil Sands Project, located 60 km northeast of Fort McMurray, will use Steam Assisted Gravity Drainage (SAGD) technology. Husky estimates that Sunrise contains 3.7 billion barrels of proved, probable plus possible reserves (0.13 billion barrels proved, 1.9 billion barrels probable and 1.7 billion barrels possible, of which Husky has a 50 percent working interest), as of December 31, 2009. Capital cost for Phase I (60,000 barrels per day) is estimated at \$2.5 billion, down from the earlier forecast of \$3.8 billion to \$4.0 billion under the original design plan. Under current regulatory approvals, production is expected to ramp up to 200,000 barrels per day once all phases have been built and are operational in the 2020 timeframe.

In 2008, Husky and BP formed two 50/50 partnerships, a Canadian oil sands partnership operated by Husky and a U.S. refining LLC operated by BP. The Sunrise Oil Sands Project, jointly owned by Husky and BP, is combining the production of bitumen with existing refining. The integrated project solution is considered to be most cost efficient and represents a responsible approach to resource development and environmental stewardship.

Husky Energy is an integrated energy and energy-related company headquartered in Calgary, Alberta, Canada. Husky Energy is a publicly traded company listed on the Toronto Stock Exchange under the symbol HSE.

FORWARD LOOKING STATEMENTS

Certain statements in this news release are forward-looking statements or information (collectively “forward-looking statements”), within the meaning of the applicable securities legislation. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as: “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the

forward-looking statements. In particular, the forward-looking statements in this news release relating to the Sunrise Oil Sands Project include: Husky's development plans, anticipated date of first production, capital cost estimates and production estimates. Although Husky believes that the expectations reflected by the forward-looking statements presented in this news release are reasonable, Husky's forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to Husky about itself and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources. Husky's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com and the EDGAR website www.sec.gov) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. Except as required by applicable securities laws, Husky disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Disclosure of Oil and Gas Reserves and Other Oil and Gas Information

Husky's disclosure of proved, probable and possible oil and gas reserves and other information about its oil and gas activities has been made based on reliance of an exemption granted by Canadian Securities Administrators. The exemption permits Husky to make these disclosures in accordance with requirements in the United States. These requirements and, consequently, the information presented may differ from Canadian requirements under National Instrument 51-101, "Standards of Disclosure for Oil and Gas Activities." Please refer to "Disclosure of Exemption under National Instrument 51-101" in the Annual Information Form for the year ended December 31, 2008 filed with securities regulatory authorities for further information.

The proved, probable and possible reserves for the Sunrise project disclosed in this news release use annual average pricing according to the new requirements in the United States.

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the quantities actually recovered will exceed the sum of the proved plus probable plus possible reserves. There is at least a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

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For further information, please contact:

Investor Inquiries:

Sharon Murphy
General Manager,
Corporate Communications & Investor Relations
Husky Energy Inc.
403-298-6096

Patrick Aherne
Manager, Investor Relations
Husky Energy Inc.
403-298-6817

Media Inquiries:

Graham White
Corporate Communications
Husky Energy Inc.
403-298-7088