

News Release

August 20, 2003

Husky Energy Agrees To Acquire Marathon Canada

Calgary, Alberta – Husky Energy, through a wholly owned subsidiary, has agreed to acquire all of the issued and outstanding shares of Marathon Canada Limited and the Western Canadian assets of Marathon International Petroleum Canada, Ltd. The total purchase price is \$588 million (U.S.). Production from Marathon Canada is approximately 27,000 gross barrels of oil equivalent per day (boe/d). The effective date of the transaction is October 1, 2003.

In a separate transaction, Husky has agreed to sell certain of the Marathon Canada oil and gas properties with gross production of approximately 7,500 boe/d to a third party for a sale price of \$320 million (U.S.).

The assets to be retained by Husky are properties located primarily in northern and southern Alberta and northeastern British Columbia. The acquisition will add approximately 19,500 barrels of oil equivalent (boe) to Husky's daily production, consisting of 90 mmcf/day of natural gas and 4,500 barrels per day of liquids (crude oil and natural gas liquids). The acquisition will also add proven reserves of 39.8 mmmboe consisting of 183 bcf of gas and 9.2 mmbbls of liquids. Total established reserves as of July 1, 2003, were estimated at 46.8 mmmboe consisting of 216 bcf of natural gas and 10.7 mmbbls of liquids.

“The purchase of Marathon Canada will complement our existing Western Canada property base,” said President and Chief Executive Officer John C.S. Lau. “Husky will continue to pursue investment opportunities to increase production and reserves consistent with our growth strategy. It is anticipated that this transaction will increase earnings and cash flow and will be funded from Husky's internal cash flow and available facilities.”

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

Certain information in this release may contain forward-looking statements. Actual future results may differ materially. Husky's annual report to shareholders and other documents filed with securities regulatory authorities describe the risks, uncertainties and other factors, such as changes in business plans that could influence actual results.

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Husky Lands and Marathon Canada Production Areas

