NEWS RELEASE

May 31, 2004

For immediate release

Husky Energy seeks expressions of interest to develop White Rose gas

Calgary, Alberta – Husky Energy has commenced a program to evaluate the viability of producing and transporting natural gas from the White Rose Field, located 350 kilometres offshore Newfoundland and Labrador.

Husky is soliciting expressions of interest from contractors and engineering firms to assess the key technical, economic and regulatory issues critical to a safe and reliable natural gas development on the Grand Banks, as well as the capital and operating costs of such a development.

Following a review of conceptual designs, Husky may select one or more firms to participate in a Request for Proposal process, outlining the potential project's broad objectives and expected deliverables.

"Husky is pleased to commence the evaluation of this important resource," said Mr. John C. S. Lau, President and Chief Executive Officer, Husky Energy Inc. "This is the first step which may help realize gas production from White Rose within a decade. In order to evaluate natural gas development in the Jeanne d'Arc Basin, new technologies will need to be developed and today we believe this is possible."

Canada-Newfoundland Offshore Petroleum Board (C-NOPB) reserves and resources estimates in the Newfoundland and Labrador offshore area are approximately 2.1 billion barrels of oil and 9.6 trillion cubic feet of natural gas (issued by C-NOPB May 19, 2004). The C-NOPB estimates that White Rose has natural gas resources of 2.7 trillion cubic feet.

Husky owns 72.5 percent of the White Rose offshore development. The oil project has a capital cost of $2.35 billion and is scheduled to commence producing oil by the end of 2005 or early 2006.

Husky's initial review of likely technologies indicates that a marine transportation system using compressed natural gas/pressurized natural gas has potential. However, Husky wishes to consider other technologies and is inviting proposals that encompass all such technologies.

The anticipated broad deliverables from the work program will include:

- A quantified evaluation of viable alternatives and a methodical selection process to identify a preferred development option. This will include identification of potential opportunities for activities that could be carried out in Newfoundland and Labrador and in the rest of Canada.
- A capital and operating cost estimate for each option.
- An evaluation of any unproven technology issues and operating procedures, including proposed work programs, testing to address these uncertainties, and an estimate of the development time and costs required.
- An estimate of system operations based upon simulation modeling including reliability and weather related factors.
- Identification and quantification of safety and environmental related issues and risk factors.
- An evaluation of regulatory issues during all stages of the gas development. This should include national and international regulations, protocols and codes.

Husky is requesting expression of interest responses by June 30, 2004.

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 and drilling results that could influence actual results. Husky assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

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