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For immediate release

Husky Energy Proceeds with Tucker Oil Sands Project

Calgary, Alberta – Husky Energy Inc. is pleased to announce that it is proceeding with its Tucker oil sands project. Husky has received Alberta Energy and Utilities Board approval for the project, which is located 30 kilometres northwest of Cold Lake, Alberta. It is estimated that the Tucker lease contains original bitumen in place of 1.27 billion barrels and that the project will recover approximately 350 million barrels over a 35-year project life.

The Tucker project will commence construction next year and is scheduled for completion in 2006, with project commissioning planned for the third quarter of 2006. Oil production will commence within three to six months of commissioning, with expected peak production rates of 30,000 to 35,000 barrels per day.

“Tucker is an important undertaking by Husky as it is our milestone oil sands project,” said Mr. John C.S. Lau, President & Chief Executive Officer. “We are encouraged by the long-term potential of the oil sands. Husky has the ability to develop these assets in a manner that will add value to our shareholders, while keeping control over development costs.”

Capital cost to first oil is expected to be approximately \$500 million, including a five percent contingency for changes that may be required during final design and construction. Husky is finalizing a lump sum turnkey contract with a major engineering company for the Central Processing Facility at Tucker, which comprises approximately 60 percent of the capital costs.

Husky will use steam assisted gravity drainage (SAGD) technology to recover the bitumen at Tucker. The SAGD thermal recovery process involves drilling pairs of horizontal wells into the formation and injecting steam into the upper wells to heat the reservoir, causing the bitumen to drain into the lower wells. The bitumen in the lower wells is then produced to the surface, where it is blended with diluent enabling it to flow through a pipeline. The Clearwater reservoir at Tucker is well suited for SAGD technology. It is a thick, clean reservoir with good bitumen saturation.

Husky can process the bitumen from the Tucker project into synthetic crude oil at the Company's Lloydminster Upgrader or deliver the bitumen blend directly to market through existing terminals at Hardisty, Alberta.

“Tucker is one of several oil sands leases held by Husky. The Company's total oil sands leases are comprised of 425,000 acres containing an estimated 3 billion barrels of possible reserves,” Mr. Lau said. “Husky's oil sands projects will play a significant role in the Company's medium and long-term growth strategies.”

Husky has developed expertise as a thermal producer of heavy oil. The Company operates three thermal recovery projects and is a leader in heavy oil production, producing more than 100,000 barrels per day in Western Canada.

Husky Energy is a Canadian based, integrated energy and energy-related company headquartered in Calgary, Alberta. Husky Energy is a publicly traded company listed 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 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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Additional information on Husky's Tucker project and other Husky oil sands leases can be found at www.huskyenergy.ca.