



October 28, 2004

For immediate release

Husky Energy Holds Sod Turning Ceremony at Lloydminster Ethanol Facility

Lloydminster, Saskatchewan – Husky Energy Inc. took another step forward today with its planned ethanol facility in Lloydminster, Saskatchewan, holding a ceremonial sod-turning hosted by Mr. John C.S. Lau, Husky's President and Chief Executive Officer, Alberta Senator Tommy Banks on behalf of the Government of Canada, and Saskatchewan Premier Lorne Calvert.

Husky is building the 130-million litre per year ethanol facility adjacent to its heavy oil upgrader at Lloydminster, Saskatchewan. An access road has already been relocated to make room for the plant and work has begun on a railway spur line going into the site. The plant, which will be the largest ethanol facility in Western Canada, is anticipated to be fully operational by mid-2006. The project is currently being tendered and total capital costs will be finalized upon completion of this process. The facility is eligible for \$7.8 million in funding under the Government of Canada's Ethanol Expansion Program.

"Husky is committed to the ongoing improvement of its fuel quality and expanding its operations to meet the demand for environmentally friendly fuel," said Mr. Lau. "This initiative also supports the marketing of ethanol-blended fuels sold under our 'Mother Nature's Fuel' brand as well as the Government of Saskatchewan's initiative of encouraging rural development and the agricultural industry."

The Honourable R. John Efford, Minister of Natural Resources Canada, said: "Expanding ethanol production will play a key part in addressing climate change. Furthermore, it provides opportunities for farmers to diversify into new markets and boosts rural economies. The Government of Canada invested \$100 million in the Ethanol Expansion Program to help build plants like this because we believe that ethanol is a step in the right direction in meeting our climate change goals and ensuring our future prosperity."

The Ethanol Expansion Program, announced on August 12, 2003, is intended to expand fuel ethanol production and use in Canada and reduce transportation-related greenhouse gas (GHG) emissions that contribute to climate change.

Premier Calvert said Husky's Lloydminster ethanol facility is a perfect example of a project that helps to build a green and prosperous economy. "Growing Saskatchewan's biofuels industry helps the environment and the economy. It helps the economy by creating jobs and generating economic activity," said Premier Calvert.

Mr. Lau commended the governments of Saskatchewan and Canada for demonstrating the commitment required to reduce Canada's greenhouse gas emissions. "I want to congratulate both levels of government for their commitment in this vital area," he said.

Ethanol is a high-octane, alcohol-based fuel additive produced from wheat. Ethanol-blended fuels offer several advantages over regular gasoline, including higher octane ratings, reduced tailpipe emissions and protection from gas-line freezing.

Husky has been a pioneer in the production of ethanol from Prairie grains since 1981 when it opened a plant at Minnedosa, Manitoba. That facility produces 10 million litres of ethanol annually.

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 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 Ethanol Plant and other Husky initiatives can be found at www.huskyenergy.ca.