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For immediate release

Husky Increases Holdings in Jeanne d'Arc Basin

St. John's, Newfoundland and Labrador – Husky Energy Inc. announced expansion of its holdings in the Jeanne d'Arc Basin with the acquisition of exploration rights for two parcels totaling 15,615 hectares, in the recent land sale conducted by the Canada-Newfoundland Labrador Offshore Petroleum Board.

"With the White Rose oil field now in production, we believe there is strong potential for development of further oil and gas reserves in the Jeanne d'Arc Basin," said Mr. John C.S. Lau, President & Chief Executive Officer, Husky Energy Inc. "Husky views the existing White Rose infrastructure as a platform for growth and increasing our land holdings reflects our confidence and long-term commitment to the growth potential of the Basin."

Mr. Lau also noted that the consolidation positions Husky as one of the largest landholders in the Jeanne d'Arc Basin. "Husky Energy now holds two production licences and other exploration licences offshore Newfoundland and Labrador, and is evaluating its exploration program with a view towards additional drilling in 2006, subject to the availability of a drilling rig."

In 2006, Husky will capitalize on its land position by spending \$350 million on its East Coast operations which includes drilling and completion of a fourth well at White Rose and delineation of reserves in the North Avalon Pool, adjacent to the South Avalon Pool of the White Rose oil field.

In a related development, Husky has completed in 2005 its third shipment of crude oil from the *SeaRose FPSO*, located at the White Rose oil field approximately 350 kilometres east of St. John's, Newfoundland and Labrador. The cargo of 945,000 barrels was offloaded to the *Jasmine Knutsen*, one of two shuttle tankers which carry White Rose oil to refineries in eastern Canada and the United States.

"This offload completes a very successful year for Husky Energy's East Coast operations, by meeting our commitment to develop White Rose ahead of time and schedule," said Mr. Lau. "Our focus for 2006 will be to continue to increase production to 100,000 barrels a day during the next six months." Approximately 2.4 million barrels of oil were produced from the White Rose field in 2005, with 1.74 million net to Husky. Husky Energy owns 72.5 percent of the White Rose development and is the operator.

For a map of parcels 1 and 3 recently acquired, please go to www.huskyenergy.ca

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.

Forward Looking Statements – Certain statements contained in this release, including statements which may contain words such as “could”, “expect”, “believe”, “will”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are forward-looking statements and are based on Husky’s current belief as to the outcome and timing of such future events. 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 changes in estimates of future production that could influence actual results. 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.

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Map of Jeanne d'Arc Basin

