



Husky Energy Inc.

News

August 8, 2006

For immediate release

Husky Energy Increases Holdings in the South China Sea

Calgary, Alberta – John C.S. Lau, President & Chief Executive Officer, Husky Energy Inc., announced that the Company has signed three petroleum contracts with the China National Offshore Oil Corporation (CNOOC) for exploration blocks in the South China Sea, China. The three exploration blocks cover approximately 16,871 square kilometres.

Block 29/06 is located in the Pearl River Mouth Basin adjacent to the Company's existing discovery block 29/26. Block 29/26 contains the Liwan 3-1-1 discovery which has an estimated resource of four to six trillion cubic feet of natural gas. Block 29/06 has an area of 9,265 square kilometres and is in water depths of 500 to 1,500 metres.

The second and third blocks, 35/18 and 50/14 are located in the Ying Ge Hai Basin, west of Hainan Island. Block 35/18 is 4,469 square kilometres in area and Block 50/14 covers 3,137 square kilometres. Both blocks are in water depths of less than 120 metres.

"Husky is pleased to acquire these three exploration blocks in the South China Sea. The acquisition allows Husky to enhance its position and expand its exploration in natural gas prone basins, close to existing markets," said Mr. Lau.

Under the terms of the petroleum contracts, Husky will drill one exploration well in each of the Ying Ge Hai blocks and two wells on the 29/06 block within the three year term. Husky will fund 100 per cent of the exploration costs, while CNOOC retains the right to back into any future development with a 51 percent interest.

The acquisition of these exploration blocks brings Husky's total holdings to over 30,000 square kilometres of exploration acreage in the South and the East China Seas.

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 statements contained in this news release constitute forward looking statements or information (collectively, "forward looking statements") within the meaning of applicable securities legislation. These forward looking statements relate to future events or Husky's future performance. The use of any of the words "could", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward looking statements and are based on Husky's current belief or assumptions as to the outcome and timing of such future events, and in this news release includes references to estimated resources of natural gas. Actual future results may differ materially. Husky's annual report to shareholders and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com and the EDGAR website www.sec.gov) describe the risks, uncertainties and other factors, such as drilling results, changes in business plans and potential delays or changes in plans with respect to development projects or capital expenditures, that could influence actual results. Except as required by law, 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.

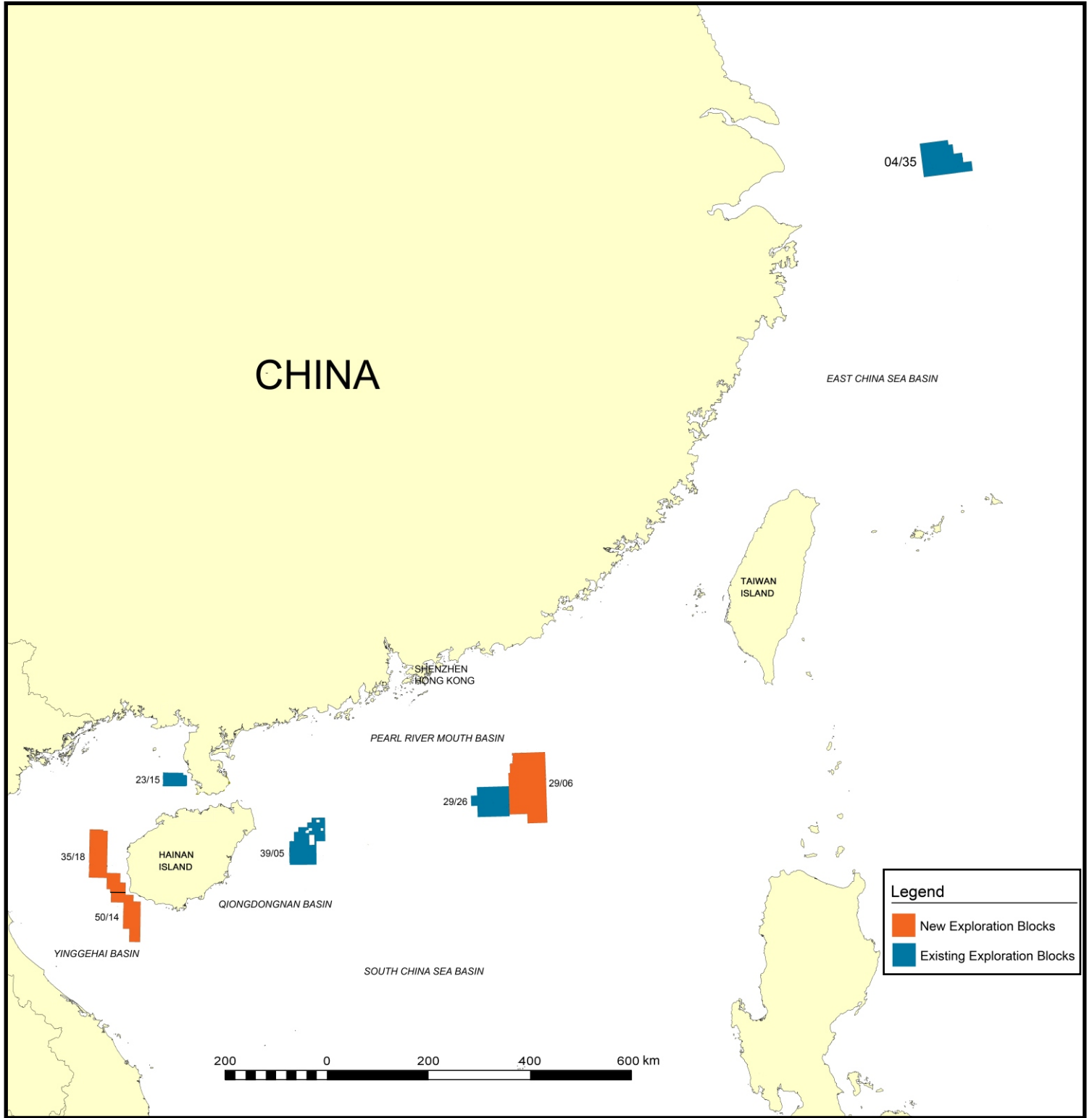
Reserves Data and Other Oil and Gas Information – Husky’s disclosure of reserves data and other oil and gas information is made in reliance on an exemption granted to Husky by Canadian securities regulatory authorities, which permits Husky to provide disclosure required by and consistent with those of the United States Securities and Exchange Commission and the Financial Accounting Standards Board in the United States in place of much of the disclosure expected by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The proved oil and gas reserves disclosed in this release have been evaluated using the United States standards including those contained in Rule 4-10 of Regulation S-X of the Securities Exchange Act of 1934.

Cautionary Note to U.S. Investors – The United States Securities and Exchange Commission permits oil and gas companies in their filings with the SEC to disclose only proved reserves, that is reserves that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made. Specifically, we have used in this release certain terms such as “estimated resources”, which are inherently more uncertain than proved reserves and which U.S. oil and gas companies are prohibited from including in reports filed with the SEC. U.S. investors should refer to our Annual Report on Form 40-F available from us or the SEC for further reserve disclosure.

-30-

For further information, please contact:

Tanis Thacker
Senior Analyst, Investor Relations
Husky Energy Inc.
(403) 298-6747



CHINA

04/35

EAST CHINA SEA BASIN

TAIWAN ISLAND

SHENZHEN
HONG KONG

PEARL RIVER MOUTH BASIN

23/15

29/26

29/06

35/18

HAINAN ISLAND

39/05

QIONGDONGNAN BASIN

50/14

YINGGEHAI BASIN

SOUTH CHINA SEA BASIN

Legend

- New Exploration Blocks
- Existing Exploration Blocks

200 0 200 400 600 km

