For immediate release

Husky Expands Lloydminster to Hardisty Mainline Pipeline System

Calgary, Alberta - Mr. John C.S. Lau, President & Chief Executive Officer, Husky Energy Inc., announced that Husky will be expanding its mainline crude oil pipeline between Lloydminster, Alberta and its terminal at Hardisty, Alberta. This expansion will accommodate increased production from its Tucker Oil Sands Project, located near Cold Lake, Alberta and shipments from third parties. The expansion will also allow for increases in future shipping volumes from Husky's heavy oil upgrader at Lloydminster.

Construction of the $100 million 80 kilometres pipeline project will start in September 2006 and will be completed in two phases. The first phase involves the installation of two 20-kilometre sections of 24-inch pipe and associated pumps north of Wainwright, Alberta and north of the Battle River, Alberta pumping station and is anticipated to be operational by the second quarter of 2007. The second phase will consist of installing the remaining 40 kilometres of 24-inch pipe from Lloydminster to Wainwright, with completion scheduled in the fourth quarter of 2007. The expansion project includes laying pipe, upgrading pumps and installing associated equipment at the terminals and pumping station.

"The expansion of Husky's mainline system between Lloydminster and Hardisty is a key component to transport Husky's crude products to a growing energy market," said Mr. Lau. "Our pipeline infrastructure will play an increasingly important role as Husky seeks midstream and downstream solutions for developing our oil sands and heavy oil assets in this region."

Husky owns and operates a 2,050 kilometres pipeline system centered at Lloydminster where volumes from its Tucker Oil Sands Project, on the Cold Lake Gathering System and volumes from the Saskatchewan Gathering System are collected and shipped, via Husky's Mainline System to its Hardisty Terminal. The terminal handles in excess of 430,000 barrels per day of product ranging from light and synthetic to blended heavy crude, and accounts for over 25 percent of the total volume of crude oil exports from Western Canada.

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.

Advisory regarding forward-looking statements or information – 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 or performance. In particular, forward-looking statements include the construction schedule for the pipeline expansion project. 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 changes in business plans and potential delays or changes in plans with respect to construction 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.
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