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For immediate release

Husky Energy Increases Holdings in South China Sea

Calgary, Alberta – John C.S. Lau, President & Chief Executive Officer, Husky Energy Inc., announced today that the Company has signed a petroleum contract with the China National Offshore Oil Corporation (CNOOC) for an exploration block in the South China Sea, China.

The exploration block 63/05 covers approximately 1,777 square kilometres and is located in the Qiongdongnan Basin approximately 100 kilometres south of Hainan Island, in water depth of less than 120 metres.

“Husky is pleased to acquire this new exploration block. The acquisition allows us to enhance our position in natural gas prone basins, close to existing and expanding markets,” said Mr. Lau. “Husky’s deep water discovery at Liwan 3-1 illustrates this potential. With the acquisition of block 63/05, Husky is now in all of the major petroleum basins offshore Southern China”, added Mr. Lau.

The acquisition of this new exploration block brings Husky’s total holdings to more than 31,000 square kilometres of exploration acreage in the South and East China Seas.

Husky acquired block 29/06 in the Pearl River Mouth Basin adjacent to the Company’s existing discovery on block 29/26, and two additional blocks in the gas prone Yingge Hai Basin in 2006. Husky has now completed acquisition of 925 square kilometres of 3D seismic, creating contiguous 3D seismic coverage of 3,676 square kilometres, over blocks 29/26 and 29/06. In addition, Husky also completed 750 square kilometres of 3D seismic over the Yingge Hai block 35/18, and expects to drill exploration wells on each of the two Liwan blocks and the two Yingge Hai blocks in 2009-2010.

The Seadrill West Hercules drilling rig is expected to be ready on schedule and is currently undergoing commissioning in South Korea. Husky expects to commence delineation drilling on the Liwan 3-1 discovery in the third quarter.

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 include plans for the drilling of exploration wells on the Liwan and Yingge Hai blocks; plans for Liwan delineation drilling; the West Hercules drilling rig delivery schedule; and the general plans for the development of Liwan. 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, the receipt of regulatory approvals, 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 applicable securities laws, 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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Offshore China Holdings

