

News

Expanding the Horizon

Husky Energy Inc.

July 15, 2004

For immediate release

Husky Energy acquires Temple Exploration Inc.

Calgary, Alberta – Husky Energy Inc. is pleased to announce it has purchased all the issued and outstanding shares of Temple Exploration Inc., a private Calgary oil and gas company, for \$115 million. Husky estimates production to average 4,400 barrels of oil equivalent per day for the remainder of 2004 with additional future exploration growth potential. Temple's proven reserves are approximately 29 billion cubic feet equivalent (bcfe), consisting of 21.4 billion cubic feet (bcf) of natural gas and 7.6 bcfe of natural gas liquids. Probable reserves are approximately 15.6 bcfe, including 11.8 bcf of natural gas and 3.8 bcfe of natural gas liquids.

Temple's producing properties, proven reserves, seismic data and undeveloped land are located in the Deep Basin in northwestern Alberta, where Husky already has existing production and infrastructure. The transaction, which includes \$13.5 million of working capital, closed effective July 15, 2004.

"Temple's assets are an excellent fit strategically and provide good opportunities for Husky to grow its natural gas production in the Deep Basin over the next two years," said Mr. John C.S. Lau, President & Chief Executive Officer, Husky Energy Inc. "We plan to take advantage of the upside potential of these assets. This acquisition is accretive to Husky's earnings and cash flow."

The 4,400 barrels of oil equivalent per day of production consists of 18.7 million cubic feet per day of natural gas and 1,284 barrels per day of natural gas liquids. Husky has set targets to double production

from the Temple properties over the next two years. The Company plans a drilling program on the undeveloped acreage, with up to 25 wells (17 net to Husky) by 2006.

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, drilling results, the uncertainty of estimates and projections of future production, 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 the Temple acquisition can be found at www.huskyenergy.ca/news