



Husky Energy Inc.

News

September 26, 2006

For immediate release

Husky Energy Commences Ethanol Production in Lloydminster

Calgary, Alberta – Mr. John C.S. Lau, President & Chief Executive Officer of Husky Energy Inc., announced today the official opening of Husky's Lloydminster Ethanol Plant in a ceremony attended by the Premier of Saskatchewan, Hon. Lorne Calvert, and other dignitaries.

Husky's facility is the largest plant of its kind in Western Canada and will produce annually at peak production 130 million litres of ethanol and 134,000 tonnes of Distillers Dried Grain with Solubles (DDGS), a high protein feed supplement. The Company expects to purchase 350,000 tonnes of wheat per year from local producers for the manufacturing of ethanol. Husky's existing plant in Minnedosa, Manitoba, which has been producing ethanol from prairie grains since 1981, is currently being expanded from 10 to 130 million litres of ethanol per year. The new facility will become fully operational in mid-2007.

"This project is a world class example of the growing value of biofuels and the important role cleaner burning fuels such as ethanol can play," Premier Calvert said. "Husky has shown its confidence in the Saskatchewan economy with its major investment in this plant and leadership in making these fuels increasingly available to the public. We are proud to have created a climate in our province in which ethanol development and such investments occur."

"The Lloydminster Ethanol Plant supports the Government of Saskatchewan's initiatives to establish a viable biofuels industry to enhance rural development. Husky has created 25 new jobs at the facility and will contribute to the local economy through the purchase of grain from producers in the surrounding areas," said Mr. Lau.

Ethanol is a high-octane, alcohol based fuel additive produced from grain, including wheat. Ethanol-blended fuels offer several advantages over regular gasoline, including higher octane ratings, reduced tail-pipe emissions and protection from gas-line freezing.

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.

Cautionary note 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 peak production levels from the Lloydminster ethanol plant, the commencement of operations and production levels at the Minnedosa ethanol plant and the annual quantity of wheat expected to be purchased. 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 construction projects, 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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