



Husky Energy Inc.

News

October 5, 2006

For immediate release

Husky Energy Celebrates its Inaugural Oil Sands Project

Calgary, Alberta – Mr. John C.S. Lau, President & Chief Executive Officer, Husky Energy Inc. announced today the official opening of Husky's Tucker Oil Sands Project in a ribbon cutting ceremony at the facility site near Cold Lake, Alberta. The event was attended by the Honourable Ralph Klein, Premier of Alberta, the Honourable Greg Melchin, Minister of Energy and other distinguished guests.

The Tucker Oil Sands Project is the first in Husky's portfolio of oil sands assets. The project, located 30 kilometres northwest of Cold Lake, Alberta, was completed on time and below its \$500 million budget. Construction on the project began in the fall of 2004 and at its peak employed about 700 workers on site. The facility will employ approximately 40 full time workers.

"Corporate citizens like Husky Energy represent the grand entrepreneurial spirit of Alberta. Benefits from projects like Tucker don't stop in the boardroom. They are shared throughout Alberta, whether by the worker in Fort McMurray or the retired couple in Brooks, and indeed are felt right across Canada. We thank Husky for contributing to Alberta's oil sands development and for providing energy for generations to come," said Premier Klein.

"We are very pleased with our project planning and execution," said Mr. Lau. "The Husky project team and our contractors have done an outstanding job in completing the facilities on time and below budget, notwithstanding an overheated economy and increased labour costs."

During the 35 year life of the project, Husky expects to produce approximately 350 million barrels of bitumen. First oil is expected in November of this year with peak production of more than 30,000 barrels per day to be reached within 18 to 24 months.

The Tucker Oil Sands Project is an integrated development and is located in close proximity to Husky's existing heavy oil pipeline infrastructure. The product will be blended with a diluent to be transported to Husky's Upgrader located in Lloydminster, Saskatchewan. The diluted bitumen will be upgraded into a premium synthetic crude oil and then transported to refineries in Canada and the United States.

Husky's oil sands leases total approximately 484,000 acres in the Fort McMurray and Cold Lake regions with original bitumen in place of 39.3 billion barrels.

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 the timing and quantity of Tucker production and Tucker employment levels. 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.

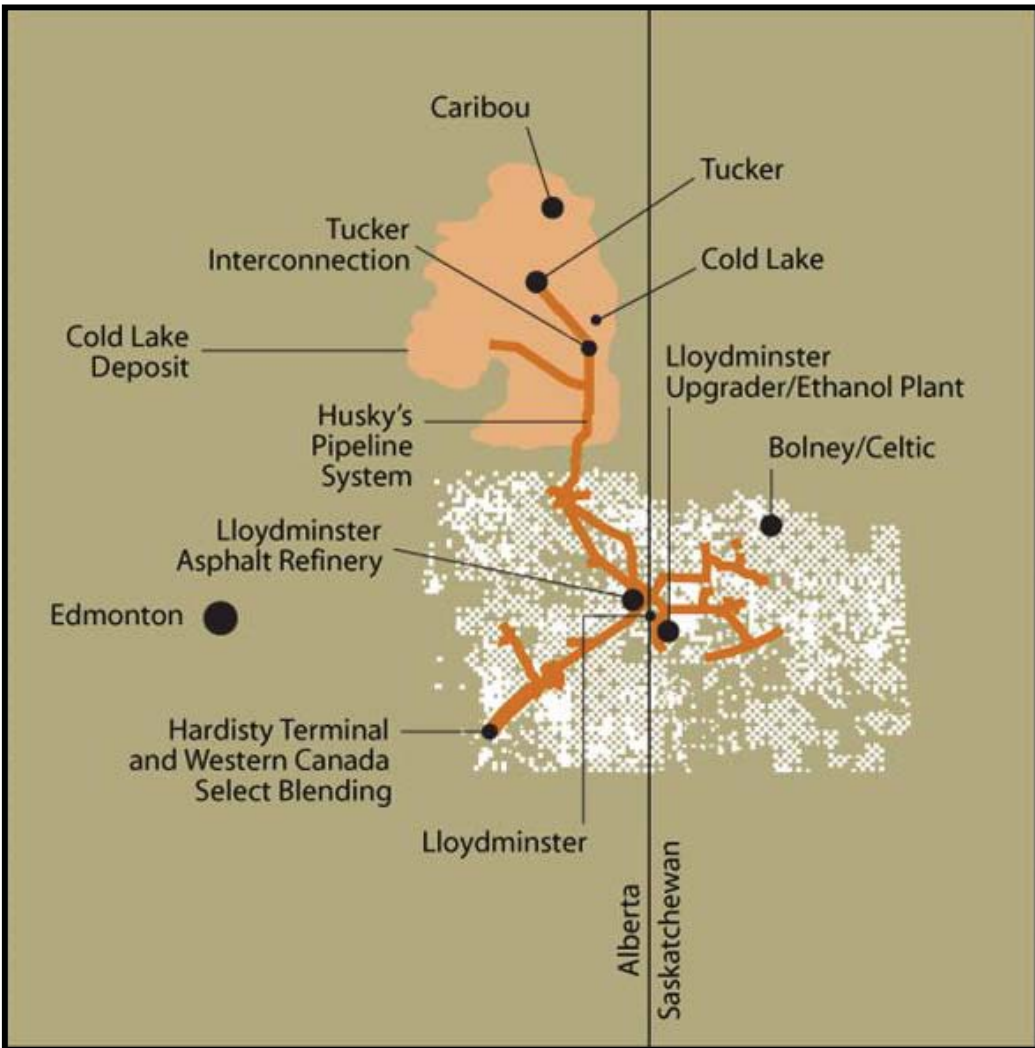
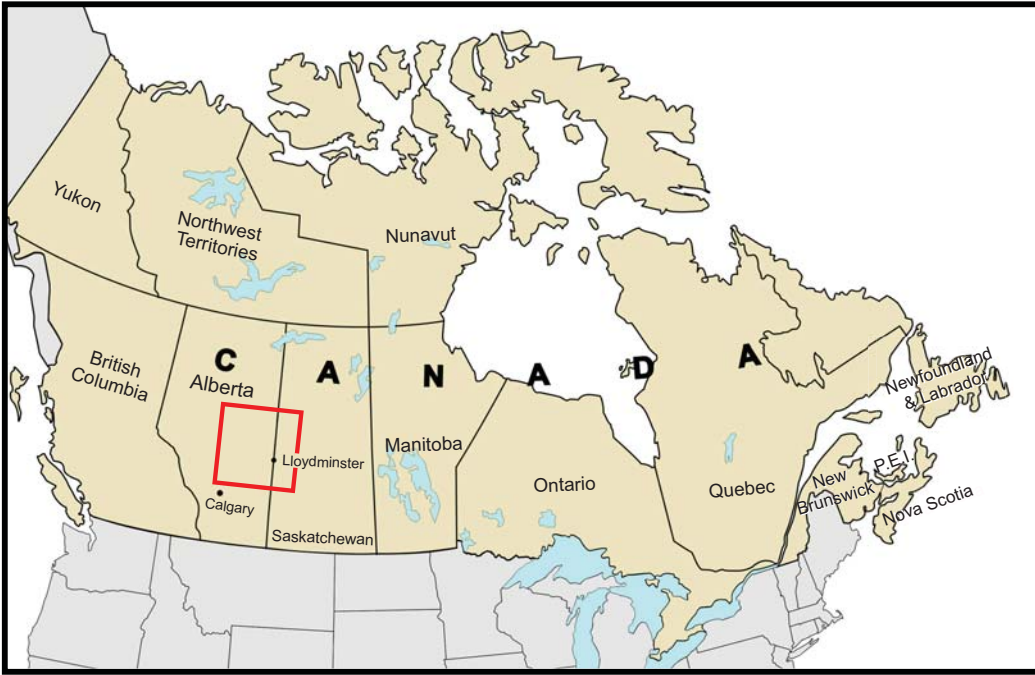
Reserves Data and Other Oil and Gas Information – Husky’s disclosure of reserves data and other oil and gas information is made in reliance on an exemption granted to Husky by Canadian securities regulatory authorities, which permits Husky to provide disclosure required by and consistent with those of 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 original bitumen in place disclosed in this release has been evaluated in accordance with standards outlined in National Instrument 51-101. Please refer to “Disclosure of Exemption Under National Instrument 51-101” at page 2 of our Annual Information Form for the year ended December 31, 2005 filed with securities regulatory authorities for further information.

Cautionary Note to U.S. Investors – The United States Securities and Exchange Commission permits U.S. 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. We use certain terms in this news release that the SEC’s guidelines strictly prohibit in filings with the SEC by U.S. oil and gas companies, such as original bitumen in place, which are inherently more uncertain than proved reserves. U.S. investors should refer to our Annual Report on Form 40-F available from us or the SEC for further reserve disclosure.

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For more information, please contact:

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



— Pipelines
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