

Husky Announces the Signing of Agreement for Liwan 3-1 Field Development

Calgary, Alberta (Dec. 7, 2010) – Husky Energy Inc. (Husky) is pleased to announce that its wholly owned subsidiary, Husky Oil China Ltd., has signed a Heads of Agreement with China National Offshore Oil Corporation (CNOOC), specifying the key principles of cooperation for funding and operation of the Liwan 3-1 deep water gas field development.

“The signing of this agreement formalizes the business arrangement between Husky and CNOOC for this important gas project. This contractual milestone complements the significant progress on the project to date with appraisal work and front-end engineering design complete,” said John C.S. Lau, President & Chief Executive Officer, Asia Pacific. “The overall development plan submission to regulatory authorities is expected in early 2011.”

Husky currently has a Petroleum Contract in place with CNOOC for Block 29/26 which covers the fiscal framework for exploration and development of oil and gas. Under the agreement for Liwan 3-1 field development, Husky has agreed to operate the deep water portion of the project involving development drilling and completions, subsea equipment and controls, and subsea tie-backs to a shallow water platform. CNOOC Limited has agreed to operate the shallow water portion of the project including a shallow water platform, approximately 270 km subsea pipeline to shore, and the onshore gas processing plant.

Husky continues to hold 49% working interest for Liwan 3-1. First gas from the Liwan 3-1 development is anticipated in late 2013, ramping up through 2014.

In addition to Liwan 3-1, Husky has built a high-quality asset base in Asia Pacific, including further natural gas discoveries on block 29/26 at Liuhua 29-1 and, Liuhua 34-2, and the producing Wenchang oil field offshore China. The company’s other growth opportunities include the Madura BD and MDA gas fields developments offshore Indonesia and the North Sumbawa II exploration block.

Husky Energy is an integrated energy company headquartered in Calgary, Alberta, Canada. Husky Energy is a publicly traded company listed on the Toronto Stock Exchange under the symbol HSE. More information is available at www.huskyenergy.com.

Forward Looking Information

Certain statements in this press release are forward-looking statements or information (collectively “**forward-looking statements**”), within the meaning of the applicable securities legislation. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as: “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In particular, this news release includes forward-looking statements relating to the Company’s general strategic plans; expected timing of applications for regulatory approval; expected timing of

development and production at Liwan; and the Company's growth opportunities in Southeast Asia. Although Husky believes that the expectations reflected by the forward-looking statements presented in this press release are reasonable, Husky's forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to Husky about itself and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources. Husky's Annual Information Form 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, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. 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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