



Husky Energy Inc.

News

May 17, 2006

For immediate release

Husky Energy Announces Discovery in Northwest Territories

Calgary, Alberta – Mr. John C.S. Lau, President & Chief Executive Officer of Husky Energy Inc., announced today that Husky and its partners have made a hydrocarbon discovery at the Stewart D-57 location in the Central Mackenzie Valley, Northwest Territories, Canada.

Stewart D-57 was drilled on Tulita District Land Corporation Freehold Block M-38. The well was drilled to a depth of 3,147 metres, cased to total depth and suspended. On open-hole testing, natural gas flowed from two Cretaceous intervals to the surface at a combined rate of 5 million cubic feet per day, confirming a hydrocarbon-bearing column of at least 50 metres. This is the first successful Cretaceous hydrocarbon discovery in the Central Mackenzie region.

Husky also concluded its winter drilling program in the Summit Creek area approximately 26 kilometres northwest of the Stewart D-57 discovery. The program consisted of the Summit Creek K-44 well, an appraisal and deeper pool exploration well adjacent to the Summit Creek B-44 discovery well. Summit Creek K-44 was drilled on Exploration License EL 397, 1.4 kilometres northeast of the B-44 discovery well. The well was drilled to a depth of 3,130 metres, cased to total depth and suspended. The results are being evaluated. The Summit Creek B-44 well was drilled on EL 397 in the spring of 2004 and tested at combined rates of approximately 20 million cubic feet per day of natural gas and in excess of 6,000 barrels per day of light oil and condensate.

The Company and its partners plan to acquire 200 kilometres of low-impact heliportable 2-D seismic in the Summit Creek area this summer. The data will be used to determine sites for potential future winter exploration drilling programs.

Husky and its partners acquired Block CMV-6 offsetting EL 397 at the May 9, 2006 land sale. The Block was acquired for a work commitment of \$10.5 million over the next four years. With the acquisition of CMV-6, Husky and its partners have land holdings of 3,275 square kilometres in the Central Mackenzie Valley area.

Husky is the operator and holds a working interest of approximately 29 percent in EL 397 and a working interest of approximately 26 percent in M-38. The remaining joint venture partners are Northrock Resources: a wholly owned subsidiary of Pogo Producing Company (NYSE: PPP), EOG Resources Canada Inc. (NYSE: EOG), Pacific Roderia Energy Inc. (TSX-V: PRD), and International Frontier Resources Corporation (TSX-V: IFR).

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 seismic programs. 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 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.

-30-

For further information, please contact:
Colin Luciuk
Manager, Investor Relations &
Corporate Communications
Husky Energy Inc.
(403) 750-4938