



## NEWS RELEASE

### CHINOOK ENERGY ANNOUNCES ASSET DISPOSITION AGREEMENT

**CALGARY, ALBERTA – May 25, 2016 – Chinook Energy Inc. (TSX: CKE) ("Chinook" or the "Company")** is pleased to announce that it has entered into an agreement to sell, effective May 1, 2016, certain of its assets located in the Gold Creek area of Alberta (the "**Divested Assets**") for aggregate consideration of approximately \$7.5 million, subject to customary closing adjustments. The disposition is anticipated to close on or before June 30, 2016. The Divested Assets include a 75% working interest in 20 sections of land (15 net sections) and related pipelines and production facilities. As at December 31, 2015, Chinook had total proved and total proved plus probable reserves associated with these properties of 98.6 mboe and 137.8 mboe, respectively, with associated estimated net present values of approximately \$0.7 million and \$0.9 million using forecast pricing at a 10% discount. Chinook's first quarter 2016 average production from the Divested Assets was 23 boe/d (38% natural gas and 62% oil and natural gas liquids). The Company expects the disposition to have a minimal impact on its funds flow. Upon completing the sale of the Divested Assets, Chinook will have 24.5 sections (16.5 net) and 35 sections (20.5 net) of Montney lands at Gold Creek and Knopcik, respectively, and will retain ownership of the two (1.13 net) horizontal Montney wells it drilled at Gold Creek in 2014.

"We are pleased to have executed this agreement as it further strengthens our strong financial position and provides us with improved financial flexibility and additional stability to manage near term risks associated with the current uncertain and volatile commodity price environment" stated Walter Vrataric, President and Chief Executive Officer of Chinook. "The disposition is consistent with our strategy of rationalization of non-core assets to further focus on our Montney liquids rich natural gas positions at Birley/Umbach, British Columbia", added Mr. Vrataric.

#### **About Chinook Energy Inc.**

Chinook is a Calgary-based public oil and gas exploration and development company that combines multi-zone conventional production and resource plays in western Canada.

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## **Reader Advisory**

### *Forward-Looking Statements*

In the interest of providing our shareholders and readers with information regarding our company, including management's assessment of our future plans and operations, certain statements contained in this news release constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, this news release contains, without limitation, forward-looking statements pertaining to: various matters relating to the pending disposition of the Divested Assets, including the anticipated closing date of the disposition, the effect of the disposition on our production volumes and reserves and the benefits anticipated to be derived therefrom and that we will continue to focus on the development of our Birley/Umbach properties.

With respect to the forward-looking statements contained in this news release, we have made assumptions regarding, among other things: that the disposition of the Divested Assets will be completed on substantially the terms and the time frame set forth herein. Although we believe that the expectations reflected in the forward-looking statements contained in this news release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this news release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that predictions, forecasts, projections and other forward-looking statements will not occur, which may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, without limitation, that the disposition of the Divested Assets may not be completed on the terms disclosed herein or at all. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the forgoing list of factors is not exhaustive. Additional information on these and other factors that could affect our operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) and at our website ([www.chinookenergyinc.com](http://www.chinookenergyinc.com)). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and we do not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

### *Barrels of Oil Equivalent*

Barrels of oil equivalent (boe) is calculated using the conversion factor of 6 mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.