



NEWS RELEASE

CHINOOK ENERGY INITIATES STRATEGIC REVIEW PROCESS TO EXPAND CORE MONTNEY POSITION

CALGARY, ALBERTA – August 2, 2016 – Chinook Energy Inc. (TSX: CKE) ("**Chinook**" or the "**Company**") announced today that it has initiated a review of strategic alternatives, which may include, among other things, a review of acquisition opportunities to expand its core Montney asset base, or establish a new core of operations. Chinook will also entertain merger, sale, joint venture or other opportunities that will result in a well-capitalized entity that can best develop its emerging Montney assets at Birley/Umbach, British Columbia and at Gold Creek, Alberta. Chinook is uniquely positioned with a strong positive cash position (unconsolidated June 30, 2016 net surplus forecasted to be approximately \$21 million).

It is contemplated that this process may include all of Chinook's assets, as well as any associated interests held by Chinook's partner, WOGH Limited Partnership ("**WOGH**"), a wholly-owned subsidiary of Chinook's major shareholder, Alberta Investment Management Corporation on behalf of certain of its clients. WOGH is also well positioned with a strong positive net surplus and is Chinook's sole partner at Birley/Umbach and Gold Creek.

As previously announced (June 13, 2016 News Release re: Tournament Exploration Ltd.), Chinook has successfully completed the divestiture of the majority of its non-core assets to create a well-capitalized company focused on Montney development at its core Birley/Umbach and Gold Creek assets on which Chinook's management has identified an extensive inventory of drilling locations.

Chinook's management and Board of Directors have determined that it is timely to evaluate a range of strategic alternatives aimed at enhancing shareholder value. Accordingly, Peters & Co. Limited ("**Peters & Co.**") has been engaged by the Company as its exclusive financial advisor to assist in this comprehensive review and analysis of strategic alternatives. Peters & Co. will immediately commence a broad marketing effort to solicit interest in strategic transactions to maximize value for Chinook's shareholders.

The Company does not intend to provide further updates on its strategic review until such time as management and the Board of Directors determines is appropriate. There can be no guarantee that this review will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

About Chinook Energy Inc.

Chinook is a Calgary-based public oil and natural gas exploration and development company with multi-zone conventional production and resource plays in western Canada. The common shares of Chinook are listed for trading on the TSX under the symbol: "CKE".

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Reader Advisory

Forward-Looking Information and Statements

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: Chinook's intention to carry out a strategic review process, the potential structures of such process, the intention of Chinook's partner to participate in such process and the intended value maximization that Chinook believes may result from such process; and; projected positive cash surplus levels for Chinook. Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Chinook which have been used to develop such statements and information but which may prove to be incorrect. Although Chinook believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Chinook can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the opportunities with respect to the strategic process; the intention of Chinook's partner to participate in such process; the general stability of the economic and political environment in which Chinook operates; the Company's net surplus levels; drilling results; the ability of the operator of the projects in which the parties have an interest in to operate the field in a safe, efficient and effective manner; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which such parties operate; the ability of each party to successfully market its oil and natural gas products.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the strategic review may not be completed in the timeframes and in the manner currently contemplated (or at all); changes in commodity prices; changes in the demand for or supply of products; unanticipated operating results or production declines; incorrect assessments of capital expenditures, cash flows; the intention of Chinook's partner; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of or by third party operators of each party's properties, increased debt levels or debt service requirements; inaccurate estimation of Chinook's oil and natural gas reserve and resource volumes; limited, unfavourable or a lack of access to capital and/or debt markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Chinook's public disclosure documents (including, without limitation, those risks identified in this news release and Chinook's Annual Information Form).

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Chinook does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Net Surplus

The reader is cautioned that this news release contains the term net surplus, which is not a recognized measure under IFRS and is calculated as bank debt adjusted for working capital excluding mark-to-market derivative contracts, current portion of decommissioning obligation and assets and liabilities held for sale. Working capital excluding mark-to-market derivative contracts, current portion of decommissioning obligation and assets and liabilities held for sale is calculated as current assets less current liabilities both of which exclude derivative contracts and assets and liabilities held for sale and current liabilities excludes any current portion of debt and decommissioning obligation. Management uses net surplus to assist them in understanding liquidity at specific points in time. Mark-to-market derivative contracts are excluded from working capital, in addition to net surplus, as management intends to hold each contract through to maturity of the contract's term as opposed to liquidating each contract's fair value or less.

Future Oriented Financial Information

This news release, in particular the information in respect of Chinook's forecasted net surplus, may contain Future Oriented Financial Information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Company's activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions including the assumptions discussed under the heading "Forward-Looking Statements and Information". The actual results of the Company's operations and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. Management believes that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments.

Third Party Information

All information regarding WOGH contained herein has been derived in part from information provided by WOGH and other third parties. Although the Company believes that the expectations and matters reflected in such forward-looking statements are based upon reasonable assumptions, and that information obtained from third party sources is reliable, they can give no assurance such matters and information will prove to have been correct.