



## NEWS RELEASE

### CHINOOK ENERGY ANNOUNCES COMPLETION OF THE DISPOSITION OF ITS TUNISIAN ASSETS AND EXPANSION OF 2014 CAPITAL PROGRAM

**CALGARY, ALBERTA** – August 19, 2014 – Chinook Energy Inc. (TSX: CKE) ("**Chinook**" or the "**Company**") is pleased to announce that its wholly-owned subsidiary, Storm Ventures International (BVI) Limited ("**Storm BVI**"), has completed the previously announced disposition, effective January 1, 2014, of all of the issued and outstanding shares of Storm Ventures International (Barbados) Limited, which directly and indirectly owns all of Chinook's Tunisian assets for gross proceeds of US\$127.7 million (including positive working capital of approximately US\$13.7 million) (the "**Transaction**") to Medco Tunisia Petroleum Limited.

As a pure domestic focused company with no debt, positive working capital and a recently expanded credit facility of \$125 million, Chinook is well positioned to accelerate the development of its recently announced Montney successes at Birley/Umbach where the Company holds 54 (45 net) sections of land, and at Grande Prairie where the Company holds 80 (50 net) sections of land. Chinook also anticipates that it will continue with its successful Dunvegan development drilling program at Karr and Albright in the Grande Prairie area where it plans further activity across four additional Company-owned Dunvegan pools. Strategic acquisitions within the Company's core areas will also become a focus for Chinook.

Chinook had the following pro-forma operational and financial attributes following completion of the Transaction:

<b>Post-Transaction Corporate Summary</b>	<b>Pro-forma</b>
Forecasted average 2014 production (boe per day) <sup>(1)</sup>	7,750 - 8,250
Forecasted cash flow for 2014 (Cdn.\$mm)	58.0 - 60.0
Forecasted capital expenditures for 2014 (Cdn.\$mm)	81.0
Estimated working capital as at July 31, 2014 (Cdn.\$mm) <sup>(2)</sup>	35.0
Estimated proved reserves effective December 31, 2013 (mmboe) <sup>(3)</sup>	16.0
Estimated proved plus probable reserves effective December 31, 2013 (mmboe) <sup>(3)</sup>	25.1

Notes:

- <sup>(1)</sup> Based on the anticipated effects of Chinook's drilling program for the remainder of 2014.
- <sup>(2)</sup> Reflects estimated positive working capital at July 31, 2014 assuming closing of the Transaction occurred on July 31, 2014, inclusive of estimated Transaction costs and based on a US\$ to Cdn.\$ exchange rate of US\$1.00 = Cdn.\$1.09 as at July 31, 2014.
- <sup>(3)</sup> Based upon the reserve report prepared by the Company's independent reserves evaluator, McDaniel & Associates Consultants Ltd., effective December 31, 2013 in respect of the Company's Canadian oil and gas interests owned as at such date. Reflects "gross" reserves as such term is defined in the COGE Handbook.

#### **Expanded 2014 Capital Program**

The net proceeds of the Transaction will initially be applied to eliminate Chinook's bank indebtedness and to fund an expansion of Chinook's 2014 Canadian capital program from \$60 million to a total of \$81 million. A portion of the expanded capital program will fund additional drilling activity on Chinook's acreage in the Birley/Umbach area of northeast British Columbia and in the Grande Prairie area of northwest Alberta, along with the front end costs associated with a facility expansion at Birley/Umbach.

The Company plans to release its 2015 capital program and guidance in late October.

## About Chinook Energy Inc.

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

For further information please contact:

Walter Vratarić  
President and Chief Executive Officer  
Chinook Energy Inc.  
Telephone: (403) 261-6883  
Website: [www.chinookenergyinc.com](http://www.chinookenergyinc.com)

Jason Dranchuk  
Vice President, Finance and Chief Financial Officer  
Chinook Energy Inc.  
Telephone: (403) 261-6883

## 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: the use of the net proceeds of the Transaction, post-Transaction strategy, plans, opportunities and operations; the volume and product mix of Chinook's oil and gas production; production estimates including 2014 forecast average production; and future development, exploration, acquisition and development activities and related capital expenditures and the timing thereof and the timing for the release of the Company's 2015 capital program and guidance. In addition, information and statements herein relating to "reserves" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.*

*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 impact of increasing competition; the timely receipt of any required regulatory approvals; the ability of Chinook to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Chinook has an interest in to operate the field in a safe, efficient and effective manner; the ability of Chinook to obtain financing on acceptable terms; field production rates and decline rates; anticipated production volumes; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Chinook to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Chinook operates; the ability of Chinook to successfully market its oil and natural gas products. To the extent such estimate constitutes a financial outlook, it is included herein to provide readers with an understanding of estimated capital expenditures and the effect thereof on debt levels and readers are cautioned that the information may not be appropriate for other purposes.*

*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: changes in commodity prices; changes in the demand for or supply of Chinook's products; unanticipated operating results or production declines; incorrect assessments of capital expenditures, cash flows and Transaction costs, changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Chinook or by third party operators of Chinook's properties, increased debt levels or debt service requirements; inaccurate estimation of Chinook's oil and gas reserve volumes; limited, unfavourable or a lack of access to capital 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.*

**Reserves**

*The recovery and reserves estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered.*

**BOE Equivalent**

*Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf:1 bbl 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 than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.*

**Future Oriented Financial Information**

*This news release, in particular the information in respected of the Company's anticipated cash flows for the purposes of determining the Company's anticipated positive working capital position subsequent to the Transaction, may contain Future Oriented Financial Information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management of the Company 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 Information and Statements" and assumptions with respect to production rates, drilling results, commodity prices and exchange rates. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The Company and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments.*