Q2 2015

News Release

CHINOOK energy inc

Chinook Energy Inc. | 1000, 517 – 10th Avenue S.W. Calgary, Alberta T2R 0A8 TSX:CKE

CALGARY, ALBERTA – August 11, 2015 – Chinook Energy Inc. ("our", "we", "us" or "Chinook") (TSX: CKE) is pleased to announce its second quarter financial and operating results.

Our operational and financial highlights for the three and six months ended June 30, 2015 are noted below and should be read in conjunction with our condensed consolidated financial statements for the three and six months ended June 30, 2015 and 2014 and related management's discussion and analysis which have been posted on the SEDAR website (www.sedar.com) and our website (www.chinookenergyinc.com).

Second Quarter 2015 Financial and Operating Highlights

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
CONTINUING CANADIAN OPERATIONS [2]				
Production Volumes				
Crude oil (bbl/d)	**1,284**	2,267	**1,384**	2,176
Natural gas liquids (boe/d)	**604**	715	**643**	832
Natural gas (mcf/d)	**25,290**	29,570	**29,128**	29,468
Average daily production (boe/d)	**6,103**	7,911	**6,881**	7,919
Sales Prices				
Average oil price ($/bbl)	**$ 62.90**	$ 101.01	**$ 55.50**	$ 98.82
Average natural gas liquids price ($/boe)	**$ 41.06**	$ 72.06	**$ 38.64**	$ 73.22
Average natural gas price ($/mcf)	**$ 2.50**	$ 4.89	**$ 2.59**	$ 5.45
Netback [1]				
Average commodity pricing ($/boe)	**$ 27.67**	$ 53.75	**$ 25.72**	$ 55.12
Royalties ($/boe)	**$ (0.78)**	$ (8.47)	**$ (1.49)**	$ (7.25)
Net production expenses ($/boe) [1]	**$ (18.36)**	$ (17.06)	**$ (17.63)**	$ (16.99)
G&A expense ($/boe)	**$ (3.70)**	$ (4.30)	**$ (3.87)**	$ (5.37)
Netback ($/boe) [1]	**$ 4.83**	$ 23.92	**$ 2.73**	$ 25.51
Wells Drilled (net)				
Oil	**-**	-	**-**	3.26
Gas	**-**	-	**2.75**	1.12
Total wells drilled (net)	**-**	-	**2.75**	4.38

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
FINANCIAL ($ thousands, except per share amounts)				
Petroleum & natural gas revenues, net of royalties	**$ 14,934**	$ 32,595	**$ 30,174**	$ 68,624
Funds from operations (1)	**$ 2,995**	$ 14,798	**$ 4,218**	$ 32,394
Per share - basic and diluted ($/share)	**$ 0.01**	$ 0.07	**$ 0.02**	$ 0.15
Net (loss) income from continuing operations	**$ (5,822)**	$ 3,531	**$ 2,366**	$ 3,941
Per share - basic and diluted ($/share)	**$ (0.03)**	$ 0.02	**$ 0.01**	$ 0.02
Net (loss) income (3)	**$ (5,822)**	$ 4,391	**$ 2,366**	$ 10,476
Per share - basic and diluted ($/share)	**$ (0.03)**	$ 0.02	**$ 0.01**	$ 0.05
Capital expenditures	**$ 4,921**	$ 18,998	**$ 27,014**	$ 42,611
Net debt (surplus) (1) (4)	**$ (46,705)**	$ 80,536	**$ (46,705)**	$ 80,536
Total assets (4)	**$ 414,280**	$ 589,515	**$ 414,280**	$ 589,515
Common Shares (thousands)				
Weighted average during period				
- basic	**215,089**	214,226	**215,087**	214,207
- diluted	**215,089**	215,814	**215,121**	214,916
Outstanding at period end	**215,236**	214,674	**215,236**	214,674

(1) Funds from operations is an additional GAAP measure while net debt (surplus), netback and net production expense are non-GAAP measures These terms do not have any standardized meanings as prescribed by IFRS and, therefore, may not be comparable with the calculations of similar measures presented by other companies. See headings entitled "Funds from Operations", "Net Debt (Surplus)", "Netback" and "Net Production Expense" in the Reader Advisory below for further information on such terms.

(2) "Continuing Canadian Operations" refers to our remaining Canadian operations in western Canada after completing the sale of our Tunisian operations on August 19, 2014.

(3) The comparative periods include the financial results from the discontinued Tunisian operations sold on August 19, 2014.

(4) The comparative periods include the discontinued Tunisian operations' assets or working capital excluding marked-to-market derivative contracts, as applicable.

Highlights for the three and six months ended June 30, 2015

- We ended the quarter with a working capital surplus of $46.7 million, including $50.7 million in cash. We continued to implement cost saving initiatives and deferred certain discretionary capital spending as a result of the decrease in commodity prices. Our second quarter G&A expense was $3.70/boe, eight percent lower than the first quarter of 2015 and 14% lower than the second quarter of 2014.
- Our second quarter funds from operations were $3.0 million, an increase of 145% over the first quarter of 2015.
- As scheduled in our 2015 capital program, no new drilling or completion work was undertaken during the second quarter due to spring break up conditions in the field. Our second quarter capital expenditures related to work which commenced in prior quarters for a facility expansion at our Birley/Umbach property in northeastern British Columbia. To date, we have purchased or fabricated all of the equipment required for the first phase expansion of our Birley facility from approximately nine mmcf/d to 35 mmcf/d.
- Our average production during the second quarter of 6,103 boe/d decreased 23% from the same quarter of 2014 and 20% from the first quarter of 2015, driven primarily by scheduled third party plant restrictions and turnarounds which reduced our second quarter average production by approximately 1,125 boe/d. Relative to 2014, our second quarter production also decreased as a result of non-core property dispositions which had associated production of approximately 1,450 boe/d at the time of their sale. Offsetting our decrease relative to 2014 was production from our successful 2014 and 2015 Birley/Umbach drilling program and a strategic acquisition in the same area late in the fourth quarter of 2014.
- Our reserve-based revolving credit facility was amended during the quarter to $75.0 million. We remained undrawn on this facility throughout the second quarter and expect to remain undrawn through the balance of 2015.

Second Quarter 2015 Financial Results

Our production in the second quarter of 2015 averaged 6,103 boe/d, down 23% from the same period in 2014 and down almost 20% from the first quarter of 2015. During the quarter, various scheduled third-party plant restrictions and turnarounds reduced our production by approximately 1,125 boe/d. Non-core property dispositions throughout 2014 and in the first quarter of 2015, with associated production of approximately 1,450 boe/d at the time of their sale, resulted in a further decrease of our second quarter production. In addition, we have voluntarily shut-in approximately 600 boe/d of low netback production. We have been managing the timing of new production in response to the current decrease in commodity prices. As previously announced, we delayed the drilling and/or completion of certain wells during this time of depressed commodity pricing while investigating lower service and supplier pricing.

Our second quarter revenue was down 54% from the second quarter of 2014 and down two percent from the first quarter of 2015 as a result of weakening commodity prices and lower volumes. Crude oil prices began to decrease significantly late in 2014 as a result of an oversupply in the crude oil market. An increase in natural gas supply and western Canadian domestic repairs and maintenance on pipelines contributed to volatile natural gas price fluctuations.

Our net production expense (operating costs) decreased by 17% to $10.2 million from $12.3 million in the second quarter of 2014 notwithstanding that on a per boe basis our net production expense was higher by just under eight percent as a result of lower production volumes. Our net production expense decreased by 13% from the first quarter of 2015 as we focused on cost control and enhanced our efficiency measures. We will remain focused on our cost structure and proactively adjust our operations to the economic environment.

Our funds from operations for the quarter of $3.0 million decreased compared to the same quarter in 2014 as a result of lower commodity prices, production volumes and netbacks. These were offset by an increase in realized gains on our derivative contract as a result of the falling commodity prices, lower financing charges as a result of no outstanding debt and lower general and administrative expenses. Relative to the first quarter of 2015, our funds from operations has increased 145% as a result of a higher netback, despite lower production volumes.

Second Quarter 2015 Operational Results

As a result of spring breakup conditions in the field and our planned deferral of capital spending until the second half of 2015, we did not complete any new drilling or completions work during the second quarter.

In the Gold Creek area, we received formal approval of our water disposal application late in the first quarter and as a result we recommenced production in April from this property and began to dispose water associated with production from the 16-30 mid-Montney well, into the 04-06 water disposal well that was drilled in the third quarter of 2014. Since commissioning this water disposal well we have realized a $10/boe reduction in our operating costs on this property.

Recent Development

On the evening of August 6, 2015, Alliance Pipeline ("Alliance") advised natural gas suppliers on its pipeline that an amount of hydrogen sulphide entered its mainline pipeline system as a result of complications experienced by an upstream operator. Alliance has declared this to be a force majeure event. As a result, we were directed to suspend injection into the Alliance Pipeline on the morning of Friday, August 7, 2015. This suspension has resulted in the shut-in of approximately 1,800-2,000 boe/d of our production, with this production expected to be back on-stream later in the week.

Outlook

We are currently well positioned with a strong balance sheet providing us the flexibility and optionality to accelerate the development of our Montney resource at Birley/Umbach and Gold Creek as well as evaluating potential corporate or asset-based acquisitions. Balance sheet strength is a clear component of our 2015 strategy and we anticipate that the continued weakness of commodity prices may present opportunities to acquire quality assets at attractive economics. We will evaluate these opportunities as they present themselves and will look to complete acquisitions that serve to complement our core assets and reduce our overall cost structure by exploiting synergies with our current operations and improving our operational efficiencies. We have started to see the effects of improvements made to our cost structure within the organization in the first half of 2015 and will continue to see further improvements as we optimize our operational efficiencies at Birley/Umbach. We have revised our 2015 capital program from $45.0 million to $55.0

million to accelerate a facility expansion and a completions program at Birley/Umbach, BC, while deferring our originally planned drilling and completions work at Gold Creek, Alberta. By accelerating the timing of our capital activity at Birley/Umbach from early 2016 to the second half of 2015, we anticipate accelerating the realization of operational and seasonal cost efficiencies and taking advantage of lower industry service costs. Expanding our Birley/Umbach facility will allow us to be well positioned for the expected increase in production volumes from our 2016 drilling program. We plan to fund this increased 2015 capital program through our existing net surplus position which included $50.7 million of cash on hand at June 30, 2015.

Our updated guidance, based on our revised 2015 capital program is set forth below:

($ millions, except boe/d)		2015 Previous Guidance (1)		2015 Revised Guidance (2)
Average production (boe/d)		6,600-7,000		6,600-7,000
Exit production (boe/d)		6,800-7,100		7,600-7,900
General & administrative expense	$	10.5-11.0	$	9.6-10.1
Production & operating expense	$	41.0-43.0	$	41.0-43.0
Funds from operations	$	10.0-11.0	$	9.0-10.0
Net surplus	$	34.0-35.0	$	22.0-24.0
Capital expenditures	$	45.0	$	55.0

(1) Pricing assumptions: Canadian crude oil of $54.03/bbl; Canadian natural gas of $3.19/mcf.
(2) Revised pricing assumptions: Canadian crude oil of $55.50/bbl; Canadian natural gas of $2.80/mcf.

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.

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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: that we expect to remain undrawn on our credit facility through the balance of 2015, that we will remain focused on improving our cost structure, that we expect our shut-in production to be back on-stream to the Alliance Pipeline later this week, our revised budgeted capital program for fiscal 2015, the expected improvements to our cost structure as we optimize our operational efficiencies at Birley/Umbach, future exploration and development activities and how we intend to manage our company during 2015 as well as our expectations regarding production, general and administrative costs, production and operating costs, funds flow, working capital surplus and capital expenditures set out in our updated guidance for 2015 as set forth in the table under the heading "Outlook".

With respect to the forward-looking statements contained in this news release, we have made assumptions regarding, among other things: that we will continue to conduct our operations in a manner consistent with past operations, future capital expenditure levels, future oil and natural gas prices, future oil and natural gas production levels, future currency, exchange and interest rates, our ability to obtain equipment in a timely manner to carry out exploration and development activities, the ability of the operator of the projects in which we have an interest in to operate in the field in a safe, efficient and effective manner, the impact of increasing competition, field production rates and decline rates, anticipated production volumes, our ability to replace and expand production and reserves through exploration and development activities, certain cost assumptions, the results of negotiations and the plans of our partners in certain of our areas; that the revised budgeted 2015 capital amount set forth herein, which is subject to the discretion of our Board of Directors, will not be amended in the future, and the continued availability of adequate cash, debt and cash flow to fund our planned expenditures. 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, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices and currency fluctuations, our Board of Directors may amend the revised 2015 capital program based on its discretion; environmental risks, competition from other producers, inability to retain drilling rigs and other services, unanticipated increased or unforeseen capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, delays in projects and/or operations resulting from surface conditions, wells not performing as expected, delays resulting from or inability to obtain the required regulatory approvals and inability to access sufficient capital from internal and external sources. 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) and at our website (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.

Netback

The reader is cautioned that this news release contains the term netback, a non Generally Accepted Accounting Principal ("GAAP") measure, which is not recognized under IFRS and is calculated as a period's sales of petroleum and natural gas, net of royalties less net production and operating expenses and G&A expense as divided by the period's sales volumes. Management uses this measure to assist them in understanding our profitability relative to current commodity prices and it provides an analysis tool to benchmark changes in operational performance against prior periods and to peers on a comparable basis. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms such as net income determined in accordance with IFRS as a measure of performance. Our method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

Net Production Expense

The reader is cautioned that this news release contains the term net production expense, a non-GAAP measure, which is not recognized under IFRS and is calculated as production and operating expense less processing and gathering income. Management uses net production expense to determine the current periods' cash cost of operating expenses. Our method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

Funds from Operations

The reader is cautioned that this news release contains the term funds from operations, an additional GAAP measure, which is not recognized under IFRS and is calculated as cash flow from continuing operations adjusted for changes in non-cash working capital related to continuing operations and decommissioning obligation expenditures related to continuing operations. Management believes that funds from operations is a key measure to assess our ability to finance capital expenditures and debt repayments. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms such as cash flow from operating activities, net income or other measures of financial performance calculated in accordance with IFRS. Our method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

Net Debt (Surplus)

The reader is cautioned that this news release contains the term net debt, a non-GAAP measure, which is not recognized under IFRS and is calculated as bank debt adjusted for working capital excluding mark-to-market derivative contracts. Working capital excluding mark-to-market derivative contracts is calculated as current assets less current liabilities both of which exclude derivative contracts and current liabilities excludes any current portion of debt. Management uses net debt (surplus) to assist them in understanding our liquidity at specific points in time. Mark-to-market derivative contracts are excluded from working capital, in addition to net debt (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 expectations regarding production, general and administrative costs, production and operating costs, funds flow, working capital surplus and capital expenditures set out in our updated guidance for 2015 as set forth in the table under the heading "Outlook", may contain Future Oriented Financial Information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by our management to provide an outlook of our 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 assumptions with respect to production rates and commodity prices. The actual results of our operations and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. Our management believes that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments.

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.