



NEWS RELEASE

Chinook Energy Inc. Announces First Half 2016 Capital Program and Amended Credit Facility

CALGARY, ALBERTA – December 17, 2015 – Chinook Energy Inc. (TSX: CKE) ("our", "we", "us", "Chinook" or the "Company") today announced that its Board of Directors has approved a \$13 million capital program for the first half of 2016. Chinook also announced its amended credit facility following the completion of the semi-annual review of its facility by its bank syndicate.

First Half 2016 Capital Program

Chinook's capital program for the first half of 2016 includes \$8 million to drill, complete, equip and tie-in four (3.5 net) Dunvegan oil wells at Albright in the Grande Prairie area commencing in the first quarter, with anticipated production by April or May 2016. These four wells were previously deferred from our 2015 capital program as we accelerated the development of our Montney program at Birley/Umbach. Chinook currently has an estimated inventory of over 55 (38 net) Dunvegan drilling locations in the Grande Prairie area. The balance of the capital program will be allocated towards the final costs associated with the completion of the 25 mmcf/d expansion of our Birley/Umbach facility, land sales and Chinook's abandonment program. The start-up of the Birley/Umbach facility is expected to occur by the end of January 2016 with estimated initial throughput of 20 mmcf/d from five of six wells.

The Company realized material cost savings at Birley/Umbach in 2015 by conducting completion operations after spring break-up. In an effort to capture these seasonal cost savings, along with short term facility constraints associated with the high initial production rates from wells brought into our new facility in January, our Birley/Umbach drilling program will commence in the second half of 2016 with the approval of our remaining 2016 capital budget anticipated in March 2016. Natural gas pricing, specifically at Station 2 in BC, will be a key determinant in the amount of capital dedicated to our Birley/Umbach development. In 2015, we confirmed the scale of the Montney resource across our Birley/Umbach lands and are committed to developing this core asset prudently and efficiently during this period of depressed natural gas prices. We have set a preliminary capital program for the first six months of 2016 that addresses the need for flexibility in a challenging business environment. We continue to maintain one of the strongest balance sheets among our peers, which will allow us the optionality to quickly adjust our capital spending in response to market factors while still adding value to our shareholders by expanding the size of our resources with a selective drilling and completion program. We will continue to focus on capital discipline and cost control while maintaining our commitment to safety.

Amended Credit Facility

The Company's amended credit facility provides a borrowing base of \$50 million, down from \$75 million, primarily as a result of significantly reduced commodity pricing and property dispositions. The credit facility is subject to re-determination on a semi-annual basis, with a maturity date of June 23, 2016, subject to further extension.

The amended credit facility provides Chinook with financial flexibility as we assess our capital program for the coming year. Chinook continues to be well positioned to advance the development of our existing core assets at Grande Prairie and Birley/Umbach at a practical pace given the current economic environment and to capitalize on consolidation/acquisition opportunities should they arise. The amended credit facility also allows us to realize costs savings related to a reduction in the associated stand-by fees.

Chinook is currently undrawn on its credit facility and exited the third quarter 2015 with a working capital surplus of \$41.2 million. The Company anticipates exiting 2015 undrawn on its credit facility and with an estimated working capital surplus of between \$25 million and \$28 million. We expect to communicate preliminary guidance early in the first quarter of 2016 with additional guidance upon approval of our second half 2016 capital budget.

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.

For further information please contact:

Walter Vrataric
President and Chief Executive Officer
Chinook Energy Inc.
Telephone: (403) 261-6883
Website: www.chinookenergyinc.com

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

Reader Advisory

Forward-Looking Statements

In the interest of providing shareholders and readers with information regarding the Company, including management's assessment of the Company's 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: the amount of the capital program for the first half of 2016 and the expectation that such amount will be spent in the manner, location and timeframes set forth herein; the Company's expectations of its drilling plan and the timing thereof including the timing that the related production is expected to commence; the timing of the start-up and initial throughput volumes of the expanded facility at Birley/Umbach; the anticipated timing and expected seasonal cost saving of the 2016 drilling program at Birley/Umbach; the timing of the Board of Directors' approval of the second half 2016 capital budget and the release of preliminary 2016 guidance; that the Company anticipates exiting 2015 undrawn on its credit facility and with an estimated working capital surplus of between \$25 million and \$28 million.

With respect to the forward-looking statements contained in this news release, the Company has made assumptions regarding, among other things: that it will continue to conduct its 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, its 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 it has 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, its ability to replace and expand production and reserves through exploration and development activities, certain cost assumptions, the results of negotiations and the plans of its partners in certain of its areas; that the amount of the capital program for the first half of 2016, which is subject to the discretion of the Board of Directors, will not be amended in the future, and the continued availability of adequate debt and cash flow to fund its planned expenditures. Although the Company believes 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 the Company's 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, the Board of Directors may amend the capital program for the first half of 2016 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 the Company's 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 the Company's 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 the Company does 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.

Future Oriented Financial Information

This news release, in particular the information in respect of the future estimated working capital 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 assumptions with respect to production rates and commodity prices. The actual results of 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.