



## NEWS RELEASE

### CHINOOK ENERGY INC. ANNOUNCES ITS UNAUDITED 2018 YEAR END RESULTS AND RESERVES

**CALGARY, ALBERTA – February 12, 2019 – Chinook Energy Inc. ("Chinook" or the "Company") (TSX: CKE)** today announced its unaudited 2018 year end results and the results of its year end reserve evaluation effective December 31, 2018 as prepared by its independent evaluator.

Chinook's audit of its 2018 annual consolidated financial statements is not yet complete and accordingly all financial amounts referred to in this news release are unaudited and represent management's estimates. Readers are advised that these financial estimates are subject to audit and may be subject to change as a result.

#### Highlights

- Proved producing reserves decreased 16% year over year. An amount approximately equal to production during the period.
- Total proved reserves decreased 1% year over year, and the all-in FD&A costs were \$13.42/boe.
- Total proved plus probable reserves increased 5% year over year, additions replaced 233% of production and the all-in FD&A costs were \$8.38/boe.
- PV10 values for proved producing, total proved and total proved plus probable reserves decreased 38%, 30% and 15%, respectively, driven by an average 25% reduction to forecasted five year BC Plantgate gas prices.

#### Unaudited 2018 Year-End Results

Chinook's average daily production for 2018 was 3,719 boe/d and the Company exited 2018 at approximately 3,500 boe/d through December. Chinook's production was significantly impacted by third party restrictions during 2018. The Company experienced approximately four months of production restriction in the first and second quarters of 2018 due to the Oak pipeline integrity issue previously disclosed. Additionally, the T-South pipeline rupture at the beginning of the fourth quarter has restricted flows physically or by price related elective reductions during the fourth quarter of 2018. During significant portions of these periods of restriction, the Company's production had been limited to less than half of its productive capacity. Following an unplanned 22 day outage of the McMahon processing facility in January 2019, Chinook has returned its production to a largely unrestricted flow and is currently producing approximately 4,500 boe/d. Projected adjusted funds flow for Chinook for 2018 is estimated at \$4.2 million or \$0.02 per weighted average basic common share outstanding. Chinook exited 2018 with approximately \$2.0 million in working capital deficit.

During 2018, Chinook remained committed to capital discipline and cost control while continuing to develop its large Montney position at its Birley/Umbach property. The Company drilled and completed two (2.0 net) vertical wells on a 21 (20.5 net) section parcel of contiguous Montney rights at Martin, located five kilometres north of Chinook's main Montney land block at Birley, to determine the existence, thickness, and quality of pay in the Montney interval. These vertical wells were drilled six kilometres apart and more than 12 kilometres north and east of the nearest Montney wells drilled to date. Each well encountered approximately 225 metres of total Montney thickness compared to approximately 238 metres at Birley. The quality of the reservoir encountered, particularly in the top 75 metres of the Montney,

exceeded expectations with some of the best and most consistent hydrocarbon charged porosity seen on wireline log data in the entire area. Each well was perforated to obtain pressure information, and will be fully abandoned in the first half of 2019 to satisfy flow-through financing obligations. Chinook is very encouraged by these results and believes a significant extension to the productive Montney fairway exists on Company lands thus further expanding its future horizontal Montney drilling inventory.

Chinook remains committed to improving its cost structure and will see its office related expenses decrease in 2019 primarily through the conclusion of its current office lease and lease of new space at current market rates. Additionally, the Company continues to lever its existing assets and has completed a transportation agreement for the partial use of its 12" Aitken Creek pipeline. The agreement will commence on the initial delivery of gas, anticipated to be late 2019 or early 2020, and will continue for a minimum period of two years. Minimum gathering charges will total approximately \$1.6 million annually.

As Western Canadian natural gas price weakness continues related to export capacity constraints, including T-South restrictions, the Company remains cautious in deploying further capital. Consequently, 2019 will see a minimal capital program until such time as commodity prices improve to constructive levels. Management and the Board of Directors will make adjustments to the capital program in response to changing market conditions. Chinook has recently renewed its \$10 million Demand Credit Facility. The next scheduled semi-annual review is scheduled for May 2019.

### 2018 Independent Reserves Evaluation

McDaniel & Associates Consultants Ltd. ("McDaniel") evaluated all of Chinook's properties effective December 31, 2018 pursuant to a report dated February 12, 2019 (the "McDaniel Report"). The independent reserve evaluation was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 ("NI 51-101"). The reserve evaluation was based on the average forecast pricing and foreign exchange rates at December 31, 2018 of three evaluators, McDaniel, GLJ Petroleum Consultants Ltd. and Sproule Associates Limited, herein referred to as "the Consultants Average Price Forecast", whereas the previous year was evaluated using the McDaniel December 31, 2017 price forecast. The Reserves, Safety and Environmental Committee of the Board and the Board of Directors of Chinook have reviewed and approved the McDaniel Report.

Reserves included herein are stated on a Company gross basis (working interest before deduction of royalties and without including any royalty interests) unless noted otherwise. This news release contains several cautionary statements that are specifically required by NI 51-101 under the heading "Reader Advisory" and throughout the release. In addition to the information contained in this news release more detailed reserves information will be included in Chinook's Annual Information Form for the year ended December 31, 2018, which will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) in March 2019. Values in the following tables may not add due to rounding.

### Reserves Breakdown (Company gross)<sup>(1)</sup> (utilizing the Consultants Average Price Forecast at December 31, 2018)

| <i>(mboe)</i>               | <b>2018</b>   | 2017   |
|-----------------------------|---------------|--------|
| <b>Proved Producing</b>     |               |        |
| Total proved producing      | <b>6,814</b>  | 8,101  |
| <b>Proved</b>               |               |        |
| Total proved                | <b>18,393</b> | 18,646 |
| <b>Proved Plus Probable</b> |               |        |
| Total proved plus probable  | <b>35,626</b> | 33,910 |

Note:

<sup>(1)</sup> Gross reserves are the Company's working interest reserves before royalty deductions and do not include royalty interest volumes.

### Company Gross and Net Reserves as at December 31, 2018

The following table summarizes the Company's gross and net reserve volumes utilizing the Consultants Average Price Forecast, and cost estimates, at December 31, 2018.

| Reserves category                 | Light and medium oil           |                              | Heavy oil                      |                              | Conventional Natural Gas       |                              | Natural gas liquids            |                              | Oil equivalent (6:1)           |                              |
|-----------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
|                                   | Gross <sup>(1)</sup><br>(mdbl) | Net <sup>(2)</sup><br>(mdbl) | Gross <sup>(1)</sup><br>(mdbl) | Net <sup>(2)</sup><br>(mdbl) | Gross <sup>(1)</sup><br>(mmcf) | Net <sup>(2)</sup><br>(mmcf) | Gross <sup>(1)</sup><br>(mdbl) | Net <sup>(2)</sup><br>(mdbl) | Gross <sup>(1)</sup><br>(mboe) | Net <sup>(2)</sup><br>(mboe) |
| <b>Total company</b>              |                                |                              |                                |                              |                                |                              |                                |                              |                                |                              |
| Proved                            |                                |                              |                                |                              |                                |                              |                                |                              |                                |                              |
| Developed producing               | 8                              | 7                            | -                              | -                            | 35,197                         | 31,539                       | 940                            | 789                          | 6,814                          | 6,052                        |
| Developed non-producing           | 10                             | 9                            | -                              | -                            | 117                            | 102                          | 3                              | 2                            | 33                             | 29                           |
| Undeveloped                       | -                              | -                            | -                              | -                            | 58,257                         | 50,212                       | 1,837                          | 1,585                        | 11,546                         | 9,954                        |
| <b>Total proved</b>               | <b>18</b>                      | <b>16</b>                    | <b>-</b>                       | <b>-</b>                     | <b>93,571</b>                  | <b>81,854</b>                | <b>2,780</b>                   | <b>2,376</b>                 | <b>18,393</b>                  | <b>16,035</b>                |
| Probable                          | 6                              | 6                            | -                              | -                            | 87,754                         | 71,830                       | 2,601                          | 2,152                        | 17,233                         | 14,129                       |
| <b>Total proved plus probable</b> | <b>24</b>                      | <b>22</b>                    | <b>-</b>                       | <b>-</b>                     | <b>181,326</b>                 | <b>153,683</b>               | <b>5,381</b>                   | <b>4,528</b>                 | <b>35,626</b>                  | <b>30,164</b>                |

Notes:

<sup>(1)</sup> Gross reserves are the Company's working interest reserves before royalty deductions and do not include royalty interest volumes.

<sup>(2)</sup> Net reserves are after royalty deductions and include royalty interest volumes.

### Company Gross Reserve Reconciliation for 2018 (Company gross reserves before deduction of royalties payable)

|                                     | 6:1 Oil Equivalent (mboe) |                     |                            |
|-------------------------------------|---------------------------|---------------------|----------------------------|
|                                     | Total proved              | Probable additional | Total proved plus probable |
| December 31, 2017 – opening balance | 18,646                    | 15,264              | 33,910                     |
| Additions and extensions            | -                         | 3,166               | 3,166                      |
| Acquisitions                        | -                         | -                   | -                          |
| Dispositions                        | -                         | -                   | -                          |
| Technical revisions                 | 1,104                     | (1,197)             | (93)                       |
| Economic factors                    | -                         | -                   | -                          |
| Production                          | (1,358)                   | -                   | (1,358)                    |
| December 31, 2018 – closing balance | 18,393                    | 17,233              | 35,626                     |

Chinook added a total of 3.2 mmboe on a probable basis and increased its proved reserves 1.1 mmboe through the category transfer of two (2.0 net) previously booked Probable additional undeveloped locations and two (2.0 net) Proved developed non-producing wells to Probable developed non-producing. The category transfers are included in the Total proved Technical revisions summarized above. The additions are focused in the Company's core Montney area of Birley/Umbach, British Columbia and include four (3.7 net) probable additional undeveloped locations. At December 31, 2018, in addition to the 13 (11.3 net) proved developed producing wells, McDaniel recognized a total of 37 undeveloped locations, 21 (18.1 net) proved and 16 (13.1 net) probable undeveloped locations. As at the date of the McDaniel Report, approximately 19% of Chinook's greater Birley/Umbach Montney acreage was booked.

### Reserve Life Index ("RLI")

As at December 31, 2018, Chinook's proved plus probable RLI was 27.2 years based upon the McDaniel Report and the forecast 2019 production volumes from the report, while Chinook's proved RLI was 14.6 years. The following table summarizes the RLI:

| <b>Proved</b>   |        |
|---|--------|
| Reserves (mboe)   | 18,393 |
| 2019 Forecast production - Proved (mboe) <sup>(1)</sup>               | 1,262  |
| Reserve life index (years)  | 14.6   |
| <b>Proved Plus Probable</b>   |        |
| Reserves (mboe)   | 35,626 |
| 2019 Forecast production – Proved Plus Probable (mboe) <sup>(1)</sup> | 1,311  |
| Reserve Life Index (years)  | 27.2   |

Note:

<sup>(1)</sup> As evaluated by McDaniel, an independent reserve evaluator, as at December 31, 2018.

### Net Present Value ("NPV") Summary (before tax) as at December 31, 2018 (utilizing the Consultants Average Price Forecast at December 31, 2018)

Benchmark commodity prices used are adjusted for the quality of the commodities produced and for transportation costs. The calculated NPVs include a deduction for estimated future well and certain facilities abandonment and reclamation but do not include a provision for interest, debt service charges, general and administrative expenses, or estimated future well abandonment and reclamation costs for those wells with no attributable reserves and other facilities. It should not be assumed that the NPV estimates represent the fair market value of the reserves.

| <i>(\$ thousands)</i>          | Undiscounted | Discounted at 5% | Discounted at 10% | Discounted at 15% | Discounted at 20% |
|--------------------------------|--------------|------------------|-------------------|-------------------|-------------------|
| Proved developed producing     | 33,690       | 30,674           | 27,143            | 24,057            | 21,509            |
| Proved developed non-producing | 62           | 88               | 99                | 103               | 102               |
| Total proved developed         | 33,752       | 30,762           | 27,242            | 24,160            | 21,611            |
| Proved undeveloped             | 74,000       | 47,591           | 30,295            | 18,674            | 10,642            |
| Total proved                   | 107,752      | 78,353           | 57,538            | 42,834            | 32,253            |
| Probable additional            | 198,671      | 116,219          | 72,879            | 48,388            | 33,605            |
| Total proved plus probable     | 306,423      | 194,571          | 130,417           | 91,222            | 65,858            |

### Net Present Value Summary (after tax) as at December 31, 2018 (utilizing the Consultants Average Price Forecast at December 31, 2018)

| <i>(\$ thousands)</i>          | Undiscounted | Discounted at 5% | Discounted at 10% | Discounted at 15% | Discounted at 20% |
|--------------------------------|--------------|------------------|-------------------|-------------------|-------------------|
| Proved developed producing     | 33,690       | 30,674           | 27,143            | 24,057            | 21,509            |
| Proved developed non-producing | 62           | 88               | 99                | 103               | 102               |
| Total proved developed         | 33,752       | 30,762           | 27,242            | 24,160            | 21,611            |
| Proved undeveloped             | 74,000       | 47,591           | 30,295            | 18,674            | 10,642            |
| Total proved                   | 107,752      | 78,353           | 57,538            | 42,834            | 32,253            |
| Probable additional            | 198,671      | 116,219          | 72,879            | 48,388            | 33,605            |
| Total proved plus probable     | 306,423      | 194,571          | 130,417           | 91,222            | 65,858            |

**Average of McDaniel & Associates Consultants Ltd., GLJ Petroleum Consultants Ltd. And Sproule Associates Limited Price Forecasts (the Consultants Average Price Forecast) as at December 31, 2018**  
(1)

|                | WTI<br>Crude Oil<br>(US\$/bbl) | Edmonton<br>Light<br>Crude Oil<br>(Cdn\$/bbl) | Henry Hub<br>Natural Gas<br>(US\$/mmbtu) | AECO<br>Natural Gas<br>(Cdn\$/mmbtu) | British Columbia<br>Average<br>Plantgate Gas<br>(Cdn\$/mmbtu) | Edmonton<br>Condensate<br>and Natural<br>Gasoline<br>(Cdn\$/bbl) | Ethane<br>(Cdn\$/bbl) | Propane<br>(Cdn\$/bbl) | Butane<br>(Cdn\$/bbl) | US/Cdn<br>Exchange<br>(US\$/Cdn\$) |
|----------------|--------------------------------|---|--|--------------------------------------|---|--|-----------------------|------------------------|-----------------------|------------------------------------|
| 2019           | 58.58                          | 67.30   | 3.00                                     | 1.88                                 | 1.31  | 70.10  | 6.82                  | 26.13                  | 27.32                 | 0.757                              |
| 2020           | 64.60                          | 75.84   | 3.13                                     | 2.31                                 | 1.82  | 79.21  | 8.40                  | 31.27                  | 41.10                 | 0.782                              |
| 2021           | 68.20                          | 80.17   | 3.33                                     | 2.74                                 | 2.29  | 83.33  | 9.98                  | 34.58                  | 49.28                 | 0.797                              |
| 2022           | 71.00                          | 83.22   | 3.51                                     | 3.05                                 | 2.63  | 86.20  | 11.22                 | 37.25                  | 55.65                 | 0.803                              |
| 2023           | 72.81                          | 85.34   | 3.62                                     | 3.21                                 | 2.81  | 88.16  | 11.89                 | 38.73                  | 57.92                 | 0.807                              |
| <b>Average</b> | <b>67.04</b>                   | <b>78.37</b>                                  | <b>3.32</b>                              | <b>2.64</b>                          | <b>2.17</b>   | <b>81.40</b>   | <b>9.66</b>           | <b>33.59</b>           | <b>46.25</b>          | <b>0.789</b>                       |

Note:

(1) Prices escalate at two percent per year after 2023.

The above pricing table was utilized by McDaniel in its evaluation of Chinook's reserves as at December 31, 2018. When compared to the December 31, 2017 price forecast, commodity pricing for the year 2019 has decreased for Edmonton Light Crude Oil, AECO Natural Gas and British Columbia Average Plantgate Gas by 6%, 29% and 39%, respectively. The longer term gas price forecasts decreased on average over the following 10 years by 14% as compared to the prior year forecast.

#### **Future Development Costs ("FDC")**

Changes in forecast FDC occur annually as a result of development activities, acquisition and disposition activities and capital cost estimates that reflect the independent evaluator's best estimate of what it will cost to bring the proved undeveloped and probable reserves on production using forecast prices and costs. In addition to the Total proved FDC increase resulting from the category transfer of the aforementioned two Probable additional undeveloped locations to Proved undeveloped, and the Total proved plus probable FDC increase resulting from the four Probable undeveloped location additions, 2018 COGE guidelines now require the inclusion of maintenance capital which added \$2.4 million undiscounted on a Total proved basis and \$3.7 million on a Total proved plus probable basis.

| <i>(\$ millions)</i>              |              |       |
|-----------------------------------|--------------|-------|
|                                   | <b>2018</b>  | 2017  |
| <b>Total proved</b>               | <b>94.9</b>  | 83.7  |
| <b>Total proved plus probable</b> | <b>161.2</b> | 139.1 |

## Finding and Development Costs ("F&D")

Finding and development costs below are calculated as the Exploration and Development costs excluding the acquisitions, dispositions, abandonment and furniture and fixtures plus the change in undiscounted FDC excluding that FDC associated with acquisitions and dispositions, divided by the reserve additions excluding acquisition and divestiture. Chinook's F&D costs, net of acquisition, disposition, abandonment and furniture and fixture costs, which indicates the capital spent per barrel of oil equivalent added, net of acquisition and disposition changes in volume, are below. It is relevant to note that the Company drilled two (2.0 net) vertical exploration wells in 2018 resulting in no reserve additions with a total capital expense of \$2.5 million. Completion operations were partially conducted in 2019 and information gathered may result in reserve additions at end of the current calendar year.

| <b>Total Finding and Development Costs (Proved Reserves)</b><br><i>(\$ thousands, except per unit amounts)</i>            | <b>2018</b> | 2017   | 2016   | Three-Year<br>Total |
|---|-------------|--------|--------|---------------------|
| Exploration and development costs excluding acquisitions, dispositions and abandonments <i>(unaudited)</i> <sup>(1)</sup> | 2,879       | 39,405 | 7,465  | 49,748              |
| Net change from previously allocated future development capital   | 11,200      | 9,501  | 22,102 | 42,803              |
| Total exploration and development costs including the net change in FDC   | 14,079      | 48,906 | 29,567 | 92,551              |
| Reserve additions excluding acquisitions and dispositions <i>(mboe)</i>   | 1,104       | 5,264  | 4,449  | 10,817              |
| Total proved finding and development costs <i>(per boe)</i>   | 12.75       | 9.29   | 6.65   | 8.56                |

| <b>Total Finding and Development Costs (Proved plus Probable Reserves)</b><br><i>(\$ thousands, except per unit amounts)</i> | <b>2018</b> | 2017   | 2016   | Three-Year<br>Total |
|--|-------------|--------|--------|---------------------|
| Exploration and development costs excluding acquisitions, dispositions and abandonments <i>(unaudited)</i> <sup>(1)</sup>    | 2,879       | 39,405 | 7,465  | 49,748              |
| Net change from previously allocated future development capital  | 22,142      | 23,995 | 35,391 | 81,527              |
| Total exploration and development costs including the net change in FDC  | 25,021      | 63,399 | 42,856 | 131,275             |
| Reserve additions excluding acquisitions and dispositions <i>(mboe)</i>  | 3,073       | 8,801  | 9,006  | 20,881              |
| Total proved plus probable finding and development costs <i>(per boe)</i>  | 8.14        | 7.20   | 4.76   | 6.29                |

Note:

<sup>(1)</sup> Excludes non-cash costs, including decommissioning liabilities.

Chinook's F&D costs, including acquisition, disposition, abandonment and furniture and fixture costs, which indicates the capital spent per barrel of oil equivalent added, including acquisition and disposition changes in volume, are below.

| <b>Total Finding and Development Costs (Proved Reserves)</b><br><i>(\$ thousands, except per unit amounts)</i>            | <b>2018</b> | 2017   | 2016    | Three-Year<br>Total |
|---|-------------|--------|---------|---------------------|
| Exploration and development costs including acquisitions, dispositions and abandonments <i>(unaudited)</i> <sup>(1)</sup> | 3,621       | 21,616 | 3,345   | 28,582              |
| Net change from previously allocated future development capital   | 11,200      | 9,501  | 12,400  | 33,101              |
| Total exploration and development costs including the net change in FDC   | 14,821      | 31,117 | 15,745  | 61,683              |
| Reserve additions including acquisitions and dispositions <i>(mboe)</i>   | 1,104       | 5,150  | (3,076) | 3,178               |
| Total proved finding and development costs <i>(per boe)</i>   | 13.42       | 6.04   | (5.12)  | 19.41               |

| <b>Total Finding and Development Costs (Proved plus Probable Reserves)</b><br><i>(\$ thousands, except per unit amounts)</i> | <b>2018</b> | 2017   | 2016    | Three-Year<br>Total |
|--|-------------|--------|---------|---------------------|
| Exploration and development costs including acquisitions, dispositions and abandonments <i>(unaudited)</i> <sup>(1)</sup>    | 3,621       | 21,616 | 3,345   | 28,627              |
| Net change from previously allocated future development capital  | 22,142      | 23,995 | 20,095  | 66,231              |
| Total exploration and development costs including the net change in FDC  | 25,762      | 45,611 | 23,440  | 94,857              |
| Reserve additions including acquisitions and dispositions <i>(mboe)</i>  | 3,073       | 8,672  | (2,786) | 8,960               |
| Total proved plus probable finding and development costs <i>(per boe)</i>  | 8.38        | 5.26   | (8.41)  | 10.59               |

Note:

<sup>(1)</sup> Excludes non-cash costs, including decommissioning liabilities.

Total exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs, generally will not reflect the total cost of reserve additions in that year.

### Recycle Ratio

The recycle ratios are calculated as the 2018 operating netback before commodity price contracts per boe divided by the 2018 F&D costs per boe set forth above. The recycle ratio is comparing the netback as reported by the Company for 2018 to the cost of finding new reserves in 2018.

| <b>Total Proved</b>   |       |
|---|-------|
| 2018 operating netback before commodity price contracts (\$/boe)                      | 6.68  |
| 2018 F&D costs net of acquisition, dispositions and abandonments (\$/boe) (unaudited) | 12.75 |
| Recycle ratio   | 0.5x  |

| <b>Total Proved Plus Probable</b>   |      |
|---|------|
| 2018 operating netback before commodity price contracts (\$/boe)                      | 6.68 |
| 2018 F&D costs net of acquisition, dispositions and abandonments (\$/boe) (unaudited) | 8.14 |
| Recycle ratio   | 0.8x |

| <b>Total Proved</b>  |       |
|--|-------|
| 2018 operating netback before commodity price contracts (\$/boe)                     | 6.68  |
| 2018 F&D costs incl. acquisition, dispositions and abandonments (\$/boe) (unaudited) | 13.42 |
| Recycle ratio  | 0.5x  |

| <b>Total Proved Plus Probable</b>  |      |
|--|------|
| 2018 operating netback before commodity price contracts (\$/boe)                     | 6.68 |
| 2018 F&D costs incl. acquisition, dispositions and abandonments (\$/boe) (unaudited) | 8.38 |
| Recycle ratio  | 0.8x |

## Corporate Net Asset Value

The Company's net asset value as of December 31, 2018 is detailed in the following table. This net asset value determination is a "point-in-time" measurement and does not take into account the possibility of Chinook being able to recognize additional reserves through successful future capital investment in its existing properties beyond those included in the McDaniel Report.

| December 31, 2018   | Before Tax NPV 5% |          | Before Tax NPV 10% |          | Before Tax NPV 15% |          |
|---|-------------------|----------|--------------------|----------|--------------------|----------|
|   | (\$ thousands)    | \$/share | (\$ thousands)     | \$/share | (\$ thousands)     | \$/share |
| Proved developed producing reserves NPV <sup>(1)(2)</sup> | 30,674            | 0.14     | 27,143             | 0.12     | 24,057             | 0.11     |
| Total proved reserves NPV <sup>(1)(2)</sup>               | 78,353            | 0.35     | 57,538             | 0.26     | 42,834             | 0.19     |
| Proved plus probable reserves NPV <sup>(1)(2)</sup>       | 194,571           | 0.87     | 130,417            | 0.58     | 91,222             | 0.41     |
| Undeveloped acreage <sup>(3)</sup>                        | 26,130            | 0.12     | 26,130             | 0.12     | 26,130             | 0.12     |
| Working capital deficit <sup>(4)</sup>                    | (1,994)           | (0.01)   | (1,994)            | (0.01)   | (1,994)            | (0.01)   |
| Net asset value (basic) <sup>(5)(6)</sup>                 | 218,708           | 0.98     | 154,553            | 0.69     | 115,359            | 0.52     |
|   | After Tax NPV 5%  |          | After Tax NPV 10%  |          | After Tax NPV 15%  |          |
|   | (\$ thousands)    | \$/share | (\$ thousands)     | \$/share | (\$ thousands)     | \$/share |
| Proved developed producing reserves NPV <sup>(1)(2)</sup> | 30,674            | 0.14     | 27,143             | 0.12     | 24,057             | 0.11     |
| Total proved reserves NPV <sup>(1)(2)</sup>               | 78,353            | 0.35     | 57,538             | 0.26     | 42,834             | 0.19     |
| Proved plus probable reserves NPV <sup>(1)(2)</sup>       | 194,571           | 0.87     | 130,417            | 0.58     | 91,222             | 0.41     |
| Undeveloped acreage <sup>(3)</sup>                        | 26,130            | 0.12     | 26,130             | 0.12     | 26,130             | 0.12     |
| Working capital deficit <sup>(4)</sup>                    | (1,994)           | (0.01)   | (1,994)            | (0.01)   | (1,994)            | (0.01)   |
| Net asset value (basic) <sup>(5)(6)</sup>                 | 218,708           | 0.98     | 154,553            | 0.69     | 115,359            | 0.52     |

Notes:

<sup>(1)</sup> Evaluated by McDaniel, an independent reserve evaluator, as at December 31, 2018. Net present value of future net revenue does not represent the fair market value of the reserves.

<sup>(2)</sup> Net present values for before and after tax are based on the Consultants Average Price Forecast at December 31, 2018.

<sup>(3)</sup> Undeveloped land value has been valued internally by Chinook at an average of \$337 per acre over 77,485 net undeveloped acres.

<sup>(4)</sup> Working capital deficit as at December 31, 2018, including positive working capital (estimated and unaudited). See "Working Capital Deficit" in the Reader Advisory below.

<sup>(5)</sup> Net asset value is the sum of proved plus probable reserves, undeveloped acreage and working capital deficit.

<sup>(6)</sup> Basic shares as at December 31, 2018 totaled 223,604,601 common shares.

## About Chinook Energy Inc.

Chinook is a Calgary-based public oil and natural gas exploration and development company which is focused on realizing per share growth from its large contiguous Montney liquids-rich natural gas position at Birley/Umbach, British Columbia.

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## Reader Advisory

### Abbreviations

#### Oil and Natural Gas Liquids

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|        |                     |
|--------|---------------------|
| bbl    | barrel              |
| bbls   | barrels             |
| bbls/d | barrels per day     |
| mbbl   | thousand barrels    |
| NGLs   | natural gas liquids |
| mcf    | thousand cubic feet |
| mmcf   | million cubic feet  |

#### Natural Gas

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|        |                               |
|--------|-------------------------------|
| mmcf/d | million cubic feet per day    |
| mmbtu  | million British Thermal Units |

#### Other

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|       |  |
|-------|--|
| boe   | barrel of oil equivalent on the basis of 6 mcf/1 boe for natural gas and 1 bbl/1 boe for crude oil and natural gas liquids (this conversion factor is an industry accepted norm and is not based on either energy content or current prices) |
| boe/d | barrel of oil equivalent per day   |
| mboe  | 1,000 barrels of oil equivalent  |
| mmboe | 1,000,000 barrels of oil equivalent  |
| WTI   | West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade   |

### Oil and Gas Advisory

*Reserves* are estimated remaining quantities of oil and natural gas and related substance anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows:

*Proved Reserves* are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

*Probable Reserves* are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The reserves information contained in this news release has been prepared in accordance with NI 51-101. Complete NI 51-101 reserves disclosure will be included in the Company's Annual Information Form for the year ended December 31, 2018 which will be filed on SEDAR in March 2019. Listed below are cautionary statements applicable to the Company's reserves information that are specifically required by NI 51-101:

- Individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.
- This news release contains estimates of the net present value of the Company's future net revenue from its reserves. Such amounts do not represent the fair market value of the Company's reserves.

### ***Forward-Looking Statements***

In the interest of providing shareholders and potential investors with information regarding Chinook, including management's assessment of the future plans and operations of Chinook, 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 addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. In particular, this news release contains, without limitation, forward-looking statements pertaining to: Chinook's belief that a significant extension to the productive Montney fairway exists on its lands, the anticipated initial delivery date of gas for the purposes of the transportation agreement for the partial use of Chinook's Aitken Creek pipeline, that Chinook's capital program for 2019 will be minimal, estimated cash flows, operational plans and the anticipated timing thereof, the anticipated filing date on SEDAR for the Company's Annual Information Form for the year ended December 31, 2018, the volumes and estimated value of Chinook's oil and natural gas reserves, the life of Chinook's reserves, the amount of future development costs associated with producing proved undeveloped and probable reserves, Chinook's recycle ratios, the volume and product mix of Chinook's oil and natural gas production, and future oil and natural gas prices and future results from operations.

With respect to the forward-looking statements contained in this news release, Chinook has made assumptions regarding, among other things: future oil and natural gas prices, future currency, exchange and interest rates, future oil and natural gas production levels, that Chinook will continue to conduct its operations in a manner consistent with past operations, future capital expenditure levels, Chinook's ability to obtain equipment in a timely manner to carry out development activities, the ability of the operator of the projects in which Chinook has an interest to operate in the field in a safe, efficient and effective manner, the impact of increasing competition, field production rates and decline rates, the ability of Chinook to add production and reserves through development and exploitation activities, certain cost assumptions and the continued availability of adequate debt financing and cash flow to fund its planned expenditures. Although Chinook 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 Chinook'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, that the budgeted capital program for 2019, which is subject to the discretion of the Board of Directors of Chinook, will not be amended in the future, volatility of commodity prices, currency fluctuations, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, imprecision of reserve and resource estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, 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 ability 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 effect Chinook'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](http://www.sedar.com)) and at Chinook's 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 Chinook 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.

### ***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.

### ***Reserve Life Index***

The reader is also cautioned that this news release contains the term reserve life index ("RLI"), which is not a recognized measure under International Financial Reporting Standards ("IFRS"). Management believes that this measure is a useful supplemental measure of the length of time the reserves would be produced over at the rate used in the calculation. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms determined in accordance with IFRS as a measure of performance. Chinook's method of calculating this measure may differ from other companies, and accordingly, they may not be comparable to measures used by other companies.

### ***Finding and Development Costs***

The reader is also cautioned that this news release contains the term F&D costs, which is not a recognized measure under IFRS. Management believes that this measure is a useful supplemental measure of the cost to add reserves in the prior calendar year. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms determined in accordance with IFRS as a measure of performance. Chinook's method of calculating this measure may differ from other companies, and accordingly, they may not be comparable to measures used by other companies.

### ***Recycle Ratio***

The reader is also cautioned that this news release contains the term recycle ratio, which is not a recognized measure under IFRS. Management believes that this measure is a useful supplemental measure of the projected investment efficiency of Chinook's 2018 capital program. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms determined in accordance with IFRS as a measure of performance. Chinook's method of calculating this measure may differ from other companies, and accordingly, they may not be comparable to measures used by other companies.

### ***Adjusted Funds Flow (Outflow)***

The reader is also cautioned that this news release contains the term adjusted funds flow (outflow), which is not a recognized measure under IFRS and is calculated from cash flow from continuing operations adjusted for changes in non-cash working capital, transaction costs, severance costs, onerous contracts, provision expenditures and exploration expenses. Management believes that adjusted funds flow (outflow) is a key measure to assess the ability of Chinook 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. Chinook's method of calculating this measure may differ from other companies, and accordingly, they may not be comparable to measures used by other companies. We adjust exploration and evaluation expense as we could otherwise capitalize these expenses.

***Working Capital Deficit***

The reader is cautioned that this news release contains the term working capital deficit, 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 provisions, deferred customer obligation and assets and liabilities held for sale. Working capital excluding mark-to-market derivative contracts, current portion of provisions, deferred customer 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, provisions and deferred customer obligations. Management uses working capital deficit to assist them in understanding Chinook's liquidity at specific points in time. Mark-to-market derivative contracts are excluded from working capital deficit, 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 respected of anticipated or projected adjusted funds flow (outflow), recycle ratios and certain components of the calculation of recycle ratios, and the corporate net asset value calculation 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 Statements" and assumptions with respect to production rates and commodity prices. 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.