



NEWS RELEASE

CHINOOK ENERGY INC. ANNOUNCES PLAN OF ARRANGEMENT

Calgary, Alberta – February 24, 2020 – **Chinook Energy Inc.** (TSX: CKE) ("Chinook" or the "Company") is pleased to announce today that it has entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which Tourmaline Oil Corp. (TSX: TOU) (the "Purchaser") has agreed to acquire all of the outstanding common shares of Chinook ("Chinook Shares") for cash consideration of \$0.0675 per share (the "Share Consideration"). The Share Consideration represents a 33% premium over the twenty day volume weighted average trading price of the Chinook Shares on the Toronto Stock Exchange (the "TSX"). The proposed transaction (the "Transaction") is to be completed by way of a plan of arrangement under the *Business Corporations Act* (Alberta).

STRATEGIC RATIONALE

In November 2019, Chinook initiated a strategic review process led by a Special Committee of the Chinook board of directors (the "Chinook Board"), supported by management and their financial advisor, Peters & Co. Limited, to review alternatives to enhance shareholder value. This publicly announced process followed strategic reviews in 2018 and 2016. The process was, in the context of continued weakness in commodity prices, continued weakness in general Canadian E&P industry and capital market conditions and the Company's ongoing semi-annual review of its demand credit facility, focused on maximizing shareholder value in a very challenging environment.

The extensive review process led to the evaluation of numerous strategic alternatives including a sale of all or a material portion of Chinook's assets and corporate transaction opportunities. Following a thorough review of each alternative, Chinook's Board and management team have determined that the Transaction represents the best alternative for Chinook shareholders with a counterparty of significant financial strength. Furthermore, all of the directors and executive officers of Chinook and a significant shareholder of Chinook have entered into support agreements and have agreed to vote an aggregate of approximately 37% of the outstanding Chinook Shares in favor of the Transaction, subject to the provisions of such support agreements.

The Transaction offers a liquidity event and cash consideration to all shareholders. Upon closing of the Transaction, the Chinook Shares will be de-listed from the TSX.

THE ARRANGEMENT AGREEMENT AND APPROVALS

The Transaction is subject to various closing conditions, including receipt of Court approval and Chinook shareholder approval.

The Arrangement Agreement contains customary representations and warranties of each party and interim operational covenants by Chinook. The Arrangement Agreement also provides for, among other things, customary board support and non-solicitation covenants, subject to a "fiduciary out" for unsolicited

"superior proposals" in favor of Chinook and a provision for the right to match any superior proposal in favor of the Purchaser.

The Arrangement Agreement provides for a non-completion fee of \$1.75 million. The non-completion fee is payable in the event that the Transaction is not completed or is terminated by Chinook in certain circumstances, including if Chinook enters into an agreement with respect to a superior proposal or if the Chinook Board withdraws or modifies its recommendation with respect to the Transaction.

An annual and special meeting (the "Meeting") of Chinook shareholders will be called to consider, among other things, the Transaction. The Transaction will require the approval of 66²/₃% of the votes cast by the Chinook shareholders and, if required, the approval of a majority of a minority after excluding the votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, present in person or by proxy at the Meeting.

Further details with respect to the Transaction will be included in the information circular to be mailed to Chinook shareholders in connection with the Meeting. The Meeting is expected to be held in late-April 2020 with closing of the Transaction anticipated to occur thereafter in April 2020 upon satisfaction of all conditions precedent thereto. A copy of the Arrangement Agreement and the information circular will be filed on Chinook's SEDAR profile and will be available for viewing at www.sedar.com.

RECOMMENDATION OF THE CHINOOK BOARD

Based on the Fairness Opinion (as defined below) and the recommendation of the Special Committee of the Chinook Board, and after consulting with its financial and legal advisors, among other considerations, the Chinook Board has unanimously: (i) determined that the Transaction is in the best interests of Chinook and the Chinook shareholders; (ii) resolved to recommend that Chinook shareholders vote in favor of the Transaction; and (iii) determined that the consideration to be received by Chinook shareholders pursuant to the Transaction is fair from a financial point of view to the Chinook shareholders.

FINANCIAL ADVISOR

Peters & Co. Limited acted as financial advisor to Chinook in connection with the Transaction and has provided its verbal fairness opinion (the "Fairness Opinion") that, subject to review of the final form of documents affecting the Transaction, as at the date of the Arrangement Agreement, the consideration to be received by Chinook shareholders pursuant to the Transaction is fair, from a financial point of view to Chinook shareholders.

About Chinook Energy Inc.

Chinook is a Calgary-based public oil and natural gas exploration and development company with a large contiguous Montney liquids-rich natural gas position at Birley/Umbach, British Columbia.

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Forward-Looking Statement Advisory

In the interest of providing Chinook's shareholders and readers with information regarding 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 particular, this news release contains, without limitation, forward-looking statements pertaining to: the Transaction and the anticipated timing of closing; mailing of the information circular related to the Meeting and the timing of the Meeting, and the benefits of the Transaction for Chinook shareholders.

With respect to the forward-looking statements contained in this news release, Chinook has made assumptions regarding, among other things, that the Transaction will be completed on the terms contemplated by the Arrangement Agreement. 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, completion of the Transaction is subject to a number of conditions which are typical for transactions of this nature, certain of which are outside the control of Chinook, failure to satisfy any of these conditions, the emergence of a superior proposal or the failure to obtain approval of Chinook's shareholders may result in the termination of the Arrangement Agreement. 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 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) and at Chinook'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 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.