Q3

Condensed Consolidated Financial Statements

Chinook Energy Inc. | 700, 700 - 2nd Street SW Calgary, Alberta T2P 2W1 TSX:CKE

Condensed Consolidated Statements of Financial Position

(unaudited)

(in thousands of Canadian dollars)	September 30 2013	December 31 2012
Assets		
Current		
Cash	**$ 11,404**	$ 30,647
Accounts receivable (note 4)	**38,197**	51,011
Inventory (note 5)	**2,886**	690
Derivative contracts (note 6)	**437**	-
Prepaids & deposits	**4,418**	3,829
	57,342	86,177
Development & production assets (note 7)	**528,125**	522,807
Exploration & evaluation assets (note 7)	**7,725**	13,492
	$ 593,192	$ 622,476
Liabilities and Shareholders' Equity		
Current		
Accounts payable, accrued liabilities & other (note 8)	**$ 45,011**	$ 64,187
Deferred disposition proceeds on joint arrangement (note 7)	**-**	3,051
Taxes payable	**1,232**	2,185
	46,243	69,423
Long-term debt (note 9)	**75,767**	89,137
Decommissioning obligation (note 10)	**101,801**	110,453
Deferred income taxes	**8,686**	9,333
Deferred lease obligation	**-**	528
Shareholders' Equity		
Share capital	**778,070**	778,070
Contributed surplus	**20,612**	19,517
Deficit	**(439,398)**	(451,700)
Accumulated other comprehensive income (loss)	**1,411**	(2,285)
	360,695	343,602
	$ 593,192	$ 622,476

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(unaudited)

	Three months ended September 30		Nine months ended September 30	
(in thousands of Canadian dollars, except per share amounts)	2013	2012	2013	2012
Revenues				
Petroleum & natural gas revenues	**$ 48,405**	$ 50,856	**$ 138,900**	$ 137,794
Royalties	**(3,120)**	(2,844)	**(11,070)**	(11,294)
Petroleum & natural gas revenues, net of royalties	**45,285**	48,012	**127,830**	126,500
Processing & gathering revenues	**1,330**	419	**6,037**	5,229
Petroleum, natural gas & other revenues, net of royalties	**46,615**	48,431	**133,867**	131,729
Expenses				
Production & operating	**19,569**	21,349	**55,228**	62,169
General & administrative	**3,138**	3,502	**8,688**	12,103
Exploration & evaluation	**1,488**	901	**9,580**	7,402
Derivative contracts & swap option (gains) losses (note 6)	**(650)**	4,929	**(1,132)**	(1,297)
Net financing (note 12)	**2,274**	1,722	**6,353**	6,200
Depletion, depreciation & amortization (note 7)	**18,341**	25,463	**55,978**	71,909
Impairment of development & production assets (note 7)	**-**	-	**-**	26,500
Gains on disposition of properties (note 7)	**(1,291)**	(867)	**(13,015)**	(5,734)
Foreign exchange & other (gains) losses	**(117)**	505	**(2,965)**	1,516
	42,752	57,504	**118,715**	180,768
Income (loss) before income taxes	**3,863**	(9,073)	**15,152**	(49,039)
Income taxes expense				
Current income tax expense	**1,150**	2,344	**4,089**	4,659
Deferred income tax expense (recovery)	**(1,099)**	1,000	**(1,239)**	622
	51	3,344	**2,850**	5,281
Net income (loss)	**3,812**	(12,417)	**12,302**	(54,320)
Foreign currency translation (loss) gain on foreign operations	**(3,047)**	(3,470)	**3,696**	(3,459)
Comprehensive income (loss)	**$ 765**	$ (15,887)	**$ 15,998**	$ (57,779)
Net income (loss) per share, basic and diluted (note 11d)	**$ 0.02**	$ (0.06)	**$ 0.06**	$ (0.25)

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(in thousands of Canadian dollars, except common shares)	Common Shares (thousands)	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
Balance as at December 31, 2011	**214,188**	**$ 778,070**	**$ 17,240**	**$ (360,672)**	**$ 73**	**$ 434,711**
Share-based compensation (note 11c)	-	-	2,589	-	-	2,589
Other comprehensive loss	-	-	-	-	(3,459)	(3,459)
Net loss	-	-	-	(54,320)	-	(54,320)
Balance as at September 30, 2012	**214,188**	**$ 778,070**	**$ 19,829**	**$ (414,992)**	**$ (3,386)**	**$ 379,521**
Balance as at December 31, 2012	**214,188**	**$ 778,070**	**$ 19,517**	**$ (451,700)**	**$ (2,285)**	**$ 343,602**
Share-based compensation (note 11c)	-	-	1,095	-	-	1,095
Other comprehensive income	-	-	-	-	3,696	3,696
Net income	-	-	-	12,302	-	12,302
Balance as at September 30, 2013	**214,188**	**$ 778,070**	**$ 20,612**	**$ (439,398)**	**$ 1,411**	**$ 360,695**

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

(unaudited)

(in thousands of Canadian dollars)	Nine months ended September 30 2013	Nine months ended September 30 2012
Operating Activities		
Net income (loss)	**$ 12,302**	$ (54,320)
Add (deduct):		
Accretion (note 10)	**2,066**	2,154
Amortization of deferred financing costs (note 9)	**466**	-
Depletion, depreciation & amortization (note 7)	**55,978**	71,909
Impairment of development & production assets (note 7)	**-**	26,500
Exploration & evaluation expense (note 7)	**9,580**	7,402
Unrealized gains on derivative contracts & swap option (note 6)	**(437)**	(974)
Gains on disposition of properties (note 7)	**(13,015)**	(5,734)
Non-cash general & administrative expenses	**1,007**	1,797
Deferred income tax (recovery) expense	**(1,239)**	622
Deferred disposition proceeds on joint arrangement (note 7)	**(3,051)**	-
Foreign exchange & other non-cash charges	**135**	584
Decommissioning expenditures (note 10)	**(2,440)**	(2,509)
Change in operating non-cash working capital (note 13)	**(12,685)**	(1,540)
Cash flow from operating activities	**48,667**	45,890
Financing Activities		
Long-term debt repayment	**(11,000)**	(48,000)
Deferred financing charges (note 9)	**(2,801)**	-
Cash flow from financing activities	**(13,801)**	(48,000)
Investing Activities		
Capital expenditures (note 7)	**(69,066)**	(59,203)
Exploration & evaluation expenditures (note 7)	**(8,072)**	(7,253)
Proceeds on property dispositions (note 7)	**19,703**	73,200
Change in investing non-cash working capital (note 13)	**2,929**	(20)
Cash flow from investing activities	**(54,506)**	6,724
Change in cash, during the period	**(19,640)**	4,614
Cash, beginning of period	**30,647**	11,475
Cash, foreign currency translation gains	**397**	(118)
Cash, end of period	**$ 11,404**	$ 15,971

Other supplementary cash flow information (note 13)

See accompanying notes to the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Three and nine months ended September 30, 2013 and 2012
Tabular amounts in thousands of Canadian dollars, except as noted

1. Reporting Entity

Chinook Energy Inc. was incorporated under the laws of the Province of Alberta, Canada, on August 28, 2003.

These condensed consolidated financial statements include the accounts of Chinook Energy Inc. and its direct and indirect wholly-owned subsidiaries and foreign branches (collectively, "Chinook" or the "Company"), after the elimination of intercompany balances and transactions.

Chinook's current operations are to explore, develop and produce natural gas, crude oil and natural gas liquids in Canada and Tunisia. In addition to the Corporate segment, Chinook has treated each country in which it conducts business as an identifiable reporting segment.

Chinook's common shares are listed on the Toronto Stock Exchange under the symbol CKE. The head office and principal address of Chinook is Suite 700, 700 – 2nd Street SW, Calgary, Alberta, Canada T2P 2W1.

2. Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared following the same accounting policies as disclosed in Note 3 in the audited consolidated financial statements for the years ended December 31, 2012 and 2011 with the exception of the new accounting policies disclosed in Note 3 below. These unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 and 2012, should be read in conjunction with the consolidated financial statements for the years ended December 31, 2012 and 2011 and the notes thereto. These unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 and 2012, do not include all of the required disclosures for annual consolidated financial statements.

Statement of Compliance

These condensed consolidated financial statements have been prepared by management in accordance with IAS 34 'Interim Financial Reporting' using accounting principles consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 14, 2013.

Basis of Measurement

The condensed consolidated financial statements have been prepared on the historical cost basis with the exception of derivative financial instruments which have been measured at fair value.

Functional and Presentation Currency

These condensed consolidated financial statements are presented in Canadian dollars which is also the Company's Canadian and Corporate segments' functional currency. The Tunisian segment's functional currency is the United States ("US") dollar. Accumulated other comprehensive income (loss) is comprised of a translation gain (loss) of Chinook's US dollar functional Tunisian operations to Chinook's Canadian dollar reporting currency and would be reported on the consolidated statements of operations and comprehensive income (loss) upon sale or partial sale of these operations.

3. New Standards

Current Year Accounting Changes

On January 1, 2013, the Company adopted new standards with respect to consolidations (IFRS 10), joint arrangements (IFRS 11), disclosure of interests in other entities (IFRS 12), and fair value measurements (IFRS 13). Chinook also adopted the amendment to IFRS 7 "Financial Instruments: Disclosures" to provide more extensive quantitative disclosures for financial instruments that are offset in the consolidated statement of financial position or that are subject to enforceable master netting or similar agreements.

The adoption of these standards and amendment had no impact on the amounts recorded in the condensed consolidated financial statements as at September 30, 2013 and December 31, 2012.

4. Accounts Receivable

Chinook's accounts receivable was comprised of:

	September 30 2013	December 31 2012
Trade accounts receivable & accrued receivables.	**$ 34,122**	$ 43,909
Other receivables	**2,688**	2,793
Cash call receivables	**2,091**	5,366
Allowance for doubtful accounts	**(704)**	(1,057)
	$ 38,197	$ 51,011

Chinook's accounts receivable balance was aged as follows:

	September 30 2013	December 31 2012
Not past due	**$ 31,884**	$ 45,092
Past due by more than 90 days, net of allowance	**6,313**	5,919
	$ 38,197	$ 51,011

5. Inventory

Inventory is comprised of crude oil produced in Tunisia that is either in transit from the wellheads or is being stored at terminal facilities awaiting delivery to shipping tankers.

During the three months ended March 31, 2013, Chinook sold and reported through the condensed consolidated statements of operations and comprehensive income (loss) approximately 15,000 barrels of crude oil that was held as inventory and valued at a cost of $0.7 million at December 31, 2012. At September 30, 2013, Chinook had approximately 46,000 barrels of crude oil inventory as valued at a cost of $2.9 million.

6. Derivative Contracts and Swap Option

Chinook's realized gains and unrealized gains and losses from commodity price risk management contracts for the three and nine months ended September 30, 2013 and 2012 in addition to the unrealized losses from its swap option contract for the three and nine months ended September 30, 2012 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Realized gain on commodity contracts	**$ (769)**	$ (182)	**$ (695)**	$ (323)
Unrealized loss (gain) on commodity contracts and swap option	**119**	5,111	**(437)**	(974)
	$ (650)	$ 4,929	**$ (1,132)**	$ (1,297)

Chinook uses commodity price risk management contracts to reduce its exposure to fluctuations in commodity prices. The following price risk management contracts were in place as at September 30, 2013:

Indexed Price	Notional Volumes	Company's Received Price	Remaining period
AECO	7,000 GJ/d	$3.20/GJ	October 1, 2013 to December 31, 2013
AECO	3,000 GJ/d	$3.40/GJ	October 1, 2013 to October 31, 2013
AECO	5,000 GJ/d	$3.25/GJ to $3.50/GJ	January 1, 2014 to December 31, 2014
Brent	500 bbl/d	$95.00 US/bbl to $115.50 US/bbl	October 1, 2013 to December 31, 2013

The commodity price contracts were assessed as level 2 on the fair value hierarchy and were reported at September 30, 2013 at their fair value of $0.4 million as included in current derivative assets on the statement of financial position. This estimate was partially determined through the difference in the referenced market forward prices of the respective commodity over the remaining period of each contract as compared to each contract's strike price multiplied by the notional volumes during the remaining period. At December 31, 2012, there were no outstanding swap option or risk management contracts.

Subsequent to September 30, 2013, Chinook entered into the following contract:

Indexed Price	Notional Volumes	Company's Received Price	Period
Brent	500 bbl/d	$98.00 US/bbl to $108.00 US/bbl	January 1, 2014 to December 31, 2014

7. Development & Production and Exploration & Evaluation Assets

The following table reconciles Chinook's development and production and exploration and evaluation assets:

	Development & Production Assets	Exploration & Evaluation Assets	Total
Cost of Assets			
Balance as at December 31, 2012	**$ 844,031**	**$ 58,960**	**$ 902,991**
Capital expenditures	59,464	9,602	69,066
Cost of exploration efforts expensed	-	(1,390)	(1,390)
Cost of properties sold	(23,445)	(14,591)	(38,036)
Transfer from E&E to D&P	4,728	(4,728)	-
Change in decommissioning assets	860	-	860
Foreign exchange adjustment	5,364	7	5,371
Balance as at September 30, 2013	**$ 891,002**	**$ 47,860**	**$ 938,862**
Accumulated Depletion, Depreciation & Amortization			
Balance as at December 31, 2012	**$ (321,224)**	**$ (45,468)**	**$ (366,692)**
Depletion, depreciation & amortization	(50,996)	(4,982)	(55,978)
Inventoried depletion	(1,035)	-	(1,035)
Reversed on sale of properties	11,626	10,315	21,941
Foreign exchange adjustment	(1,248)	-	(1,248)
Balance as at September 30, 2013	**$ (362,877)**	**$ (40,135)**	**$ (403,012)**
Net Book Values			
Balance as at December 31, 2012	$ 522,807	$ 13,492	$ 536,299
Balance as at September 30, 2013	**$ 528,125**	**$ 7,725**	**$ 535,850**

The Company capitalized $5.1 million and $2.9 million of direct G&A costs as related to its exploration and development activity for the nine months ended September 30, 2013 and 2012, respectively.

Exploration Wells

During the nine months ended September 30, 2013, Chinook drilled and cased its El Bell exploration well on the onshore Tunisian Sud Remada Permit. Prior to September 30, 2013, the well was suspended as no economical petroleum or natural gas reserves were identified in its target zone. Also during the nine months ended September 30, 2013, a completion operation was attempted on Chinook's TT4 well on its BBT Concession to access a lower non-productive interval. Prior to completion, Chinook determined that the objectives of accessing this non-productive interval would not be met and the associated costs should be expensed. The El Bell well's drilling and casing costs of $3.2 million, including $0.1 million of estimated decommissioning obligations, in addition to the $1.1 million of costs for the TT4 well's completion operation were directly charged to exploration and evaluation expense on the condensed consolidated statements of operations and comprehensive income (loss) for the nine months ended September 30, 2013.

Subsequent to March 26, 2013, management completed its evaluation and determined that a Canadian exploration well drilled during 2012 was unsuccessful for petroleum or natural gas reserves. The $1.4 million of drilling costs initially reported as exploration and evaluation assets at December 31, 2012 related to this Canadian exploration well were then charged to exploration and evaluation expense for the nine months ended September 30, 2013.

In addition to the above, $3.9 million of exploratory lease rental and geological and geophysical costs were directly charged to the exploration and evaluation expense for the nine months ended September 30, 2013 resulting in a total expense of $9.6 million, of which $8.1 million was incurred as a cash cost.

Property Dispositions

During the nine months ended September 30, 2013, Chinook completed the sale of several petroleum and natural gas properties for aggregate net proceeds of $19.7 million ($73.2 million for the nine months ended September 30, 2012). The carrying amount of these sold properties, less $9.4 million of associated decommissioning obligations (see note 10), was less than the sales proceeds received resulting in a gain of $13.0 million for the nine months ended September 30, 2013 ($5.7 million for the nine months ended September 30, 2012). For the three months ended September 30, 2013, the carrying amount of the sold properties, less $0.7 million of associated decommissioning obligations, was less than the sales proceeds received resulting in a gain of $1.3 million ($0.9 million for the three months ended September 30, 2012).

Joint Arrangement

On March 19, 2013, NZOG Hammamet Pty. Ltd ("NZOG") acknowledged that it had given a negative final investment decision ("FID") as defined under the terms of the farmout agreement (the "Farmout Agreement"), which terminated NZOG's optional right to complete its earning and acquisition of an interest in the Cosmos Concession per the terms of the Farmout Agreement. Given the termination of this optional right, during the nine months ended September 30, 2013, Chinook reported the initial US$3.0 million cash proceeds it received from NZOG as realized through the line item foreign exchange & other (gains) and losses on the condensed consolidated statements of operations and comprehensive income (loss).

Impairment

At September 30, 2013, Chinook determined that there were no indications of impairment that would warrant a test for impairment in any of Chinook's cash generating units. Chinook also determined that at September 30, 2013, there were no indicators that a recovery of prior periods' impairment was warranted at this time.

For the nine months ended September 30, 2012, Chinook recognized an impairment charge of $26.5 million as triggered through a reduction in the forward price outlook of North American natural gas as posted by McDaniel & Associates Consultants Ltd, the independent reserve engineers who evaluated Chinook's Canadian reserves as at December 31, 2012.

8. Accounts Payable, Accrued Liabilities and Other

	September 30 2013	December 31 2012
Trade accounts payable	**$ 8,303**	$ 16,685
Accrued liabilities	**29,097**	29,812
Joint operations accounts payable	**6,727**	16,240
Royalties payable	**92**	394
Deferred lease obligation	**792**	1,056
	$ 45,011	$ 64,187

9. Long-Term Debt

	September 30 2013	December 31 2012
Canadian revolving term credit facility	**$ 78,500**	$ 89,500
Unamortized deferred financing costs	**(2,733)**	(363)
Balance, end of period	**$ 75,767**	$ 89,137

Canadian Revolving Term Credit Facility

On December 11, 2012, Chinook signed a new Canadian reserve-based 364 day revolving credit facility (the "Canadian Revolving Term Credit Facility") with a syndicate of Canadian banks with a maximum availability of $115.0 million. During June 2013, Chinook extended the current revolving period to June 26, 2014. In the event that the revolving period is not extended by the banks prior to this date, all amounts then outstanding under the Canadian Revolving Term Credit Facility must be repaid before June 26, 2015. The Canadian Revolving Term Credit Facility is subject to a semi-annual review and redetermination. Changes in the availability of the Canadian Revolving Term Credit Facility are possible, from one renewal period to the next, with draws in excess of availability becoming payable within 60 days. At September 30, 2013, Chinook had available credit of $36.5 million from the Canadian Revolving Term Credit Facility (December 31, 2012 - $25.5 million).

The Canadian Revolving Term Credit Facility is guaranteed by Chinook's Canadian subsidiaries and collateralized by floating charges and security interests over all present and future Canadian properties and other Canadian assets of Chinook and its Canadian subsidiaries. Interest payable on amounts drawn on this facility vary based on the applicable pricing rate as combined with either the Canadian prime, U.S. Base rate, U.S. LIBOR or Bankers' Acceptances depending on the borrowing option selected by Chinook. The effective interest rate on draws against the Canadian Revolving Term Credit Facility for the three and nine months ended September 30, 2013, was 5.4% and 5.3%, respectively (three and nine months ended September 30, 2012 – 4.4% and 4.3%, respectively). The Canadian Revolving Term Credit Facility contains a covenant whereby the ratio of Chinook's drawings against this facility to the earnings attributable to its Canadian operations before interest, taxes, depreciation and amortization cannot be greater than 4:1 as determined on a rolling four quarter basis for the most current fiscal quarter. At September 30, 2013, Chinook was in compliance with this covenant.

International Credit Facility

On March 15, 2013, Chinook signed a US$75.0 million international amortizing reserve-based credit facility ("International Credit Facility") for a term of five years with an international bank. The availability of this facility is US$46.5 million. The International Credit Facility is subject to a semi-annual review and redetermination, where the available amount will be reassessed and outstanding draws must be paid down to the lower of the new available amount or the current repayment commitment. At September 30, 2013, Chinook had no outstanding drawings against the International Credit Facility resulting in available credit from this facility of US$46.5 million. The term of the International Credit Facility can be reduced from the anticipated final maturity date in March 2018 to a date when the estimated reserve recoveries of the borrowing base assets fall below a prescribed rate.

The International Credit Facility is collateralized by floating charges and security interests over all of Chinook's Tunisian assets, including the shares of Chinook's international subsidiaries. Interest payable on drawings from the International Revolving Credit Facility will vary based on a prescribed margin plus U.S. LIBOR.

Unamortized Deferred Financing Costs

	Canadian Revolving Term Credit Facility	International Credit Facility	Total
Balance as at December 31, 2012	$ 363	$ -	**$ 363**
Additions	115	2,686	**2,801**
Amortization	(195)	(271)	**(466)**
Foreign currency translation	-	35	**35**
Balance as at September 30, 2013	$ 283	$ 2,450	**$ 2,733**

The unamortized deferred financing costs associated with each facility will be amortized through each facility's anticipated expiration.

10. Decommissioning Obligation

The total future decommissioning obligations were estimated by management based on Chinook's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. At September 30, 2013, Chinook has estimated the net present value of its total decommissioning obligation based on a total future undiscounted liability of $109.6 million ($118.2 million at December 31, 2012). At September 30, 2013, management estimates that these payments are expected to be made over the next 51 years. At September 30, 2013 and December 31, 2012, a risk free rate of 2.5% and an inflation rate of 2% were used to calculate the present values of the decommissioning obligations.

Balance as at December 31, 2012	**$ 110,453**
Dispositions	(9,407)
Development and exploration activities	966
Settlement	(2,440)
Accretion expense	2,066
Foreign exchange adjustment	163
Balance as at September 30, 2013	**$ 101,801**

11. Share Capital

a) Authorized:

An unlimited number of no par value common shares and first preferred shares.

b) Issued and Outstanding:

Common Shares

All of the 214,187,681 common shares issued and outstanding are fully paid. The holders of common shares are entitled to share equally in dividends, returns of capital and to vote at shareholders' meetings.

First Preferred Shares

No first preferred shares have been issued.

Warrants

On June 30, 2013, the 1,279,000 share purchase warrants ("Warrants") that Chinook issued on May 27, 2010, expired unexercised.

c) Share-Based Compensation Plan

Chinook has a share option plan pursuant to which options to purchase its common shares may be granted to employees, directors, officers, and its other service providers. The maximum number of common shares issuable on exercise of options granted pursuant to the share option plan may not exceed 10% of Chinook's issued and outstanding common shares. Chinook's outstanding options vest over a period of three years and expire five years after the date granted.

A summary of options outstanding is as follows:

	Weighted Average Exercise Price ($/option)	Number of Options (thousands)
Balance as at December 31, 2012	**$ 1.99**	**13,861**
Granted	1.17	1,662
Forfeited	(1.91)	(1,085)
Balance as at September 30, 2013	**$ 1.90**	**14,438**

The table below summarizes outstanding share options and the weighted average exercise prices, remaining life in years, the number of exercisable options and their respective weighted average exercise prices and remaining life as at September 30, 2013.

	Outstanding Options			Options Exercisable		
Range of Exercise Prices ($/option)	Options Outstanding (thousands)	Weighted Average Exercise Prices ($/option)	Weighted Average Remaining Life (years)	Options Outstanding (thousands)	Weighted Average Exercise Prices ($/option)	Weighted Average Remaining Life (years)
$0.94 - $1.24	2,028	$ 1.17	4.4	153	$ 1.20	3.7
$1.42 - $1.64	2,677	1.42	3.2	896	1.42	3.2
$1.67 - $1.97	3,676	1.97	1.6	3,054	1.92	1.3
$2.13 - $2.19	3,280	2.19	2.1	2,186	2.19	2.1
$2.22 - $2.72	2,777	2.59	1.6	2,758	2.59	1.6
	14,438	$ 1.90	2.4	9,047	$ 2.13	1.8

Total share-based compensation, as included in the line item general and administrative expense as reported in the condensed consolidated statements of operations and comprehensive income (loss), for the three and nine months ended September 30, 2013, was $0.4 million and $1.1 million, respectively (three and nine months ended September 30, 2012 - $0.9 million and $2.6 million, respectively). The following factors were used in the Black-Scholes pricing model for the determination of the fair value of options granted during the nine months ended September 30, 2013 and 2012:

Nine months ended September 30	2013	2012
Expected average life (years)	**3 to 5**	1 to 3
Risk-free interest rate (%)	**1.07 to 1.93**	0.97 to 1.34
Estimated forfeiture rate per annum (%)	**13**	9.3 to 11.2
Volatility factor (%)	**49 to 54**	40 to 54

The weighted average fair values determined for options granted during the three and nine months ended September 30, 2013, were $0.40 per option and $0.49 per option, respectively (three and nine months ended September 30, 2012 - $0.40 and $0.35 per option, respectively).

d) Per Share Amounts

The per share amounts for the three and nine months ended September 30, 2013 and 2012, were calculated as per the following table:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Net income (loss)	**$ 3,812**	$ (12,417)	**$ 12,302**	$ (54,320)
Weighted average shares outstanding - basic and diluted (thousands)	**214,188**	214,188	**214,188**	214,188
Net income (loss) per share - basic and diluted ($/share)	**$ 0.02**	$ (0.06)	**$ 0.06**	$ (0.25)

For the three and nine months ended September 30, 2013, diluted income per share assumes the exercise of options as if issued at the later of the date of grant or the beginning of the period. This calculation takes into account only the options that are considered to be "in-the-money". At September 30, 2013, Chinook's options were considered to be "out-of-the-money" per the treasury stock method and had no effect on the diluted weighted average shares outstanding. For the three and nine months ended September 30, 2012, because the Company reported net losses, the effect, if any, of "in-the-money" options and share purchase warrants would have been anti-dilutive resulting in them being excluded in the calculation of dilutive weighted average shares outstanding.

12. Net Financing Expenses

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Interest on bank debt and other interest	**$ 1,320**	$ 1,019	**$ 3,952**	$ 3,424
Interest earned on bank and other deposits	**(37)**	(2)	**(365)**	(7)
Finance charges and fees	**85**	47	**234**	629
Amortization of deferred financing costs	**220**	-	**466**	-
Accretion of decommissioning obligation	**686**	658	**2,066**	2,154
Net financing expenses	**$ 2,274**	$ 1,722	**$ 6,353**	$ 6,200

13. Supplemental Disclosure

Changes in non-cash working capital:

Nine months ended September 30	**2013**	2012
Cash provided by (used for):		
Accounts receivable	**$ 12,320**	$ 2,388
Accounts payable, accrued liabilities & other	**(19,446)**	(5,400)
Inventory	**(1,104)**	(743)
Prepaids & deposits	**(572)**	469
Taxes payable	**(954)**	1,726
	$ (9,756)	$ (1,560)
Cash provided by (used for):		
Operating activities	**$ (12,685)**	$ (1,540)
Investing activities	**2,929**	(20)
	$ (9,756)	$ (1,560)

Other supplemental cash flow information:

Nine months ended September 30	**2013**	2012
Cash taxes paid	**$ 5,042**	$ 2,932
Cash interest paid	**$ 3,952**	$ 3,424

14. Segmented Information

Chinook's continuing operating and reportable segments are as follows:

- Canada – includes the Company's Western Canadian Sedimentary Basin producing properties and undeveloped land predominately in the Peace River and Grande Prairie areas located along the northern portion of the border between the provinces of British Columbia and Alberta.
- Tunisia – includes eight blocks: three offshore in the Gulf of Hammamet within the Pelagian Basin (Cosmos, Yasmin and Hammamet) with five onshore properties located on the Sud Remada, Bir Ben Tartar, Jenein, Adam and Borj El Khadra Blocks, all within the Ghadames Basin. The Company's producing properties are Bir Ben Tartar and Adam.
- Corporate – includes derivative transactions, general and administrative costs and assets held corporately.

Selected Segment Information

Nine months ended September 30				2013				2012
	Canada	Tunisia	Corporate	Consolidated	Canada	Tunisia	Corporate	Consolidated
Capital expenditures	**$ 32,698**	**$ 36,276**	**$ 92**	**$ 69,066**	$ 22,411	$ 36,731	$ 61	$ 59,203

As at				September 30, 2013				December 31, 2012
Development & production and exploration & evaluation assets	**$ 388,192**	**$ 144,399**	**$ 3,259**	**$ 535,850**	$ 411,768	$ 121,343	$ 3,188	$ 536,299
Total assets	**$ 428,479**	**$ 157,121**	**$ 7,592**	**$ 593,192**	$ 465,576	$ 141,140	$ 15,760	$ 622,476

Results by Segment

		Canada		Tunisia		Corporate		Consolidated
Three months ended September 30	2013	2012	2013	2012	2013	2012	2013	2012
Revenues								
Petroleum, natural gas & other revenues, net of royalties	**$ 27,677**	$ 24,465	**$ 18,938**	$ 23,966	**$ -**	$ -	**$ 46,615**	$ 48,431
Expenses								
Production & operating	**13,972**	15,788	**5,597**	5,561	**-**	-	**19,569**	21,349
General & administrative	**1,011**	764	**1,078**	850	**1,049**	1,888	**3,138**	3,502
Exploration & evaluation	**276**	665	**1,212**	236	**-**	-	**1,488**	901
Derivative contract (gains) losses	**-**	-	**-**	-	**(650)**	4,929	**(650)**	4,929
Net financing	**1,909**	1,683	**365**	37	**-**	2	**2,274**	1,722
Depletion, depreciation & amortization	**12,067**	18,132	**6,274**	7,331	**-**	-	**18,341**	25,463
Gains on disposition of properties	**(1,291)**	(867)	**-**	-	**-**	-	**(1,291)**	(867)
Foreign exchange & other (gains) losses	**124**	35	**(76)**	437	**(165)**	33	**(117)**	505
	28,068	36,200	**14,450**	14,452	**234**	6,852	**42,752**	57,504
Income (loss) before income taxes	**(391)**	(11,735)	**4,488**	9,514	**(234)**	(6,852)	**3,863**	(9,073)
Income taxes								
Current income tax expense	**4**	5	**1,146**	2,339	**-**	-	**1,150**	2,344
Deferred income tax expense (recovery)	**-**	-	**(1,099)**	1,000	**-**	-	**(1,099)**	1,000
	4	5	**47**	3,339	**-**	-	**51**	3,344
Net income (loss)	**$ (395)**	$ (11,740)	**$ 4,441**	$ 6,175	**$ (234)**	$ (6,852)	**$ 3,812**	$ (12,417)

Nine months ended September 30	Canada 2013	Canada 2012	Tunisia 2013	Tunisia 2012	Corporate 2013	Corporate 2012	Consolidated 2013	Consolidated 2012
Revenues								
Petroleum, natural gas & other revenues, net of royalties	**$ 82,415**	$ 82,487	**$ 51,452**	$ 49,242	**$ -**	$ -	**$ 133,867**	$ 131,729
Expenses								
Production & operating	**41,647**	51,066	**13,581**	11,103	**-**	-	**55,228**	62,169
General & administrative	**3,140**	2,836	**1,639**	1,562	**3,909**	7,705	**8,688**	12,103
Exploration & evaluation	**3,831**	2,718	**5,749**	4,684	**-**	-	**9,580**	7,402
Derivative contract gains	**-**	-	**-**	-	**(1,132)**	(1,297)	**(1,132)**	(1,297)
Net financing	**5,614**	6,086	**739**	112	**-**	2	**6,353**	6,200
Depletion, depreciation & amortization	**39,297**	58,037	**16,681**	13,872	**-**	-	**55,978**	71,909
Impairment of development & production assets	**-**	26,500	**-**	-	**-**	-	**-**	26,500
Gains on disposition of properties	**(13,015)**	(5,734)	**-**	-	**-**	-	**(13,015)**	(5,734)
Foreign exchange & other (gains) losses	**(30)**	62	**(2,746)**	521	**(189)**	933	**(2,965)**	1,516
	80,484	141,571	**35,643**	31,854	**2,588**	7,343	**118,715**	180,768
Income (loss) before income taxes	**1,931**	(59,084)	**15,809**	17,388	**(2,588)**	(7,343)	**15,152**	(49,039)
Income taxes								
Current income tax expense	**134**	5	**3,955**	4,654	**-**	-	**4,089**	4,659
Deferred income tax expense (recovery)	**-**	(893)	**(1,239)**	1,515	**-**	-	**(1,239)**	622
	134	(888)	**2,716**	6,169	**-**	-	**2,850**	5,281
Net income (loss)	**$ 1,797**	$ (58,196)	**$ 13,093**	$ 11,219	**$ (2,588)**	$ (7.343)	**$ 12,302**	$ (54,320)