



NEWS RELEASE

Chinook Energy Inc. Completes Strategic Acquisition of Gilby Assets

CALGARY, Alberta, (June 30, 2010) – Chinook Energy Inc. ("**Chinook**") is pleased to announce that it has completed the acquisition of oil and natural gas properties currently producing approximately 1,200 boe/d in the Gilby area of West Central Alberta from an intermediate producer for \$46.25 million, before closing adjustments (the "**Gilby Acquisition**"). The Gilby Acquisition was funded with a portion of the proceeds received by Chinook from the sale of \$25 million of non-core assets and from Chinook's credit facility. The Gilby Acquisition adds high working interest, operated oil, natural gas and natural gas liquids production and reserves as well as undeveloped land. A significant portion of the acquired production is located within existing Chinook core production areas.

Highlights of the Gilby Acquisition

The acquired assets are highly complementary and adjacent to Chinook's assets in West Central Alberta acquired in March 2010 from subsidiaries of Provident Energy Trust. The Gilby Acquisition further demonstrates Chinook's approach to targeting quality assets with identified upside potential with high working interest and operatorship.

The Gilby Acquisition has the following attributes:

- Current production of approximately 1,200 boe/d of which approximately 75% is natural gas and approximately 25% is light crude oil and natural gas liquids.
- High working interest lands and operated production; approximately 80% working interest and 80% operated.
- 4.47 Mmboe of proved plus probable reserves evaluated as at December 31, 2009, net of certain assets that were not acquired as a result of a third party election to acquire the asset under a right of first refusal.
- Reserve life index of 6.7 years on proven reserves and 8.5 years on proven plus probable reserves.

The anticipated benefits and upside potential associated with the Gilby Acquisition are:

- Opportunities for emerging play-types and enhanced recovery techniques.
- Minimal incremental G&A expense is expected given the complementary nature of the acquisition.
- Operating cost efficiencies through higher utilization of company operated facilities.

Business Combination with Iteration Energy Ltd.

Chinook is the result of a business combination completed on June 29, 2010 between Storm Ventures International Inc. and Iteration Energy Ltd. (TSX: ITX) pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). Approximately 168.5 million of the approximately 215.5 million outstanding common shares of Iteration were tendered for the cash election pursuant to the Arrangement and the remaining common shares of Iteration were tendered or deemed to be tendered for the share election pursuant to the Arrangement. This resulted in each Iteration shareholder who elected the cash option receiving approximately \$1.33 of cash and 0.1524 of a common share of Chinook for each Iteration share held. Those Iteration shareholders who elected or were deemed to have elected the share option received 0.5631 of a common share of Chinook for each Iteration share held. It is anticipated that the common shares of Chinook will commence trading on the Toronto Stock Exchange under the trading symbol "CKE" three to four business days after the date hereof and that the common shares of Iteration Energy Ltd. will be delisted at this time.

About Chinook Energy Inc.

Chinook is a Calgary-based public oil and gas exploration and development company that combines high quality gas-weighted assets in Western Canada with an exciting high growth oil business onshore and offshore Tunisia in North Africa.

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Reader Advisory

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 joint new 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 the following: potential synergies resulting from the Gilby Acquisition; the effect of the Gilby Acquisition on Chinook's production, reserves and reserve life index and Chinook's operational and business plans.

With respect to forward-looking statements contained in this news release, Chinook has made assumptions regarding, among other things: future capital expenditure levels; future oil and natural gas prices and differentials between light, medium and heavy oil prices; future exchange rates and interest rates; Chinook's ability to obtain equipment in a timely manner to carry out development activities; Chinook's ability to market oil and natural gas successfully to current and new customers; the impact of increasing competition; the ability of Chinook to obtain financing on acceptable terms; and the ability of Chinook to add production and reserves through development and exploitation activities. 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 the 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, among other things, the following: incorrect assessment of the value of the Gilby Acquisition; failure to realize the anticipated benefits and synergies of the Gilby Acquisition; volatility in market prices for oil and natural gas; failure to complete planned operational activities; general economic conditions in Canada, the U.S. and globally; and the other factors described under "Risk Factors" in Appendix "F" to Iteration's management information circular and proxy statement dated May 29, 2010 available in Canada at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this news release speak only as of the date hereof. Except as expressly required by applicable securities laws, Chinook does not undertake any obligation to publicly update or revise any

forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

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.

Reserve Life Index

The reader is also cautioned that this new release contains the term reserve life index, which is not a recognized measure under GAAP. 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 such as net income determined in accordance with GAAP 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.