



NEWS RELEASE

Chinook Energy Inc. Announces 2010 Second Quarter Results

CALGARY, ALBERTA – August 12, 2010 – Chinook Energy Inc. (“Chinook” or the “Company”) (TSX: CKE) is pleased to announce its financial and operating results for the three and six months ended June 30, 2010.

On June 29, 2010, pursuant to a plan of arrangement, we (Storm Ventures International Inc. (SVI)) acquired all of the outstanding securities of Iteration Energy Ltd. (Iteration) and amalgamated with Iteration to form Chinook Energy Inc. (Chinook). On July 6, 2010, the common shares of Chinook began to trade on the TSX under the symbol CKE. Chinook operates a gas-weighted conventional asset base in Western Canada and a large acreage position with minor production in Tunisia. Over the next three years it is anticipated that we will see the asset focus shift to projects of increasing scale and opportunity with production moving to a balance of one third to each of Tunisian light oil production, Canadian resource play exposure and conventional gas-weighted assets. We intend to position Chinook to deliver compounded average growth in production volumes on a per share basis in excess of 12 percent while targeting debt levels below 1.5 times forward forecast cash flow. The emergence of Chinook is a continuation of the repositioning we began late in 2009 with our announcement of the acquisition of Canadian assets in West Central Alberta and we will now focus on expanding our team and establishing the infrastructure to manage and grow the assets efficiently.

Presently, we produce approximately 16,700 barrels of oil equivalent per day comprised of 700 barrels of oil equivalent per day from Tunisia, 6,000 barrels of oil equivalent per day from West Central Alberta assets and 10,000 barrels of oil equivalent per day from a 75 percent slice of the Iteration assets. The balance of the Iteration assets were purchased by the Alberta Investment Management Corporation (AIMCo), on behalf of certain of its clients, in connection with our acquisition of Iteration, and will be administered by Chinook pursuant to an agreement with the general partner of the limited partnership in which the assets are held. AIMCo, on behalf of certain of its clients, is Chinook's largest shareholder, owning approximately 36 percent of the outstanding common shares on a fully diluted basis. It is anticipated that our production will average 16,700 - 17,000 barrels of oil equivalent per day over the second half of 2010. Preliminary guidance for 2011 is for production to average approximately 19,000 - 19,500 barrels of oil equivalent per day.

Our intention in expanding our Canadian platform was to materially improve our ability to internally finance growth through increased cash flow and balance sheet capacity and to bolster our ability to deliver profitable growth in Canada through an increased level of operatorship, average working interest, drilling inventory and undeveloped land position at costs that support a good return on a full cycle basis. On a gross basis, the Iteration transaction involved the acquisition of 47.3 million barrels of proved plus probable reserves, for a total cost of \$555 million (including fees and severance) for transaction metrics of \$11.73 per barrel of oil equivalent and \$40,217 per flowing barrel of oil equivalent prior to the deduction of any value for the 750,000 acres of undeveloped land. Although in our view the reserve acquisition costs and opportunities embedded in the assets justified the purchase price, we will need to demonstrate improvements in our cost structure to improve netbacks from a second quarter average of \$7.57 per barrel of oil equivalent. With the elimination of onetime costs and minor improvements operationally, we can see netbacks doubling over the balance of 2010 with future improvements dependent on volume growth and increased gas prices.

Net debt at the end of the second quarter (debt plus working capital) was \$185.5 million and we are forecasting cash flow for the second half of the year of \$45 - \$50 million based on average natural gas prices of \$4.14 per thousand of cubic feet and average oil prices of \$80.43 per barrel. On August 9, 2010, we repaid the amount outstanding on the bridge credit facility of \$17.8 million plus accumulated interest of \$0.3 million. We plan to spend in line with our cash flow and anticipate we will exit the year with a similar debt level. Our operating expenses are expected to average \$14.00 per barrel of oil equivalent and we will target improvement to \$12.00 - \$13.00 per barrel of oil equivalent for next year. More major cost improvements will require increased volumes and more Company controlled facilities. We anticipate our overhead costs will be \$3.00 per barrel of oil equivalent in 2010 but we are targeting to improve our

overhead costs to less than \$2.50 per barrel of oil equivalent in 2011 with the elimination of onetime charges, increased activity, more efficient operations and increased volumes.

Financial and Operating Results

	Three Months Ended June 30		Six Months Ended June 30	
<i>(\$ thousands, except per share and per unit amounts)</i>	2010	2009	2010	2009
Sales and prices ⁽³⁾				
Oil sales (bbl/d)	1,319	94	816	47
NGL sales (bbl/d)	877	-	528	-
Natural gas sales (mcf/d)	21,466	-	14,443	-
Average daily sales 6:1 (boe/d)	5,774	94	3,751	47
Average oil price (\$/bbl)	72.41	70.75	73.22	70.75
Average NGL price (\$/bbl)	48.58	-	50.87	-
Average natural gas price (\$/mcf)	4.28	-	4.45	-
Financial operations (\$ thousands)				
Oil, gas & NGL revenue, net of royalties ⁽³⁾	17,321	603	22,524	603
Cash flow ^{(1) (3)}	(190)	975	(1,490)	491
Per share-basic and diluted ⁽¹⁾	\$ 0.00	\$ 0.01	\$ (0.01)	\$ 0.01
Net income (loss) from continuing operations	(10,242)	(1,094)	(12,933)	(2,333)
Per share-basic and diluted	\$ (0.08)	\$ (0.01)	\$ (0.12)	\$ (0.03)
Net income (loss)	(14,570)	1,987	(26,473)	(988)
Per share-basic and diluted	\$ (0.12)	\$ 0.03	\$ (0.24)	\$ (0.01)
Capital expenditures ^{(2) (3)}	261,838	973	468,893	3,017
Working capital (deficit)	(185,492)	13,425	(185,492)	13,425
Total assets	843,804	480,573	843,804	480,573
Common shares (thousands)				
Weighted average during period				
- basic	124,124	73,599	108,499	73,599
- diluted	124,124	73,599	108,499	73,599
Outstanding at period end				
- basic	213,788	73,599	213,788	73,599
- diluted	220,298	77,689	220,298	77,689

⁽¹⁾ Cash flow is a non-GAAP measurement and is defined under the non-GAAP Measures section of the MD&A.

⁽²⁾ Excludes asset retirement obligations incurred during the period.

⁽³⁾ Excludes discontinued operations.

Our immediate plan for our Canadian assets over the remainder of 2010 is to evaluate and differentiate core assets, in areas capable of supporting profitable growth, from assets that we may consider harvesting cash flow to redeploy into growth assets, and from assets that we should target for disposition or other forms of rationalization. We have worked most parts of the Western Canadian Sedimentary Basin at previous points in our careers and will keep an open mind as to which areas and assets make the most sense for us to pursue but come at this challenge with a strong bias towards balancing our product mix by increasing our exposure to oil prospects and shifting the future Canadian growth focus to resource plays with larger scale and repeatability. We believe our existing acreage provides us with a cost effective start on this transition and that the cash flow from our strong conventional production base will provide a stable source of funding to pursue these higher growth opportunities. Our current resource play exposure is focused in the Montney and Nikanassin formations and contributes approximately four percent to our volumes with Tunisian production representing another four percent. We are targeting our efforts such that these two areas will represent 60 percent of our volumes three years from now and our production will be balanced between oil and gas.

Our conventional activity will become focused in our core areas where we have infrastructure, operatorship and a strong acreage position supporting our prospect inventory. We have an undeveloped acreage inventory of 600,000 net acres and a strong base of conventional production of 15,500 barrels of oil equivalent per day with 75% of our Canadian production coming from our core West Central, Grande Prairie and Peace River corridor areas. We have identified over 150 drilling locations on our undeveloped

land position, as well as an initial acreage position on six resource plays, four of which have been successfully tested on our acreage and will form a meaningful component of our drilling activity in the second half of 2010.

Over the second half of 2010, we anticipate we will participate in at least 35 additional well operations at an average working interest of approximately 60 percent. We expect to operate at least 20 of these wells, three of which will be in Tunisia. Second quarter operations in SVI and Iteration pre-close totalled seven wells (three net) with five cased for completion, one of which was contributing to volumes at the end of the second quarter. We anticipate that forty percent of our second half activity will have a primary light oil target with areas of focus being Manyberries and Triassic reservoirs in the Peace River/Grande Prairie core area. An additional 35 percent of our activity will evaluate resource play concepts largely in the Bakken, Montney and Notikewin formations.

In Tunisia, we are nearing completion of an active operational phase and are very excited about progressing the field development approvals and finance plans for oil developments at Remada, Cosmos and Jenien. Unfortunately our offshore Fushia exploration well was abandoned on June 25, 2010, as a dry hole after reaching total depth of 2,959 meters and encountering a non-commercial gas accumulation. Our Jenein exploration well (65 percent interest) which reached total depth of 4,334 meters and was rig released on August 8, 2010, has been cased as a potential Acacus oil discovery. We encountered over 150 feet of reservoir quality sands that we interpret as hydrocarbon bearing from open hole log evaluation and modular dynamic test results and we will begin a completion operation in early September that we hope will provide well test results by October 1, 2010. If successful, we will submit a plan of development for the pool and concession application that will facilitate sustained production once approved by as early as the first quarter of 2011. We will proceed with the drilling of the TT3 appraisal well (86 percent interest) at Remada in early October and hope to have agreement and approvals in support of the first phase of commercial development early in 2011 as well. We are beginning discussions around tendering of key components of the offshore Cosmos development that could support an accelerated procurement process that will commence upon approval by the Tunisian tax authority of the past costs expended on the block, hopefully early this fall. All three developments are capable of making our Tunisian business financially self sufficient with Jenein being a first priority to proceed due to the prolific profile of production supporting the accelerated development of the other two developments from cash flow. We also have follow up exploration potential to these discoveries and locations identified on existing seismic at both Remada and Jenein that we hope to pursue in 2011, pending commencement of the field developments later in 2010. We will also participate (10 percent interest) in an Acacus exploration well identified on our recently completed 800 square kilometres of 3d seismic on our Borj El Khadra permit.

Bridge Energy ASA (Bridge) completed the combination of SVI's subsidiary Silverstone Energy Limited and Bridge Energy Norge AS on March 26, 2010. On May 10, 2010, each SVI shareholder of record as of April 20, 2010, received 0.23398 of a Bridge share for each SVI share held. The Bridge shares were listed for trading on the Oslo Stock Exchange on May 21, 2010. We are still holding Bridge shares on behalf of over 100 former SVI shareholders who have not registered their Bridge shares in their own name. We would encourage these shareholders to complete the transfer, and instructions on how to do so are available from Alliance Trust Company (www.alliancetrust.ca, or 403-237-6111) or shareholders may contact Chinook for information at 403-261-6883.

In summary, the second quarter was an extremely active and important period in repositioning Chinook as a public exploration and production company with balanced, quality growth opportunities and the financial resources to capitalize on them, both domestically and internationally. The Company has very recently received its initial analyst coverage, which will assist potential investors in understanding the Company. We thank those firms for their support. We plan to use this first set of Chinook statements, our operational plan for the balance of 2010, and our vision for the new Company as an opportunity to visit institutional shareholders and generate increased interest in our Company early this fall.

The interim consolidated financial statements and related management's discussion and analysis for the three and six months ended June 30, 2010, can be found on the SEDAR website at www.sedar.com and on the Company's website at www.chinookenergyinc.com.

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 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 operational and business plans and timing thereof and Chinook's future production and debt levels.

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: failure to realize the anticipated benefits and synergies of the acquisitions; 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.