



NEWS RELEASE

CHINOOK ENERGY ANNOUNCES OIL DISCOVERY AT RED CREEK IN NORTHEAST BC

CALGARY, Alberta, July 18, 2011 – Chinook Energy Inc. (CKE-TSX) ("**Chinook**") announced today the results from the drilling and initial commercial completion operation from its Doig oil and natural gas discovery drilled at 15-1-86-22W6M in the Red Creek area of northeastern British Columbia.

The well was drilled to a total depth of 2,880 metres, including a 1,000 metre horizontal section, and rig released on May 9, 2011. The 10-stage completion was flowed back over an eight day period in early June. Average production rates for the last three days, after recovery of volumes pumped with the frac, were 450 barrels of oil per day and 4.2 mmcf per day of natural gas. Liquids recoverable from the natural gas are expected to average approximately 16 bbls/mmcf and the H₂S concentration of the natural gas is approximately 10%. Chinook has a 74.55% operated working interest in the well and holds 12,800 acres gross (9,600 net) on the prospect.

Facility construction is underway and the well is expected to commence production prior to September 1, 2011. Drilling plans for the balance of 2011 and winter 2012 are currently underway.

About Chinook Energy Inc.

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

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Forward-Looking Statements

Certain information regarding Chinook in this news release including management's assessment of the future plans and operations of Chinook and the timing thereof constitute forward-looking statements under applicable securities laws. In particular, this news release contains, without limitation, forward-looking statements pertaining to management's expectations in respect of the liquids recoverable from the natural gas to be produced from the well and the timing of the well commencing production.

With respect to the 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, future oil and natural gas production levels, and Chinook's ability to obtain equipment in a timely manner to carry out development 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 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, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, 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 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.

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. Boe 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.