



Chinook Energy Inc. – Tunisian Operations & Corporate Update

CALGARY, ALBERTA – December 14, 2011 – Chinook Energy Inc. (“Chinook” or the “Company”) (TSX: CKE) is pleased to provide a Tunisian operations and corporate update.

Cosmos Concession Development Agreement

Chinook, through its wholly-owned subsidiary has entered into an agreement with New Zealand Oil & Gas Ltd. (“NZOG”) whereby NZOG will participate in the development of Chinook’s Cosmos Concession located offshore Tunisia.

Under the terms of the agreement NZOG will pay US\$3 million to secure the right to participate and earn a 40% working interest in the development of the Cosmos Concession. Subject to a positive Final Investment Decision (“FID”) and successful transfer of the interest NZOG, will participate at 40% and pay the first US\$19 million of Chinook’s development costs.

Chinook retains operatorship and a 40% working interest and pursuant to the terms of the Concession the Tunisian National Oil Company Enterprise Tunisienne d’Activitiés Pétrolières (“ETAP”) will participate for the remaining 20% working interest.

“It is a strong vote of confidence in both Tunisia and the Cosmos Concession to have NZOG as our new partner” said Matt Brister, President and CEO of Chinook. He further added: “NZOG as an experienced offshore player in New Zealand and existing operator in the Tunisian offshore will add value to the project as we collectively move Cosmos forward in 2012. The new partnership is a solid step forward on the value creation path for both companies. The Cosmos South development is the first of several offshore fields and prospects on our Tunisian offshore acreage and represents the key to unlocking tremendous value potential for Chinook. With funding support from our expanding onshore production base and the reduction in our project interest the focus has shifted from funding the project to defining the engineering solutions that will support an investment decision by mid 2012 and first oil in 2014.”

The Cosmos Concession covers 440 km² and is located approximately 50 km offshore Tunisia in the Gulf of Hammamet in an average water depth of 120 metres. Independently evaluated Proved + Probable reserves of 6.3 mmbbls have been attributed to the Cosmos South fault block, effective December 31, 2010. Engineering is in progress to evaluate the feasibility of developing the field with three wells from a platform tied back to an FPSO with plateau rates of 15,000-20,000 bbls/d. Chinook has identified a further 6-8 seismically defined prospects within the Concession that management believe have the potential to materially extend the life of the development. Chinook has Tunisian government approval for the development at Cosmos and expects that partners will decide on FID mid-2012 fulfilling license requirements through 2035 and first oil from the Cosmos Concession is anticipated to occur by mid 2014.

Tunisian Operations Update

At Remada, Chinook completed the drilling, completion and workover operations on the Bir Ben Tartar concession with the release of the Ulysse rig on December 1. Production from the field has averaged 2,400 bop/d gross (1,300 bop/d net) over the last seven days from four of seven oil wells with one well testing and two wells waiting on further completion and workover operations that will be completed early in 2012. Chinook estimates that the productive capacity of the field is approximately 2,700-2,800 bop/d.

Field operations were suspended prior to completion of the planned workovers, and production has been interrupted by periodic blockages and labour related grievances both of a general nature related to the political unrest in Southern Tunisia and specifically related to Chinook's operations. Any issues related to Chinook's operations have been resolved allowing production to be ramped up to the capacity of the completed wells. The Company is on track to resume field operations by the end of January with a program expected to include at least two vertical development wells, a first horizontal test well, the remaining two workovers and the first exploration test of an exciting prospect north of TT on the Remada permit.

Including Canadian operations, Chinook's December production is currently averaging 15,000 boe/d and fourth quarter production is expected to average approximately 14,800 boe/d.

Credit Facility

Chinook's lenders have completed the semi-annual review and redetermination of the Company's syndicated credit facility following which the credit facility has been confirmed at \$200 million. The credit facility is scheduled for its annual review before the end of June 2012.

Hedging Update

As a means of managing the exposure associated with the significant capital program in Tunisia in 2012, the Company has hedged a total of 1,000 bbl/d of Brent-based crude oil for calendar 2012: (1) 500 bbl/d at a floor of \$100 per barrel and ceiling of \$107 per barrel and (2) 500 bbl/d at a floor of \$100 per barrel and a ceiling of \$133 per barrel.

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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Reader Advisory

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 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 be profitably produced in the future. In particular, this news release contains, without limitation, forward-looking statements pertaining to the following: management's assessment of the future plans and operations of Chinook and the timing thereof, the timing of the FID and first oil from the Cosmos Concession, Chinook's estimate of the productive capacity of the Remada field, the timing of the resumption of field operations at Remada and the anticipated extent of the operations and future production volumes of oil and natural gas.

With respect to the forward-looking statements contained in this news release, Chinook has made assumptions regarding, among other things: the ability of Chinook to continue to operate in Tunisia with limited logistical security and operational issues, future capital expenditure levels, future

oil and natural gas prices, future oil and natural gas production levels, Chinook's ability to obtain equipment in a timely manner to carry out development activities, the impact of increasing competition, 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 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, political and security risk associated with Chinook's Tunisian operations, 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 effect 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.