



Chinook Energy Inc. Announces Asset Disposition

CALGARY, ALBERTA – January 30, 2012 – Chinook Energy Inc. ("Chinook" or the "Company") (TSX: CKE) is pleased to announce that it has entered into a purchase and sale agreement with the City of Medicine Hat to sell certain oil producing assets located in the Manyberries area of South Eastern Alberta (the "**Divested Assets**") for consideration of approximately \$36.2 million, subject to customary closing adjustments (the "**Transaction**"). Closing of the Transaction is anticipated to occur on about February 14, 2012, with an effective date of January 1, 2012 and is subject to customary conditions for an asset divestiture of this nature. The City of Medicine Hat has received City Council approval to proceed with the Transaction. Chinook's third quarter 2011 average production from the Divested Assets was approximately 345 boe/d (94% oil).

In the short term, the proceeds of the Transaction are anticipated to be used to reduce current bank debt and improve Chinook's balance sheet. Chinook estimates its bank debt on the closing date of the Transaction will be approximately \$100 million. The disposition permits Chinook to monetize assets at a competitive price and is anticipated to provide Chinook with increased financial flexibility to pursue the Company's inventory of crude oil and liquids rich drilling projects in its core areas both domestically and internationally.

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

Forward Looking Statements

In the interests of providing Chinook shareholders and potential investors with information regarding Chinook, including management's assessment of Chinook's future plans and operations and the timing thereof, certain statements contained in this news release are forward-looking statements or information within the meaning of applicable securities legislation, collectively referred to herein as "forward-looking statements." Forward-looking statements in this news release include, but are not limited to: the expected proceeds of the sale of the Divested Assets, the expected closing date of the Transaction; the use of proceeds from the Transaction and the Company's anticipated debt position subsequent to closing of the Transaction. 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, as there can be no

assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Company'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 assumptions, risks and uncertainties include, among other things: the risk that the Company may not successfully divest the Divested Assets within the expected timeframe or at all; the risk that the potential benefits of the Transaction will not be realized; closing adjustments being required that adversely affect the consideration received by Chinook; and volatility of and assumptions regarding commodity prices and other assumptions underlying the Company's debt guidance. 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. The forward-looking statements contained in this news release 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. 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. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading as an indication of value.