GREENFIELDS PETROLEUM CORPORATION ahead of the curve

Greenfields Petroleum Corporation Announces Second Quarter 2018 Results

Houston, Texas (August 27, 2018) – Greenfields Petroleum Corporation (the "**Company**" or "**Greenfields**") (TSX VENTURE: GNF), an independent exploration and production company holding an 80% interest in producing assets in Azerbaijan, announces its financial and operating results for the three and six months ended June 30, 2018. Selected financial and operational information included below should be read in conjunction with the Company's condensed consolidated financial statements for the three and six months ended June 30, 2018, with the notes thereto and related management's discussion and analysis ("**MD&A**"), which can be found at **www.Greenfields-Petroleum.com** and on SEDAR at **www.sedar.com**. Except as otherwise indicated, all dollar amounts referenced herein are expressed in United States dollars.

Second Quarter and Year-to-Date 2018 Highlights

- The Company's entitlement share of sales volumes (the "**Sales Volumes**") from the offshore block known as the bahar project (the "**Bahar Project**") resulted in revenue of $9.1 million for the second quarter 2018 and $16.1 million year-to-date. As compared to the same periods in 2017, revenue increased 33% and nil%, respectively.
- Sales Volumes averaged 751 bbl/d for crude oil and 18,267 mcf/d for natural gas or 3,796 boe/d in the second quarter 2018 and 674 bbl/d, 16,570 mcf/d or 3,436 boe/d year-to-date 2018. As compared to the same quarter in 2017, Sales Volumes increased 11% for crude oil, 7% for natural gas and 8% for boe/d, while year-to-date Sales Volumes decreased 2% for crude oil, 4% for natural gas and 3% for boe/d.
- Realized oil price averaged $66.44/bbl for the second quarter 2018 and $64.97/bbl year-to-date, an increase of 58% and 45% in comparison to average prices of $41.96/bbl and $44.70/bbl realized in the second quarter 2017 and year-to-date, respectively. The price of natural gas has been fixed at $2.69/mcf since April 1, 2017 and previously was fixed at $3.96/mcf.
- Operating costs were $5.1 million for the second quarter 2018 and $10.1 million year-to-date, compared to operating costs of $5.0 million and $11.3 million, respectively, for the same periods in 2017.
- Capital expenditures were $1.5 million for the second quarter and $2.9 million year-to-date, compared to capital expenditures of $1.7 million and $3.8 million, respectively, for the same periods in 2017.
- After interest and depreciation expenses, the Company realized a net loss of $0.9 million for the second quarter 2018 and $3.5 million year-to-date, which represents a loss per share (basic and diluted) of $nil and $0.02, respectively. As compared to the same periods in 2017, the Company realized a net loss of $3.1 million and $4.5 million, respectively, with a loss per share (basic and diluted) of $0.02 and $0.03, respectively.

"The Company has made good progress during the first half 2018 by increasing production through recompletions," said John Harkins, CEO. "Performance improvements in relation to service workovers contributed to restore and stabilize production. Our operating netback continues to improve due to increased oil and gas production, coupled with higher market oil prices, and operating costs well under forecast."

Operational Review

- Crude oil production in second quarter 2018 was affected by the failing of two electric submersible pumps ("**ESP**"), which were subsequently replaced, as well as the delay in carrying out workovers for the south Gum Deniz Oil Field due to the late delivery of heavier rigs ordered in 2017. In the Gum Deniz Oil Field, three successful recompletions were conducted to mitigate production decline and ten well services (sand cleanouts) were performed for ESP replacements.
- In the Bahar Gas Field, the successful recompletion of the B-170 well resulted in a 22% production increase in respect to first quarter 2018. During the second quarter 2018, two capital workovers were initiated and one remained underway after work on the B-109 was suspended pending further evaluation of options for casing repair. Construction efforts focused on platform refurbishment to enable access for workovers and production operations, as well as infrastructural improvement projects related to the causeway, facilities and pipelines.
- During the second quarter of 2018, the Company continued the south Gum Deniz Oil Field re-development project as the refurbishment of platforms 409 and 412 was completed and skid beams to enable workover rig movement were installed. The new larger pulling units ordered in 2017 for these platforms were mobilized to the offshore in early August 2018.

- Operating costs continue to be on budget for the second quarter and year-to-date 2018. As compared to the same periods in 2017, operating costs increased 2% and decreased 10%, respectively. Administrative expenses for the second quarter and year-to-date 2018 were $1.1 million and $2.2 million, respectively, reflecting an increase of 6% and 37%, respectively, in comparison to the same periods in 2017. The increases in administrative expenses are due to higher professional and technical fees in connection with ongoing reservoir simulation studies and corporate initiatives.
- Capital expenditures continue to be on budget for the second quarter and year-to-date 2018. As compared to the same periods in 2017, capital expenditures decreased 10% and 21%, respectively. The lower expenditures during 2018 is mostly the result of delays in carrying out workovers for the south Gum Deniz Oil Field due to the late delivery of heavier rigs ordered in 2017.
- Waterflood injectivity testing of three wells in the main body of the Gum Deniz field were put on hold. The tests were successful in defining reservoir quality and injection rates at a 1,470 psi surface injection pressure, but the results demonstrated that higher injection pressures will be necessary for future waterflood re-development. Injection testing at higher pressures will be conducted starting in the third quarter 2018 using recently acquired high pressure (4,400 psi) pumps.

Selected Financial Information

(US$000's, except as noted)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017 Restated [1]	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017 Restated [1]
Financial				
Revenues				
Crude oil and natural gas	9,088	6,818	16,134	16,056
Net loss	(891)	(3,129)	(3,482)	(4,497)
Loss per share, basic and diluted	($0.00)	($0.02)	($0.02)	($0.03)
Operating				
Average Entitlement Sales Volumes [2]				
Crude Oil (bbl/d)	751	674	674	691
Increase (decrease) with respect to same period in 2017	*11%*		*(2%)*	
Natural gas (mcf/d)	18,267	17,120	16,570	17,207
Increase(decrease) with respect to same period in 2017	*7%*		*(4%)*	
Barrel oil equivalent (boe/d)	3,796	3,527	3,436	3,559
Increase(decrease) with respect to same period in 2017	*8%*		*(3%)*	
Entitlement to gross sales volumes [3]	88%	87%	88%	85%
Prices				
Average oil price ($/bbl)	67.61	42.89	66.13	45.65
Net realization price ($/bbl)	66.44	41.96	64.97	44.70
Increase with respect to same period in 2017	*58%*		*45%*	
Brent oil price ($/bbl)	74.05	49.52	70.43	51.56
Natural gas price ($/mcf) [4]	2.69	2.69	2.69	3.32
Net realization price ($/boe) [5]	26.31	21.24	25.94	24.92
Operating cost ($/boe) [5]	(14.90)	(15.65)	(16.39)	(17.64)
Operating Netback ($/boe) [5]	11.41	5.59	9.55	7.28
Capital Items				
Cash and cash equivalents	2,131	2,173	2,131	2,173
Total Assets	196,455	201,174	196,455	201,174
Working capital [6]	(3,175)	(47,136)	(3,175)	(47,136)
Long term debt and shareholders' equity	181,121	138,439	181,121	138,439

(1) The term *Restated* was added to the 2017 comparative information due to the reclassification of impairment of accounts receivable expense, previously reported on a separate expense line, into operating expense, both within the same group of expenses as reported in the Company's condensed consolidated statements of comprehensive loss. The reclassification was made to conform to the basis of presentation for the current year and resulted in no change to total expenses, loss from operating activities, total comprehensive loss and loss per share reported for the three and six months ended June 30, 2017. See *Note 15 – Segment Reporting* in the Company's Unaudited Condensed Consolidated Financial Statements for the three and six months ended June 30, 2018.

(2) Sales Volumes represent the Company's share of entitlement production marketed by the State Oil Corporation of Azerbaijan ("**SOCAR**") after in-kind production volumes delivered to SOCAR as compensatory petroleum and the government's share of profit petroleum. The Company's share of entitlement production includes the allocation of SOCAR Oil Affiliate's ("**SOA**")

share of cost recovery production as required by the carry 1 recovery provisions in the Exploration, Rehabilitation, Development and Production Sharing Agreement (the "**ERDPSA**"). Compensatory petroleum represents 10% of gross production from the ERDPSA and continues to be delivered to SOCAR, at no charge, until specific cumulative oil and natural gas production milestones are attained.

(3) Represents the percentage of Bahar Energy Limited's ("**BEL**") entitlement production volume relative to gross volumes delivered by the ERDPSA.

(4) The natural gas price was contractually fixed at $3.96 per mcf in the first quarter 2017 and then renegotiated to a new 5-year term at $2.69 per mcf effective April 1, 2017.

(5) "Net realization price, operating cost and operating netback" are Non-IFRS measures. For more information see "*Non-IFRS Measures*".

(6) Working capital at June 30, 2017 includes $47 million in loans maturing March 31, 2018 which were classified as short term loans due to its March 31, 2018 maturity. The loans were subsequently reclassified to long term at September 30, 2017 as the maturity date was extended to January 15, 2020.

About Greenfields Petroleum Corporation

Greenfields is a junior oil and natural gas company focused on the development and production of proven oil and gas reserves in the Republic of Azerbaijan. The Company is the sole owner of **BEL**, a venture with 80% participating interest in the **ERDPSA** with **SOCAR** and its affiliate **SOA**, in respect of the Bahar Project, which includes the Bahar Gas Field and the Gum Deniz Oil Field. BEL operates the Bahar Project through its wholly owned subsidiary Bahar Energy Operating Corporation Limited. More information about the Company may be obtained on the Greenfields' website at www.greenfields-petroleum.com.

Forward-Looking Statements

This press release contains forward-looking statements. More particularly, this press release includes forward-looking statements concerning, but not limited to: operational and development plans of the Company; the completion of refurbishments and the anticipated timing thereof; the completion of workovers and anticipated timing thereof; the completion of recompletions and reactivations and the anticipated timing thereof; production; and the completion of waterflood injectivity tests in third quarter 2018. In addition, the use of any of the words "anticipated", "scheduled", "will", "prior to", "estimate", "believe", "should", "future", "continue", "expect", "plan" and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained herein are based on certain key expectations and assumptions made by the Company, including, but not limited to, expectations and assumptions concerning the success of optimization and efficiency improvement projects, the availability of capital, current legislation and regulatory regimes, receipt of required regulatory approval, the success of future drilling and development activities, the performance of existing wells, the performance of new wells, general economic conditions, availability of required equipment and services, weather conditions and prevailing commodity prices. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties most of which are beyond the control of Greenfields. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking information. These risks include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety, political and environmental risks), commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Additional risk factors can be found under the heading "Risk Factors" in Greenfields' Management Discussion and Analysis which may be viewed on www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and Greenfields undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The Company's forward-looking information is expressly qualified in its entirety by this cautionary statement.

Abbreviations

bbl	*barrels*	*mcf*	*thousand cubic feet*
bbl/d	*barrels per day*	*mcf/d*	*thousand cubic feet per day*
boe	*barrels of oil equivalent*	*$/mcf*	*United States dollars per thousand cubic feet*
boe/d	*barrels of oil equivalent per day*	*$/boe*	*United States dollars per barrels of oil equivalent*
$/bbl	*United States dollars per barrel*	*psi*	*pounds per square inch*

Non-IFRS Measures

Within this document, references are made to terms which are not recognized under IFRS. Specifically, "net realization price", "operating cost" and "operating netback" do not have any standardized meaning as prescribed by IFRS and are regarded as non-IFRS measures. These non-IFRS measures may not be comparable to the calculation of similar amounts for other entities and readers are cautioned that use of such measures to compare issuers may not be valid. Non-IFRS measures are used to benchmark operations against prior periods and are widely used by investors, lenders, analysts and other parties. These non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and reconciliation of each non-IFRS measure or additional subtotal is presented herein.

"Net realization price", "operating costs" and "operating netbacks" are common non-IFRS measurements applied in the oil and gas industry and are used by management to assess the operational performance and performance of the Company. "Net realization price" indicates the selling price of a good less the selling costs. "Operating cost" provides an indication of the controllable cash costs incurred per boe during a period. "Operating netback" is a measure of oil and gas sales revenue net of royalties, production and transportation expenses. Management believes that these non-IFRS measures assist management and investors in assessing Greenfields' profitability and operating results on a per unit basis to better analyze performance against prior periods on a comparable basis.

The Operating Summary on page 11 of the Company's second quarter 2018 MD&A includes a reconciliation of "net realization price", "operating cost" and "operating netback" to the most closely related IFRS measure.

Notes regarding Oil and Gas Disclosures

Barrels of oil equivalent or "boe" may be misleading, particularly if used in isolation. The volumes disclosed in this press release use a 6 mcf: 1 boe, as such is typically used in oil and gas reporting and is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The Company uses a 6 mcf: 1 boe ratio to calculate its share of entitlement sales from the Bahar Project for its financial reporting and reserves disclosure.

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