GREENFIELDS PETROLEUM CORPORATION ahead of the curve

Greenfields Petroleum Corporation Announces Second Quarter 2019 Financial and Operating Results and Extension of Senior Secured Debt Payments

Houston, Texas (August 26, 2019) – Greenfields Petroleum Corporation (the "**Company**" or "**Greenfields**") (TSX VENTURE: GNF), a production focused company with operating assets in Azerbaijan, announces its financial and operating results for the three and six months ended June 30, 2019 and the extension of senior secured debt payments.

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, 2019 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 2019 Highlights

- The Corporation's entitlement share of sales volumes (the "Sales Volumes") resulted in revenue of $8.08 million in Q2/19 and $14.43 million YTD 2019, a decrease of 11% relative to Q2/18 and 11% respect to YTD 2018.
- Sales Volumes averaged 686 bbl/d for crude oil and 17,228 mcf/d for natural gas or 3,557 boe/d in Q2/19 and 606 bbl/d, 15,894 mcf/d or 3,255 boe/d YTD 2019. As compared to Q2/18, Sales Volumes decreased 9% for crude oil, 6% for natural gas and 6% for boe/d, while YTD 2019 Sales Volumes in comparison to YTD 2018, decreased 10% for crude oil, 4% for natural gas and 5% for boe/d.
- Realized oil price averaged $60.80/bbl for Q2/19 and $59.87/bbl YTD 2019, a decrease of 9% and 8% in comparison to an average price of $66.44/bbl and $64.97/bbl in Q2/18 and YTD 2018, respectively. The price of natural gas has been fixed at $2.69/mcf since April 1, 2017.
- Operating costs were $5.03 million for Q2/19 and $10.2 million YTD 2019, an increase of 3% and 6%, respectively, relative to costs of $5.1 million and $10.1 million in Q2/18 and YTD 2018.
- Capital expenditures were $1 million for Q2/19 and $1.6 million YTD 2019, a decrease of 36% and 46%, respectively relative to expenditures of $1.5 million and $3 million in Q2/18 and YTD 2018.
- After interest and depreciation expenses, the Corporation realized a net loss of $2 million for Q2/19 and $5.5 million YTD 2019, which represents a loss per share (basic and diluted) of $0.11 and $0.31, respectively. The Corporation also realized a net loss of $0.9 million in Q2/18 and $3.5 million YTD 2018 with a loss per share (basic and diluted) of $0.05 and $0.19, respectively.

Operational Review

- In Q2/19 BEOC continued its excellent safety and environmental record, with no 'Lost Time Incidents', no 'Reportable Incidents' and no spills.
- Gross crude oil production in Q2/19 was 813 bbl/d, an increase of 22% relative to Q1/19, as twelve workovers were completed in the Gum Deniz Oil Field, and the wells returned to production. At end of June 2019 four additional wells were undergoing workovers in the Gum Deniz Oil Field.
- Gross gas production from the Bahar Gas Field in Q2/19 was 20,596 mcf/d, an increase of 11% relative to Q1/19, as CAPEX workovers were completed on the wells B182 and B205 during the quarter.
- Operating costs were $5.03 million for Q2/19 a 3% decrease relative to Q1/19 spending of $5.2 million. Administrative expenses for Q2/19 were $0.5 million compared to $0.6 in Q1/19.
- Capital expenditures were $1 million for Q2/19, an increase of 60% relative to $0.6 million in Q1/19, as CAPEX workovers were initiated on the wells B182 and B205 in the Bahar Gas Field.
- The Corporation continues to work with SOCAR Drilling Trust ("SDT") in connection with partnering opportunities to drill deep gas wells to the NKP reservoir in the Bahar Gas Field. The plan to refurbish Platform-196 and the drilling of the BH301 well, critical for future development drilling, is ongoing. Final design has been completed

and the respective cost estimates are now being prepared. To demonstrate the remaining reservoir potential of the NKP, BEOC is preparing Platform BH136 for a recompletion of the BH134 well in the NKP reservoir.

- In addition, the Corporation is preparing wells in the Gum Deniz Oil Field to pilot water floods in the horizon VIII and X. Pilots should be operational in Q3/19

Commenting on the results, John Harkins, CEO said:

"We continue to build momentum in improving our operating performance in the second quarter and remain focused on realizing the core value attributable to our operations and substantial proven reserves. Production during the quarter showed a positive growth trend compared to the first quarter and we have a clear growth strategy to materially enhance that trend over future periods.

We continue to drive performance improvements in relation to workovers that have contributed to restoring and stabilizing production. We also continue to recognize the exploration potential in the deeper prospects that we evaluate for future drilling.

Critical to our industry, we are also very pleased with the safety consciousness in the Bahar Project and we have achieved our best safety record in nine years."

Selected Financial Information

(US$000's, except as noted)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Financial				
Revenues				
Crude oil and natural gas	8,080	9,088	14,428	16,134
EBITDA [(1)(4)]	2,479	2,867	2,969	3,709
Net loss	(1,988)	(891)	(5,544)	(3,482)
Loss per share, basic and diluted	($0.11)	($0.05)	($0.31)	($0.19)
Operating				
Average Entitlement Sales Volumes [(2)]				
Crude Oil (bbl/d)	686	751	606	674
Change compared to same period in 2018	*(9%)*		*(10%)*	
Natural gas (mcf/d)	17,228	18,267	15,894	16,570
Change compared to same period in 2018	*(6%)*		*(4%)*	
Barrel oil equivalent (boe/d)	3,557	3,796	3,255	3,436
Change compared to same period in 2018	*(6%)*		*(5%)*	
Entitlement to gross sales volumes [(3)]	85.4%	87.7%	82.9%	87.7%
Prices				
Average oil price ($/bbl)	61.93	67.61	60.99	66.13
Net realization price ($/bbl)	60.80	66.44	59.87	64.97
Change compared to same period in 2018	*(8.5%)*		*(7.8%)*	
Brent oil price ($/bbl)	69.01	74.06	66.08	70.43
Natural gas price ($/mcf)	2.69	2.69	2.69	2.69
Net realization price ($/boe) [(4)]	24.96	26.31	24.49	25.94
Operating cost ($/boe) [(4)]	(16.41)	(14.90)	(18.29)	(16.39)
Operating Netback ($/boe) [(4)]	8.55	11.41	6.20	9.55
Capital Items				
Cash and cash equivalents	964	2,131	964	2,131
Total Assets	193,933	196,455	193,933	196,455
Working capital deficit	(22,943)	(3,175)	(22,943)	(3,175)
Long term debt and shareholders' equity (Does not include current portion of long term debt)	157,684	181,121	157,684	181,121

(1) EBITDA is total revenue net of operating expenses, general & administrative expenses, and before interest, taxes, non-cash charges/(income), intercompany charges and finance costs

(2) Sales Volumes represent the Corporation's share of entitlement production marketed by SOCAR after in-kind production volumes delivered to SOCAR as compensatory petroleum and the government's share of profit petroleum. The Corporation's share of entitlement production includes the allocation of SOA's share of cost recovery production as stipulated by the ERDPSA Carry 1 recovery provisions. 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 BEL's entitlement production volume relative to gross volumes delivered by the ERDPSA.

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

EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
(US$000's)	2019	2018	2019	2018
Revenues				
Crude oil and natural gas	8,080	9,088	14,428	16,134
Expenses				
Operating expenses	5,034	5,113	10,235	10,137
Transportation and marketing	30	33	52	58
Administrative expenses	537	1,075	1,172	2,230
EBITDA	2,479	2,867	2,969	3,709

Extension of senior secured debt payments

The Company has executed payment deferral letters with its senior debt lender, Vitol Energy (Bermuda) Ltd. ("**Vitol**"), to defer payments in the aggregate of $11.4 million (including restructuring fee-$1.4m) until August 31, 2019. The Company is also in positive discussions with the lenders regarding future deferrals.

About Greenfields Petroleum Corporation

Greenfields is an 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 an 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 Company 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: Greenfields' business strategy, objectives, strength and focus; operational execution and the ability of the Company to achieve drilling success consistent with management's expectations; the completion of workovers, recompletions, reactivations, equipping and refurbishments and the anticipated timing thereof; oil and natural gas production levels; and the deferral of debt obligations and the ability to comply with such obligations. Statements relating to "reserves" are also 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 that the reserves can be profitably produced in the future. 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 the MD&A 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.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Greenfields' prospective results of operations, production, deferral of debt obligations and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document has been approved by management as of the date of this document and was provided for the purpose of providing further information about Greenfields' future business operations. Greenfields disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

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.

Management also uses EBITDA as measure of operating performance to assist in assessing the Company's ability to generate liquidity through operating cash flow in order to fund future working capital needs and to fund future capital expenditures, as well as in measuring financial performance from period to period on a consistent basis. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of its financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

"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 financial and operational performance of the Corporation. "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 marketing & 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. The Company defines EBITDA as income from petroleum sale, net of General and administrative, and business development costs, and before interest, taxes, non-cash charges/(income), intercompany charges and finance costs.

The Operating Summary on page 10 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.

Abbreviations

bbl	*Barrel(s)*
Mbbl	*One thousand barrels*
$/bbl	*Dollars per barrel*
bbl/d	*barrels per day*
boe	*Barrels of oil equivalent*
boe/d	*Barrels of oil per day*
mcf	*thousand cubic feet*
mcf/d	*thousand cubic feet per day*

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