Greenfields Petroleum Corporation Announces Financial Results for the Three and Six Months Ended June 30, 2016, Operations Update and Conversion of Debentures

Houston, Texas – (August 26, 2016) – Greenfields Petroleum Corporation (the "**Company**" or "**Greenfields**") (TSXV: GNF), an independent exploration and production company with producing assets in Azerbaijan, announces its financial results and operating highlights for the second quarter of 2016. Except as otherwise indicated, all dollar amounts referenced herein are expressed in United States dollars.

Second Quarter and Year-to-Date 2016 Financial Results and Operating Highlights

- On March 7, 2016, the Company, through its wholly-owned subsidiary, Greenfields Petroleum International Company Ltd. ("**GPIC**"), entered into a share purchase agreement with Baghlan Group Limited (in liquidation) ("**Baghlan**") and its liquidator, as agent for and on behalf of Baghlan (the "**Liquidator**"), pursuant to which, GPIC agreed to purchase Baghlan's 66.67% interest (the "**Interest**") in Bahar Energy Limited ("**BEL**") and Baghlan's interest in a shareholder loan receivable due from BEL to Baghlan (the "**Acquisition**"), for cash consideration of $6.0 million and a release and discharge of an estimated $60.3 million of liabilities, claims and demands in relation to certain default loan amounts and any and all other obligations, liabilities, claims or demands of any kind owed to BEL, Bahar Energy Operating Company ("**BEOC**") and/or Greenfields by Baghlan. On August 9, 2016, the Acquisition was completed and BEL became a wholly-owned subsidiary of the Company.

- On March 4, 2016, the Company signed the fifth amending agreement (the "**Fifth Amending Agreement**") to the loan agreement dated November 25, 2013 (the "**Loan Agreement**") with its lenders (the "**Lenders**"). Pursuant to the Fifth Amending Agreement, the Company extended the loan maturity date under the Loan Agreement until May 16, 2016 and received additional advance of $7.0 million to fund the purchase price with respect to the Acquisition and for working capital purposes. Subsequent to May 16, 2016, the Company has signed successive amending agreements to further extend the loan maturity date until March 31, 2018.

- BEL's entitlement sales volumes averaged 779 bbl/d and 14,503 mcf/d or 3,196 boe/d in the second quarter of 2016 and 833 bbl/d and 14,066 mcf/d or 3,177 boe/d year-to-date 2016. In comparison to the average volumes for the same quarter in 2015, volumes decreased 25% for oil, increased 1% for gas and decreased 7% for boe/d, respectively. Year-to-date 2016 volumes decreased for oil, gas and boe/d by 11%, 2% and 5%, respectively, when compared to the same period in 2015.

- The Company's 33.33% share of BEL entitlement sales volumes averaged 260 bbl/d and 4,834 mcf/d or 1,065 boe/d in the second quarter of 2016 and 278 bbl/d and 4,688 mcf/d or 1,059 boe/d year-to-date 2016.

- For the second quarter of 2016 and year-to-date 2016, the Company, through its interest in BEL, realized an average oil price of $39.56 and $34.28, respectively. This was a decrease from $53.58 per barrel and $50.31 per barrel, respectively, for the same periods in 2015. The Company realized natural gas price of $3.96 per mcf for 2015 and 2016 as it is a contractually constant fixed price.

- For the second quarter and year-to-date 2016, the Company's 33.33% share of BEL financial results represented net income of $0.4 million and $0.7 million, respectively. These results compare to a net income of $0.5 million and $0.7 million, respectively, for the same periods in 2015.

- For the second quarter and year-to-date 2016, the Company realized net losses of $2.6 million and $6.2 million, respectively, which represents a loss per share (basic and diluted) of $0.12 and $0.28, respectively. In comparison with the same periods in 2015, the Company realized net losses of $3.0 million and $4.3 million, respectively, with a loss per share of $0.14 and $0.21, respectively.

- BEOC continues to make progress with its cost savings programs realizing a 33% reduction in operating and administrative costs when comparing second quarter and year-to-date 2016 versus the same periods in 2015. The Bahar Project has seen cost savings in areas such as: (i) staffing, as the organization is further streamlined, and (ii) reduced third party services costs, as some of the fixed monthly service contracts have been eliminated and the internal workforce has been trained to perform these services. The project has also seen significant cost savings from devaluations of the Manat to US dollar of 35% on February 2015 and 47% on December 2015, which has impacted local employment costs, services and procurement.

Operating Highlights and Plans

- Gross production for the second quarter 2016 averaged 867 bbl/d and 16.7 mmcf/d or 3,798 boe/d. Overall production was impacted by the slower pace of scheduled workovers due to limited availability of crane barges as well as lower than expected post-workover results.

- During the second quarter 2016, operating expenses were mainly in line with budget while capital expenditures were under budget as a result of capital projects being optimized or delayed. In early July 2016, two Bahar Gas Field workovers were completed adding approximately 2.6 mmcf/d and raising total gross boe/d production by 16%.

- At the end of the first quarter 2016, BEOC secured access to a crane barge to mobilize three workover rigs to the Bahar Gas Field thereby increasing the total number of active workover rigs in the Bahar and Gum Deniz fields to six. BEOC completed 17 workovers during the second quarter of 2016, primarily in the Gum Deniz Oil Field, where production additions helped stem production declines in producing wells. A total of six workovers were in progress at the end of the second quarter with expected completion early in the third quarter 2016.

- BEOC continued progress on several construction projects during the second quarter, including platform refurbishment, causeway strengthening, facility operation and safety upgrades. BEOC's construction department performed most of the work, eliminating the need for third party contractors to perform these services thereby reducing capital construction costs.

- The Bahar Gas Field static reservoir and geological model study completed in 2015 identified numerous workover and drilling opportunities. A new Gum Deniz static reservoir model was completed and delivered to BEOC by ERA consulting contractor during the second quarter 2016. The workovers identified by the studies have been prioritized on the basis of potential and well physical condition. ERA also produced a preliminary geo-cellular model and reservoir simulation for the Bahar Gas Field. BEOC is contracting with Arawak to prepare a detailed geo-cellular reservoir model, a production history match, and predictive simulation for the Bahar and Gum Deniz fields. This work is expected to be completed by year end for use in planning future development wells and workovers in both fields.

Debenture Conversion and Restructuring Transactions

In connection with the Fifth Amending Agreement, the Company agreed to: (i) obtain the approval of holders ("**Debentureholders**") of the 9.00% convertible unsecured subordinated debentures due May 31, 2017 (the "**Debentures**") for the conversion (the "**Debenture Conversion**") of the CAD$23,725,000 aggregate principal amount of Debentures into an aggregate of approximately 33.1 million common shares in the capital of the Company ("**Common Shares**"); (ii) issue, in connection with the completion of the restructuring, up to an aggregate of 2,394,000 Common Shares for every $1,000,000 of principal due to the Lenders under the Loan Agreement; and (iii) issue, in connection with the completion of the restructuring, an equivalent number of Common Share purchase warrants ("**Warrants"**) to the Lenders (collectively, the "**Restructuring Transaction**"). As of June 30, 2016, the aggregate principal amount and interest due to the Lenders was $40.3 million.

On August 18, 2016, the Debenture Conversion was approved by the Debentureholders. The Debentures were delisted from the TSX Venture Exchange (the "**TSXV**") on August 25, 2016 and the Debenture Conversion was completed on August 26, 2016 with an aggregate of 33,143,825 Common Shares issued to former Debentureholders.

On April 12, 2016, the Company entered into a definitive agreement ("**Definitive Agreement**") with Heaney Assets Corporation ("**Heaney**") to settle all amounts outstanding under the Subordinated Revolving Loan Agreement dated June 27, 2014, as amended, with an original maturity date of June 30, 2018. Under the terms of the Definitive Agreement, Greenfields agreed to issue 11,500,000 Common Shares to Heaney in full satisfaction of all amounts outstanding under the loan agreement with Heaney, including principal in the amount of $20,834,705 and accrued interest.

In addition to the Common Shares to be issued to Heaney, Greenfields agreed to pay an agent a success fee for negotiating the terms of the Definitive Agreement. The success fee is comprised of a cash payment of $1,000,000 and the issuance of 500,000 Common Shares to the agent upon the successful closing of the transactions contemplated by the Definitive Agreement. The Company anticipates that the issuance of 12,000,000 common shares to Heaney and the agent will take place in September 2016.

John Harkins, President and CEO of Greenfields, stated that "the Acquisition of the remaining portion of the Bahar Project allowed Greenfields to triple our reserves, and the corporate restructuring has reduced the Company's debt obligations by almost half. Going forward, with control of the project and aligned government partners, we hope to focus on growing the gas production to re-establish immediate cash flows and to develop the remaining oil and gas opportunities with the use of the recently acquired 3D seismic and drilling."

Selected Information

The selected information below is from the Greenfields' Management Discussion & Analysis for the three and six months ended June 30, 2016. The Company's complete financial statements as of and for the three and six months ended June 30, 2016 and 2015 with the notes thereto and the related Management's Discussion & Analysis can be found on Greenfields' website at **www.Greenfields-Petroleum.com** and on SEDAR at **www.sedar.com**. All amounts below are in thousands of US dollars unless otherwise noted.

Greenfields Petroleum Corporation

(US$000's,except as noted)	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Financial				
Revenues	275	470	609	807
Net (loss) income	(2,551)	(2,995)	(6,153)	(4,346)
Per share, basic and diluted	($0.12)	($0.14)	($0.28)	($0.21)
Capital Items				
Cash and cash equivalents			428	710
Total Assets			97,778	87,683
Working capital			(10,351)	(2,016)

Convertible debt and Shareholders' equity	52,377	58,488

Bahar Energy Limited (a Joint Venture) [(2)]

(US$000's, except as noted)	Total Joint Venture		Company's share	
	Three months ended June 30			
	2016	2015	2016	2015
Financial				
Revenues	8,095	10,756	2,698	3,585
Net (loss) income	1,183	(588)	394	481
Operating				
Average Entitlement Sales Volumes [(1)]				
Oil and condensate (bbl/d)	779	1,040	260	347
Natural gas (mcf/d)	14,503	14,382	4,834	4,793
Barrel oil equivalent (boe/d)	3,196	3,437	1,065	1,145
Average Oil Price				
Oil price ($/bbl)	$40.52	$54.92	$40.52	$54.92
Net realization price ($/bbl)	$39.56	$53.58	$39.56	$53.58
Brent oil price ($/bbl)	$45.57	$62.13	$45.57	$62.13
Natural gas price ($/mcf)	$3.96	$3.96	$3.96	$3.96
Capital Items				
Total Assets	199,703	203,072	66,561	67,684
Total Liabilities	36,514	41,018	12,170	13,671
Net Assets	163,189	162,054	54,391	54,013

(US$000's, except as noted)	Total Joint Venture		Company's share	
	Six months ended June 30			
	2016	2015	2016	2015
Financial				
Revenues	15,494	20,186	5,164	6,728
Net (loss) income	1,954	2,187	651	729
Operating				
Average Entitlement Sales Volumes[(1)]				
Oil and condensate (bbl/d)	933	933	311	311
Natural gas (mcf/d)	14,391	14,391	4,796	4,796
Barrel oil equivalent (boe/d)	3,332	3,332	1,110	1,110
Average Oil Price				
Oil price ($/bbl)	$35.18	$51.67	$35.18	$51.67
Net realization price ($/bbl)	$34.28	$50.31	$34.28	$50.31
Brent oil price ($/bbl)	$39.80	$58.08	$39.80	$58.08
Natural gas price ($/mcf)	$3.96	$3.96	$3.96	$3.96
Capital Items				
Total Assets	199,703	203,072	66,561	67,684

Total Liabilities	36,514	41,018	12,170	13,671
Net Assets	163,189	162,052	54,391	54,013

(1) Daily volumes represent the Company's share of the Contractor Parties entitlement volumes net of compensatory petroleum and the government's share of profit petroleum. Effective October 1, 2013, the compensatory petroleum increased from 5% to 10% where it will remain until specific cumulative oil and gas production milestones are attained.

(2) The Company's 33.33% interest in BEL is disclosed in the Unaudited Condensed Consolidated Financial Statements as a Joint Venture and accounted for using the equity method.

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 principally in the Republic of Azerbaijan. The Company plans to expand its oil and gas assets through further farm-ins, and acquisitions of Production Sharing Agreements from foreign governments containing previously discovered but under-developed international oil and gas fields, also known as "greenfields". 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 may include, but is not limited to, statements concerning: production, drilling and/or workover plans and the expected timing thereof, operating plans and the settlement of the transactions contemplated by the Definitive Agreement. In addition, the use of any of the words "initial, "scheduled", "can", "will", "prior to", "estimate", "anticipate", "believe", "should", "forecast", "future", "continue", "may", "expect", 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, 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' Annual Information Form and similar headings in Greenfields' Management's Discussion & 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.

Notes to Oil and Gas Disclosures

Barrels Oil Equivalent or "boe" may be misleading, particularly if used in isolation. All volumes disclosed in this press release use a 6mcf: 1boe, 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 6mcf: 1boe ratio to calculate its share of entitlement sales from the Bahar Project for its financial reporting and reserves disclosure.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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