

HOUSTON, TEXAS--(Marketwired - Apr 24, 2017) - [Greenfields Petroleum Corp.](#) ("Greenfields" or the "Company")(TSX VENTURE:GNF) announces that Bahar Energy Limited ("BEL"), a wholly owned subsidiary of the Company, has signed a protocol in respect of the carry of certain costs and related issues (the "Protocol"), and that Bahar Energy Operating Company Limited ("BEOC"), the operating company for BEL, has signed an amendment to the gas sales agreement (the "Amended GSA") for the sale of non-associated natural gas produced under the Exploration, Rehabilitation, Development and Production Sharing Agreement (the "ERDPSA") with the State Oil Company of Azerbaijan ("SOCAR") and SOCAR Oil Affiliate ("SOA") in Azerbaijan.

The Protocol between BEL and SOCAR addresses the shortfall by SOA in its funding of its 20% share of project expenditures incurred under the ERDPSA since April 2014. As of March 31, 2017, this funding shortfall and the Carry 1 amounts owed to BEL pursuant to the ERDPSA totalled approximately \$40 million. As provided in the ERDPSA, these amounts will be repaid to BEL from SOA's share of cost recovery. In addition, from April 19, 2017 (being the effective date of the Protocol), all funds generated by the sale of petroleum produced from the contract rehabilitation area which are allocated to SOA for profit petroleum and to SOCAR as compensatory petroleum (the "Protocol Funds") will now be placed in a separate fund. The Protocol Funds will be used to fund SOA's monthly cash call obligation. In the event the Protocol Funds are insufficient to cover the payment of SOA's cash calls, BEL will fund such shortfall. Any funding by BEL of the deficiencies in SOA's cash call payments will be added to the outstanding Carry 1 balance and subsequently reimbursed in accordance with the terms of the ERDPSA through payment of SOA's share of cost recovery revenues to BEL. The Protocol has a three-year term.

On October 1, 2015, the original gas sales agreement (the "Original GSA") for the sale of non-associated natural gas from the Bahar Gas Field expired. Natural gas sales from the Bahar Gas Field continued on a month to month basis on the original terms set forth in the Original GSA while a revised gas sales agreement was negotiated with SOCAR. With the continued difficult economic conditions in Azerbaijan due to low oil prices, SOCAR has placed pressure on all production sharing agreement holders to lower prices for natural gas sold to SOCAR for domestic consumption. As a result, on March 3, 2017, BEOC signed the Amended GSA, which extends the term of the arrangement by 5 years and establishes a fixed natural gas price of \$95/mcm (\$2.69/mcf), which is reduced from the natural gas price of \$140/mcm (\$3.96/mcf) established by the Original GSA. In addition, the Amended GSA expands SOCAR's obligation to purchase non-associated natural gas. Under the terms of the Original GSA, SOCAR purchased only non-associated natural gas from Bahar Gas Field. Under the terms of the Amended GSA, SOCAR will also purchase non-associated natural gas from all natural gas zones in the Gum Deniz Oil Field and/or any new gas discoveries in the contract area.

#### Year-End Reserves

The Company is pleased to announce the Company's oil, natural gas and natural gas liquids ("NGL") reserves as at December 31, 2016, as evaluated by an independent engineering firm, GLJ Petroleum Consultants Ltd. ("GLJ") in an independent report (the "GLJ Report"). The following figures were prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and the reserve definitions contained in National Instrument 51-8208;101 &#8208;101, *Standards of Disclosure for Oil and Gas Activities* ("NI 51-8208;101"). See "Information Regarding Disclosure on Oil and Gas Reserves" in this press release.

As at December 31, 2016, the total proved reserves of the Company were evaluated at 24,409 MBOE net to the Company through its interest in BEL, which is an increase of 236% over year-end 2015, and the total proved plus probable reserves were evaluated at 40,016 MBOE net to the Company, an increase of 220% over year-end 2015. In August 2016, the Company acquired the remaining two-thirds interest in BEL which holds an 80 percent working interest in the Bahar ERDPSA. With 100% ownership of BEL, this resulted in net present value of proved reserves discounted at 10% ("PV10") of \$138.5 million net to the Company at year-end 2016 (an increase of 193% from year-end 2015), while the PV10 of the proved plus probable reserves is \$318.4 million at year-end 2016 (an increase of 204% from year-end 2015).

- The net present value of proved plus probable reserves for BEL's 100% interest, discounted at 10%, increased a nominal 1% to \$318.4 million at December 31, 2016 from \$314.2 million at year-end 2015 despite a 32 percent decrease in the natural gas commodity price under the Amended GSA.
- Project value was retained as a result of substantial cost saving measures that were undertaken by BEOC to reduce the project operating costs, the costs of executing both oil and gas workovers and the costs of platform refurbishment which more than offset the impact of commodity price reductions.

The Company's reserves at December 31, 2016 as set forth in the GLJ Report are summarized below:

| Greenfields<br>Net Reserves <sup>(1)</sup> | 2015 Total Proved (1P)<br>MBOE | 2016 Total Proved (1P)<br>MBOE | 2015 Total Proved + Probable (2P)<br>MBOE | 2016 Total<br>MBOE |
|--------------------------------------------|--------------------------------|--------------------------------|-------------------------------------------|--------------------|
| Light & Medium Crude Oil and NGL           | 2,071                          | 6,275                          | 3,816                                     | 11,952             |
| Conventional Natural Gas                   | 5,203                          | 18,134                         | 8,683                                     | 28,064             |
| TOTAL                                      | 7,274                          | 24,409                         | 12,499                                    | 40,016             |
| NPV 10%(in thousands)                      | \$47,226                       | \$138,495                      | \$104,741                                 | \$318,352          |

Note:

(1) Reserves disclosure for year-end 2015 reflects Greenfields' 33.33% share interest in BEL, whereas the year-end 2016 reserves data reflects Greenfields' interest after giving effect to the acquisition on August 9, 2016 of the remaining two-thirds share interest in BEL.

GLJ estimates the future development costs ("FDC") required to convert undeveloped and non-producing reserves to producing reserves at \$249 million. This includes the drilling of 18 proved and 17 probable undeveloped locations in the Gum Deniz Oil Field and recompletion of 38 gas wells in the Bahar Gas Field. The GLJ Report anticipates these wells to be drilled and recompleted over the next 5 years. The total booked locations represent less than 10 percent of the potential drilling inventory identified in the PSA.

## 2017 Budget

The Company has submitted a 2017 budget to SOCAR including \$21 million of capital expenditures and \$28 million of operating costs for 2017. A significant portion of the capital and operating costs will be directed toward recompleting 13 wells in the Bahar Gas Field and 20 wells in the Gum Deniz Oil Field. The capital budget also includes refurbishment of five platforms in the Bahar Gas Field and two platforms in the Gum Deniz Oil field. The Company plans to execute on this 2017 program while delivering continued efficiencies and cost savings, which are expected to be repeatable. With a focus on growing gas production in the near term, production is forecast to end the year at approximately 6,444 boe/d compared to 4,185 boe/d in December 2016.

John W. Harkins, President and CEO of Greenfields, stated: "The 2017 BEOC budget allows the Bahar project to provide adequate positive cash flows to fund the project's on-going operating costs and capital programs in the current oil price environment of approximately \$50 per barrel. Although our focus remains on long term oil production growth from the project, the recent five-year extension of our gas sales contract through December 2022 provides strong gas sales in the near term for the project."

## About Greenfields Petroleum Corporation

Greenfields is a junior oil and natural gas corporation 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](http://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: the Protocol; the repayment of amounts to BEL; SOA's monthly cash call obligation; the Amended GSA; payment obligations under the ERDPSA, the Protocol and the Amended GSA; the 2017 budget; 2017 capital expenditures; development costs; operating plans; production forecast; and the adequacy of future cash flows and funding on operations. 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 "can", "will", "estimate", "long term", "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; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; and the ability of BEL to recover the costs owed to BEL from SOA. 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](http://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.

## Information Regarding Disclosure on Oil and Gas Reserves

The reserves data set forth above is based upon an independent reserves assessment and evaluation prepared by GLJ with an effective date of December 31, 2016 (the "GLJ Report"). The news release summarizes the Company's crude oil and natural gas reserves and the net present values before income tax of future net revenue for the Company's reserves using forecast prices and costs based on the GLJ Report. All reserve references in this news release are based on gross reserves, which are equal to the Company's total working interest reserves before the deduction of any royalties and including any royalty interests of the Company. The GLJ Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101. All evaluations and reviews of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of the Company's crude oil and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. All future net revenues are estimated using forecast prices, arising from the anticipated development and production of the Company's reserves, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value. Future development costs are calculated as the sum of development capital plus the change in future development costs for the period. The reserve data provided in this news release only represents a summary of the disclosure required under NI 51-101. Additional disclosure will be provided in the Company's Annual Information Form which will be filed on [www.sedar.com](http://www.sedar.com) prior to May 1, 2017.

## Notes to Oil and Gas Disclosures

"Proved reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Possible reserves" means those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

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.

## Contact

[Greenfields Petroleum Corp.](http://www.greenfields-petroleum.com)

John W. Harkins  
Chief Executive Officer  
(832) 234-0836

[Greenfields Petroleum Corp.](http://www.greenfields-petroleum.com)

A. Wayne Curzadd  
Chief Financial Officer  
(832) 234-0835  
[www.greenfields-petroleum.com](http://www.greenfields-petroleum.com)  
[info@greenfieldspetroleum.com](mailto:info@greenfieldspetroleum.com)