



August 7, 2014

TransAtlantic Petroleum Announces Second Quarter 2014 Financial Results and Provides Operational Update

HAMILTON, Bermuda, Aug. 7, 2014 (GLOBE NEWSWIRE) -- **TransAtlantic Petroleum Ltd.** (NYSE-MKT:TAT) (TSX:TNP) (the "Company" or "TransAtlantic") today announced financial results for the quarter ended June 30, 2014 and provided an update on its operations.

Highlights

- Record high oil sales of 3,495 BOPD in the second quarter of 2014, a 21% increase over the first quarter of 2014 and a 38% increase over the second quarter of 2013
- Combined with gas sales of 9.0 MMCFPD, average net sales were 5,000 BOEPD in the second quarter of 2014, an 8% increase over the first quarter of 2014 and a 24% increase over the second quarter of 2013
- Record high revenue of \$41.1 million in the second quarter of 2014; oil sales generated 81% of revenue
- Record high Adjusted EBITDAX from continuing operations of \$27.5 million in the second quarter of 2014, a 26% increase over the first quarter of 2014 and a 60% increase over the second quarter of 2013 (Adjusted EBITDAX is a non-GAAP financial measure that is defined and reconciled to net income at the end of this press release)

Second Quarter 2014 Results

	<u>For the Three Months Ended</u>		
	<u>June 30, 2014</u>	<u>March 31, 2014</u>	<u>June 30, 2013</u>
Net Sales:			
Oil (MBbls)	318	260	230
Natural gas (MMCF)	821	934	816
Total net sales (MBOE)	455	416	366
Average net sales (BOEPD)	5,000	4,622	4,022
Realized Commodity Prices:			
Oil (\$/Bbl unhedged)	\$104.53	\$97.05	\$94.13
Oil (\$/Bbl hedged)	\$98.93	\$94.16	\$92.03
Natural gas (\$/MCF unhedged)	\$8.77	\$8.30	\$9.57
Natural gas (\$/MCF hedged)	<u>\$8.77</u>	<u>\$8.30</u>	<u>\$9.57</u>

Total revenues were \$41.1 million for the three months ended June 30, 2014, compared to \$33.6 million for the three months ended March 31, 2014 and \$30.5 million for the three months ended June 30, 2013. For the three months ended June 30, 2014, TransAtlantic had net income from continuing operations of \$1.4 million, or \$0.04 per share (basic and diluted), compared to net income from continuing operations of \$4.0 million, or \$0.11 per share (basic and diluted), for the three months ended March 31, 2014, and net income from continuing operations of \$2.9 million, or \$0.08 per share (basic and diluted), for the three months ended June 30, 2013. Net income for the second quarter of 2014 included \$2.5 million of foreign exchange gains (an immaterial amount of which were cash gains), a \$9.5 million loss on commodity derivative contracts (of which \$1.8 million was a cash loss) and \$3.8 million of exploration, abandonment and impairment charges (of which \$0.3 million were cash expenses). Capital expenditures, including seismic and corporate expenditures, totaled \$28.7 million for the three months ended June 30, 2014, compared to \$26.1 million for the three months ended March 31, 2014 and \$28.1 million for the three months ended June 30, 2013.

Adjusted EBITDAX from continuing operations for the three months ended June 30, 2014 was \$27.5 million, compared to \$21.9

million for the three months ended March 31, 2014 and \$17.2 million for the three months ended June 30, 2013.

Operational Update

TransAtlantic's average net production for the first four weeks of July 2014 was approximately 5,400 BOEPD, comprised of 3,900 BOPD and 9.1 MMCFPD. The Company again achieved record high oil production. TransAtlantic is presently operating three drilling rigs in southeastern Turkey and one drilling rig in northwestern Turkey. Year-to-date, the Company has spudded 15 wells and completed 14 wells. TransAtlantic expects to drill between 30 and 35 total gross wells in 2014. The Company expects capital expenditures in Turkey for the second half of 2014 to be between \$45.0 million and \$55.0 million, resulting in 2014 annual capital expenditures of between \$100.0 million and \$110.0 million.

Southeastern Turkey - Şelmo Field Redevelopment

TransAtlantic is concluding drilling operations of its tenth MSD horizontal well, the Şelmo-68H3 (100% working interest) which reached a total measured depth of 6,875 feet. The Company completed three Şelmo MSD wells in the second quarter of 2014. Its most recently completed well, the Şelmo-85H (100% working interest), had an initial gross production rate of 500 BOPD without stimulation. Average gross production for the five most recently completed wells is currently 270 BOPD per well. The average cost to drill and complete these five wells was \$3.5 million per well. The Company is focused on the underdeveloped, southeastern portion of the Şelmo field and plans to continue to operate one rig and spud at least four additional horizontal wells in the area in 2014.

TransAtlantic intends to convert two additional wells to injection in the third quarter of 2014 as part of its implementation of a secondary recovery program in the Şelmo field. Year-to-date, two wells have been converted to injection, more than 250,000 barrels of water have been injected into the field, and facilities are being expanded to allow for continuous water injection. The Company expects to commence its second phase of polymer injection in Şelmo wells in the third quarter of 2014. TransAtlantic believes it has at least 20 additional polymer injection well candidates in the Şelmo field.

Southeastern Turkey - Molla Drilling

TransAtlantic has received initial processed data on the final block of its Molla 3D seismic survey, which includes the Göksu field and surrounding areas. The Company expects to integrate the surveys, which encompass approximately 300 square miles and cover all of its fields in the area, and utilize this data to select all future well locations.

TransAtlantic is currently completing the Bahar-2ST directional well (100% working interest) and the Bahar-3 vertical well (100% working interest). The Bahar-2ST produced non-commercial oil from both the lower and upper Bedinan formations at 10,800 feet and 10,000 feet, respectively. The Company is currently completing the Hazro formation of the Bahar-2ST at a depth of approximately 8,700 feet. The Hazro interval produced commercial oil in the original Bahar-2H well. TransAtlantic expects to place the Bahar-2ST well on production in August 2014.

After a one-stage completion into the lower Bedinan sand at a depth of approximately 10,400 feet, the Bahar-3 had an initial gross production rate of 225 BOPD. TransAtlantic is preparing to complete and stimulate the upper Bedinan sand, which is the productive interval of the Bahar-1 well (100% working interest). The Bahar-1 has current gross production of approximately 170 BOPD and has yielded gross production of more than 130,000 BO since December 2012. After testing and completing the Bedinan sections of the Bahar-3, the Company intends to test the Hazro formation as well.

TransAtlantic is currently drilling the Bahar-4 well (100% working interest), at a depth of 10,025 feet. The well encountered porosity and oil shows in the Mardin, Hazro, and Dadaş formations. The Company is also currently drilling the Bahar-6 well (100% working interest), at a depth of more than 3,600 feet.

TransAtlantic believes the average cost to drill and complete a vertical Bahar well is approximately \$5.5 million. The Company expects to continue to operate one or two rigs and drill at least two additional vertical wells targeting the Hazro and Bedinan formations on the Bahar structure during the remainder of 2014.

Southeastern Turkey - Arpatepe Drilling

In the second quarter of 2014, TransAtlantic completed the Arpatepe-7 (non-operated, 50% working interest), a Bedinan appraisal well which had initial gross production of 330 BOPD (165 BOPD net) and is currently producing 245 BOPD gross (123 BOPD net) without stimulation after more than two months of production. Following on that success, the Company plans to spud a development well in the center of the field, the Arpatepe-8 (non-operated, 50% working interest), during the second half of 2014. TransAtlantic also plans to initiate a waterflood pilot test to effect secondary recovery in the Arpatepe field.

Southeastern Turkey - Idil Exploration

TransAtlantic expects to drill a vertical exploration well on its Idil license in the second half of 2014. The Company's joint venture partner, Onshore Petroleum Company AS, will be assigned a 50% interest in the Idil license and will fund 100% of TransAtlantic's expected share of the cost of this well.

Northwestern Turkey - Thrace Basin Development

TransAtlantic commenced drilling its Thrace Basin gas development program with one rig in July 2014. The Company plans to drill two horizontal and several vertical wells over the next 60 to 90 days. TransAtlantic is concluding drilling operations on the TDR-5H (41.5% working interest), a horizontal well targeting the Teslimkoy formation at a vertical depth of approximately 3,200 feet and a total measured depth of 5,800 feet. Following the TDR-5H, TransAtlantic plans to drill a series of shallow, conventional, vertical wells (41.5% working interest), in the Osmanlı area based on 3D seismic shot in the fourth quarter of 2013, before drilling a second horizontal well in the Thrace Basin during the fourth quarter of 2014.

Bulgaria

TransAtlantic submitted a request to the Bulgarian government to acidize the Deventci-R2 well (50% working interest), on June 26, 2014. Upon receipt of approval, the Company plans to stimulate the well to enhance its productivity.

Second Quarter 2014 Earnings Conference Call

The Company has scheduled a conference call for Friday, August 8, 2014 at 7:30 a.m. Central (8:30 a.m. Eastern) to discuss second quarter 2014 financial results.

Investors who would like to participate in the conference call should dial (877) 878-2762 or (678) 809-1005 approximately 10 minutes prior to the scheduled start time and ask for the TransAtlantic conference call. The conference ID is 65725123. A replay will be available through August 15, 2014 and may be accessed by dialing (855) 859-2056 or (404) 537-3406. The conference ID is 65725123.

An enhanced webcast of the conference call and replay will be available through the Company's website at www.transatlanticpetroleum.com. To access the live webcast and replay, click on "Investors," select "Events & Presentations," and click on "Listen to webcast" under the event listing. The webcast requires iOS, Microsoft Windows Media Player or RealOne Player.

Quarterly Report on Form 10-Q

On August 7, 2014, TransAtlantic filed its Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

Third Quarter 2014 Operations Update

TransAtlantic expects to issue a quarterly operations update for the third quarter of 2014 during the week of October 6, 2014.

TransAtlantic Petroleum Ltd.
Consolidated Statements of Comprehensive Income (Loss)

<i>U.S. Dollars and shares in thousands, except per share amounts</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues:				
Oil and natural gas sales	\$40,441	\$29,455	\$73,425	\$62,180
Sales of purchased natural gas	491	719	1,036	1,525
Other	129	342	246	855
Total revenues	41,061	30,516	74,707	64,560
Costs and expenses:				
Production	4,666	3,328	8,797	8,855
Exploration, abandonment and impairment	3,775	11,885	7,916	15,749
Cost of purchased natural gas	440	619	925	1,331
Seismic and other exploration	892	1,090	4,186	1,333
Revaluation of contingent consideration	--	(5,000)	(2,500)	(5,000)

General and administrative	7,460	6,893	14,012	14,416
Depreciation, depletion and amortization	12,588	9,581	22,678	18,557
Accretion of asset retirement obligations	106	124	204	253
Total costs and expenses	<u>29,927</u>	<u>28,520</u>	<u>56,218</u>	<u>55,494</u>
Operating income	11,134	1,996	18,489	9,066
Other (expense) income:				
Interest and other expense	(1,769)	(955)	(2,972)	(1,845)
Interest and other income	327	307	600	682
(Loss) gain on commodity derivative contracts	(9,522)	4,278	(8,560)	3,502
Foreign exchange gain (loss)	<u>2,494</u>	<u>(2,543)</u>	<u>1,150</u>	<u>(3,030)</u>
Total other (expense) income	<u>(8,470)</u>	<u>1,087</u>	<u>(9,782)</u>	<u>(691)</u>
Income from continuing operations before income taxes	2,664	3,083	8,707	8,375
Current income tax expense	(838)	(528)	(907)	(1,867)
Deferred income tax (expense) benefit	<u>(389)</u>	<u>348</u>	<u>(2,370)</u>	<u>(573)</u>
Net income from continuing operations	1,437	2,903	5,430	5,935
Net loss from discontinued operations, net of taxes	--	--	(20)	(93)
Net income	<u>\$1,437</u>	<u>\$2,903</u>	<u>\$5,410</u>	<u>\$5,842</u>
Foreign currency translation adjustment	<u>5,092</u>	<u>(13,543)</u>	<u>1,797</u>	<u>(16,379)</u>
Comprehensive income (loss)	<u><u>\$6,529</u></u>	<u><u>\$(10,640)</u></u>	<u><u>\$7,207</u></u>	<u><u>\$(10,537)</u></u>
Basic and diluted net income per common share:				
From continuing operations	0.04	0.08	0.15	0.16
From discontinued operations	0.00	0.00	0.00	0.00
Basic weighted average number of shares outstanding	37,411	36,893	37,402	36,891
Diluted weighted average number of shares outstanding	37,411	36,893	37,402	36,891

Note: On March 4, 2014, the Company's shareholders approved a 1-for-10 reverse stock split, which became effective March 6, 2014. As a result, all common share amounts and transactions described herein have been adjusted to reflect the 1-for-10 reverse stock split.

TransAtlantic Petroleum Ltd.
Summary Consolidated Statements of Cash Flows

<i>U.S. Dollars in thousands</i>	For the Six Months Ended June 30,	
	<u>2014</u>	<u>2013</u>
	(Unaudited)	(Unaudited)
Net cash provided by operating activities from continuing operations	\$41,460	\$55,722
Net cash used in investing activities from continuing operations	(65,582)	(60,451)
Net cash provided by financing activities from continuing operations	16,044	7,000
Net cash provided by (used in) discontinued operations	436	(55)
Effect of exchange rate changes on cash	(78)	(1,064)
Net (decrease) increase in cash and cash equivalents	\$(7,720)	\$1,152

TransAtlantic Petroleum Ltd.
Summary Consolidated Balance Sheets

As of

U.S. Dollars in thousands **June 30, 2014** **December 31, 2013**
(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents	\$5,161	\$12,881
Accounts receivable	44,962	46,971
Prepaid and other current assets	3,242	5,072
Deferred income taxes	2,666	2,239
Assets held for sale	29	536
Total current assets	<u>56,060</u>	<u>67,699</u>
Property and equipment, net	273,850	250,972
Total other assets	<u>29,047</u>	<u>27,915</u>
Total assets	<u>\$358,957</u>	<u>\$346,586</u>

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$20,699	\$39,802
Accrued liabilities and other	16,874	21,268
Derivative liabilities	8,279	3,737
Loan payable	28,288	43,284
Liabilities held for sale	<u>7,533</u>	<u>7,559</u>
Total current liabilities	<u>81,673</u>	<u>115,650</u>
Total liabilities	183,788	179,269
Total shareholders' equity	<u>175,169</u>	<u>167,317</u>
Total liabilities and shareholders' equity	<u>\$358,957</u>	<u>\$346,586</u>

Reconciliation of Net Income to Adjusted EBITDAX (Unaudited)

U.S. Dollars in thousands	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Net income from continuing operations	\$1,437	\$2,903	\$5,430	\$5,935
Adjustments:				
Interest and other, net	1,442	648	2,372	1,163
Current and deferred income tax expense	1,227	180	3,277	2,440
Exploration, abandonment, and impairment	3,775	11,885	7,916	15,749
Seismic expense	914	1,035	3,951	1,143
Foreign exchange (gain) loss	(2,494)	2,543	(1,150)	3,030
Share-based compensation	317	499	713	881
Loss (gain) on commodity derivative contracts	9,522	(4,278)	8,560	(3,502)
Cash settlement on commodity derivative contracts	(1,781)	(484)	(2,533)	(1,736)
Accretion of asset retirement obligation	106	124	204	253
Depreciation, depletion, and amortization	12,588	9,581	22,678	18,557
Revaluation of contingent consideration	--	(5,000)	(2,500)	(5,000)
Net other items	<u>442</u>	<u>(2,448)</u>	<u>442</u>	<u>(1,815)</u>
Adjusted EBITDAX from continuing operations	<u>\$27,495</u>	<u>\$17,188</u>	<u>\$49,360</u>	<u>\$37,098</u>

Adjusted EBITDAX is a non-GAAP financial measure that represents earnings from continuing operations before income taxes, interest, depreciation, depletion, amortization, impairment, abandonment, and exploration expenses, unrealized derivative gains and losses, foreign exchange gains and losses, non-cash share-based compensation expense and significant non-recurring expenses.

The Company believes Adjusted EBITDAX assists management and investors in comparing the Company's performance and ability to fund capital expenditures and working capital requirements on a consistent basis without regard to depreciation, depletion and amortization and impairment of oil and natural gas properties and exploration expenses, which can vary significantly from period to period. In addition, management uses Adjusted EBITDAX as a financial measure to evaluate the Company's operating performance. Adjusted EBITDAX is also widely used by investors and rating agencies.

Adjusted EBITDAX is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income, income from operations, or cash flow provided by operating activities prepared in accordance with GAAP. Net income, income from operations, or cash flow provided by operating activities may vary materially from Adjusted EBITDAX. Investors should carefully consider the specific items included in the computation of Adjusted EBITDAX. The Company has disclosed Adjusted EBITDAX to permit a comparative analysis of its operating performance and debt servicing ability relative to other companies.

About TransAtlantic

TransAtlantic Petroleum Ltd. is an international oil and natural gas company engaged in the acquisition, exploration, development and production of oil and natural gas. The Company holds interests in developed and undeveloped properties in Turkey and Bulgaria.

(NO STOCK EXCHANGE, SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE INFORMATION CONTAINED HEREIN.)

Forward-Looking Statements

This news release contains statements concerning the drilling, completion and cost of wells, the production and sale of oil and natural gas, the acquisition and processing of seismic data, secondary recovery operations, the holding of an earnings conference call, the issuance of an operational update, the holding of an annual meeting of shareholders, as well as other expectations, plans, goals, objectives, assumptions or information about future events, conditions, results of operations or performance that may constitute forward-looking statements or information under applicable securities legislation. Such forward-looking statements or information are based on a number of assumptions, which may prove to be incorrect. In addition to other assumptions identified in this news release, assumptions have been made regarding, among other things, the ability of the Company to continue to develop and exploit attractive foreign initiatives.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties include, but are not limited to, market prices for natural gas, natural gas liquids and oil products; estimates of reserves and economic assumptions; the ability to produce and transport natural gas, natural gas liquids and oil; the results of exploration and development drilling and related activities; economic conditions in the countries and provinces in which the Company carries on business, especially economic slowdowns; actions by governmental authorities, receipt of required approvals, increases in taxes, legislative and regulatory initiatives relating to fracture stimulation activities, changes in environmental and other regulations, and renegotiations of contracts; political uncertainty, including actions by insurgent groups or other conflict; outcomes of litigation; the negotiation and closing of material contracts; shortages of drilling rigs, equipment or oilfield services.

The forward-looking statements or information contained in this news release are made as of the date hereof and the Company 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.

Note on BOE

Barrels of oil equivalent, or BOE, are derived by the Company by converting natural gas to oil in the ratio of six thousand cubic feet ("MCF") of natural gas to one barrel of oil. A BOE conversion ratio of six MCF to one 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. BOE may be misleading, particularly if used in isolation.

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