



November 6, 2014

## TransAtlantic Petroleum Announces Third Quarter 2014 Financial Results and Provides Operational Update

HAMILTON, Bermuda, Nov. 6, 2014 (GLOBE NEWSWIRE) -- **TransAtlantic Petroleum Ltd.** (NYSE-MKT:TAT) (TSX:TNP) (the "Company" or "TransAtlantic") today announced financial results for the quarter ended September 30, 2014 and provided an update on its operations.

### Third Quarter 2014 Highlights

- Record high oil sales of 3,707 BOPD, a 6% increase over the second quarter of 2014 and a 48% increase over the third quarter of 2013
- Natural gas sales of 7.9 MMCFPD, an 11% decrease from the second quarter of 2014 and a 16% decrease from the third quarter of 2013
- Average production of 5,033 BOEPD, a slight increase from the second quarter of 2014 and a 23% increase over the third quarter of 2013
- Net income from continuing operations of \$8.3 million, or \$0.22 per basic and diluted share, a significant increase over net income from continuing operations of \$1.4 million, or \$0.04 per basic and diluted share in the second quarter of 2014 and a net loss from continuing operations of \$4.8 million, or \$0.13 per basic and diluted share in the third quarter of 2013
- Revenue of \$36.1 million
- Adjusted EBITDAX from continuing operations of \$24.1 million (Adjusted EBITDAX is a non-GAAP financial measure that is defined and reconciled to net income at the end of this press release)

### Third Quarter 2014 Results

	<u>For the Three Months Ended</u>		
	<u>September 30, 2014</u>	<u>June 30, 2014</u>	<u>September 30, 2013</u>
Net Sales:			
Oil (MBbls)	341	318	230
Natural gas (MMCF)	731	821	868
Total net sales (MBOE)	463	455	375
Average net sales (BOEPD)	5,033	5,000	4,076
Realized Commodity Prices:			
Oil (\$/Bbl unhedged)	\$86.01	\$104.53	\$103.04
Oil (\$/Bbl hedged)	\$83.00	\$98.93	\$99.05
Natural gas (\$/MCF unhedged)	\$8.49	\$8.77	\$9.16
Natural gas (\$/MCF hedged)	\$8.49	\$8.77	\$9.16

Total revenues were \$36.1 million for the three months ended September 30, 2014, compared to \$41.1 million for the three months ended June 30, 2014 and \$32.3 million for the three months ended September 30, 2013. For the three months ended September 30, 2014, TransAtlantic had net income from continuing operations of \$8.3 million, or \$0.22 per share (basic and diluted), compared to net income from continuing operations of \$1.4 million, or \$0.04 per share (basic and diluted), for the three months ended June 30, 2014, and a net loss from continuing operations of \$4.8 million, or \$0.13 per share (basic and diluted), for the three months ended September 30, 2013.

Net income for the third quarter of 2014 included \$6.5 million of foreign exchange losses (an immaterial amount of which were cash losses), an \$11.0 million gain on commodity derivative contracts (which included a \$1.0 million cash loss) and \$0.6 million of exploration, abandonment and impairment charges (of which \$0.5 million were cash expenses). Capital expenditures,

including seismic and corporate expenditures, totaled \$33.4 million for the three months ended September 30, 2014, compared to \$28.7 million for the three months ended June 30, 2014 and \$39.0 million for the three months ended September 30, 2013.

Adjusted EBITDAX from continuing operations for the three months ended September 30, 2014 was \$24.1 million, compared to \$27.5 million for the three months ended June 30, 2014 and \$19.9 million for the three months ended September 30, 2013.

## **Operational Update**

TransAtlantic's current 14-day average net production is approximately 5,300 BOEPD, and is comprised of 3,800 BOPD and 8.9 MMCFPD. The Company plans to put more than ten new wells on production in the fourth quarter of 2014. In the third quarter of 2014, TransAtlantic spudded eleven wells (six oil and five gas) and put six new wells on production (five oil and one gas). Year-to-date, the Company spudded 27 wells and put 17 new wells on production.

TransAtlantic is presently operating three drilling rigs in southeastern Turkey and one in northwestern Turkey. The Company expects to drill between 30 and 33 total gross wells in 2014 and anticipates capital expenditures in Turkey for the fourth quarter of 2014 to be between \$20.0 million and \$30.0 million. 2014 annual capital expenditures are estimated to be between \$105.0 million and \$115.0 million.

## **Southeastern Turkey - Şelmo Field Redevelopment**

TransAtlantic's geoscience team recently determined specific seismic attributes that indicate favorable horizontal lateral locations in the Şelmo field (100% working interest) and has identified at least thirty additional horizontal well locations to add to the Company's drilling campaign in the MSD formation.

Year-to-date, the Company spudded 11 Şelmo wells and put 10 new wells on production. In the third quarter of 2014, TransAtlantic spudded four Şelmo MSD horizontal wells, and put three new wells on production with average initial production of 350 BOPD. The Company expects to spud four additional MSD horizontal wells and put four new Şelmo wells on production in the fourth quarter of 2014.

In the third quarter of 2014, TransAtlantic continued secondary recovery operations in the Şelmo field by preparing to convert two additional wells to injection as part of its waterflood pilot test. The Company continues to monitor the waterflood and has seen early signs of positive response.

TransAtlantic recently injected polymer into three additional Şelmo wells and has identified more than 20 additional candidates for similar treatments.

## **Southeastern Turkey - Molla Drilling**

TransAtlantic achieved target depth of 10,550 feet on the Bahar-6 (100% working interest) in late October 2014 and logged the well. Preliminary log analysis indicates well-developed upper and lower Bedinan sands in a structurally high position, similar to the Bahar-3 (100% working interest). In the Bahar-6, the Company expects to fracture stimulate and test the Dadaş formation and commingle it with the Bedinan. This will be TransAtlantic's first completion in the over-pressured area of the Dadaş. The Company anticipates the Dadaş test will delay production from the Bahar-6 by 10 to 14 days, and expects to commence commingled Bedinan-Dadaş production in the fourth quarter of 2014.

## **Southeastern Turkey - Arpatepe Drilling**

The Arpatepe-8 (non-operated, 50% working interest), a development well in the center of the Arpatepe field, achieved target depth of 8,400 feet in late October 2014 and the operator logged the well. TransAtlantic expects the well to be completed in the next several weeks.

## **Southeastern Turkey - Idil Exploration**

TransAtlantic is preparing to spud the Ebyat-2 (50% working interest), a vertical exploration well with a target depth of 7,880 feet on its Idil license. The Company's joint venture partner, Onshore Petroleum Company AS, has been assigned a 50% interest in the Idil license and will fund 100% of TransAtlantic's expected share of the well cost.

## **Northwestern Turkey - Thrace Basin Development**

TransAtlantic continues its Thrace Basin drilling campaign (41.5% working interest). Year-to-date, the Company spudded nine gas wells and put four new wells on production. The Company drilled five Thrace wells in the third quarter of 2014 and put one new well on production. The initial five wells tested an average of 1.6 MMCFPD at an average well cost below \$1.0 million. In

the fourth quarter of 2014, TransAtlantic plans to drill three additional vertical wells in the Thrace Basin and put at least four wells on production.

## Bulgaria

The Company has received all but one approval to acidize the Deventci-R2 well (50% working interest) in Bulgaria. Upon receipt of its final approval, TransAtlantic plans to stimulate the well to enhance its productivity.

## Acquisition of Stream Oil & Gas ("Stream")

TransAtlantic expects Stream to hold a special meeting of shareholders to approve its merger with TransAtlantic on November 12, 2014. TransAtlantic hosted open house events in Vancouver, Calgary and Toronto, Canada on November 3-4, 2014 to discuss the acquisition with Stream shareholders. Certain directors and officers of Stream and as well as other shareholders representing approximately 43% of Stream's outstanding common shares have entered into voting and support agreements to vote their shares of Stream in favor of the acquisition.

## Third Quarter 2014 Earnings Conference Call

The Company has scheduled a conference call for Friday, November 7, 2014 at 7:30 a.m. Central (8:30 a.m. Eastern) to discuss third 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 65726565. A replay will be available through November 14, 2014 and may be accessed by dialing (855) 859-2056 or (404) 537-3406. The conference ID is 65726565.

An enhanced webcast of the conference call and replay will be available through the Company's website at [www.transatlanticpetroleum.com](http://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 November 6, 2014, TransAtlantic filed its Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.

## Fourth Quarter 2014 Operations Update

TransAtlantic expects to issue a quarterly operations update for the fourth quarter of 2014 during the week of January 5, 2015.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>U.S. Dollars and shares in thousands, except per share amounts</i>				
Revenues:				
Oil and natural gas sales	\$35,537	\$31,648	\$108,962	\$93,828
Sales of purchased natural gas	397	553	1,433	2,078
Other	143	144	389	999
Total revenues	36,077	32,345	110,784	96,905
Costs and expenses:				
Production	4,521	4,591	13,318	13,446
Exploration, abandonment and impairment	582	2,243	8,498	17,992
Cost of purchased natural gas	342	479	1,267	1,810
Seismic and other exploration	29	5,052	4,215	6,385
Revaluation of contingent consideration	--	--	(2,500)	(5,000)

General and administrative	6,648	6,367	20,660	20,783
Depreciation, depletion and amortization	14,026	11,487	36,704	30,044
Accretion of asset retirement obligations	103	114	307	367
Total costs and expenses	26,251	30,333	82,469	85,827
Operating income	9,826	2,012	28,315	11,078
Other income (expense):				
Interest and other expense	(1,440)	(919)	(4,412)	(2,764)
Interest and other income	252	282	852	964
Gain (loss) on commodity derivative contracts	10,993	(3,137)	2,433	365
Foreign exchange loss	(6,542)	(2,923)	(5,392)	(5,953)
Total other income (expense)	3,263	(6,697)	(6,519)	(7,388)
Income from continuing operations before income taxes	13,089	(4,685)	21,796	3,690
Current income tax (expense) benefit	(291)	1,284	(1,198)	(583)
Deferred income tax expense	(4,485)	(1,417)	(6,855)	(1,990)
Net income (loss) from continuing operations	8,313	(4,818)	13,743	1,117
Net loss from discontinued operations, net of taxes	--	(155)	(20)	(248)
Net income (loss)	\$8,313	\$(4,973)	\$13,723	\$869
Foreign currency translation adjustment	(12,656)	(10,626)	(10,859)	(27,005)
Comprehensive (loss) income	\$(4,343)	\$(15,599)	\$2,864	\$(26,136)
Net income (loss) per common share:				
Basic net income (loss) from continuing operations per common share	0.22	(0.13)	0.37	0.03
Diluted net income (loss) from continuing operations per common share	0.22	(0.13)	0.37	0.03
Basic net loss from discontinued operations per common share	0.00	0.00	0.00	(0.01)
Diluted net loss from discontinued operations per common share	0.00	0.00	0.00	(0.01)
Basic weighted average number of shares outstanding	37,483	37,150	37,429	36,978
Diluted weighted average number of shares outstanding	37,607	37,150	37,574	36,978

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>	<b>For the Nine Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
	(Unaudited)	(Unaudited)
Net cash provided by operating activities from continuing operations	\$70,181	\$69,796
Net cash used in investing activities from continuing operations	(93,161)	(88,167)
Net cash provided by financing activities from continuing operations	19,633	17,174
Net cash provided by (used in) discontinued operations	437	(208)
Effect of exchange rate changes on cash	(542)	(1,092)
Net decrease in cash and cash equivalents	\$(3,452)	\$(2,497)

## TransAtlantic Petroleum Ltd. Summary Consolidated Balance Sheets

As of

U.S. Dollars in thousands

**September 30, 2014** **December 31, 2013**

(Unaudited)

**ASSETS**

Current assets:

Cash and cash equivalents	\$9,429	\$12,881
Accounts receivable	43,401	46,971
Prepaid and other current assets	1,978	5,072
Deferred income taxes	912	2,239
Assets held for sale	28	536
Total current assets	55,748	67,699
Property and equipment, gross	406,940	355,165
Less accumulated depreciation, depletion and amortization	(132,391)	(104,193)
Property and equipment, net	274,549	250,972
Total other assets	27,472	27,915
Total assets	\$357,769	\$346,586

**LIABILITIES & SHAREHOLDERS' EQUITY**

Current liabilities:

Accounts payable	\$28,270	\$39,802
Accrued liabilities and other	20,670	21,268
Derivative liabilities	1,424	3,737
Loan payable	33,577	43,284
Liabilities held for sale	7,095	7,559
Total current liabilities	91,036	115,650
Total liabilities	186,699	179,269
Total shareholders' equity	171,070	167,317
Total liabilities and shareholders' equity	\$357,769	\$346,586

**Reconciliation of Net Income to Adjusted EBITDAX (Unaudited)**

U.S. Dollars in thousands	For the Three Months Ended		For the Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
Net income (loss) from continuing operations	\$8,313	\$(4,818)	\$13,743	\$1,117
Adjustments:				
Interest and other, net	1,188	637	3,560	1,800
Current and deferred income tax expense	4,776	133	8,053	2,573
Exploration, abandonment, and impairment	582	2,243	8,498	17,992
Seismic expense	29	4,978	3,980	6,121
Foreign exchange loss	6,542	2,923	5,392	5,953
Share-based compensation	244	448	957	1,329
(Gain) loss on commodity derivative contracts	(10,993)	3,137	(2,433)	(365)
Cash settlement on commodity derivative contracts	(1,026)	(919)	(3,559)	(2,655)
Accretion of asset retirement obligation	103	114	307	367
Depreciation, depletion, and amortization	14,026	11,487	36,704	30,044
Revaluation of contingent consideration	--	--	(2,500)	(5,000)
Net other items	273	(445)	715	(1,815)
Adjusted EBITDAX from continuing operations	\$24,057	\$19,918	\$73,417	\$57,461

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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