

# TRANSATLANTIC PETROLEUM LTD.

## **FORM 8-K** (Current report filing)

Filed 11/08/17 for the Period Ending 11/08/17

Address	16803 DALLAS PARKWAY ADDISON, TX, 75001
Telephone	214-220-4323
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Industry	Oil & Gas Exploration and Production
Sector	Energy
Fiscal Year	12/31

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 8, 2017**

**TRANSATLANTIC PETROLEUM LTD.**

(Exact name of registrant as specified in its charter)

**Bermuda**

(State or other jurisdiction of  
incorporation)

**001-34574**

(Commission File Number)

**None**

(IRS Employer  
Identification No.)

**16803 Dallas Parkway  
Dallas, Texas**

(Address of principal executive offices)

**75001**

(Zip Code)

Registrant's telephone number, including area code: **(214) 220-4323**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On November 8, 2017, TransAtlantic Petroleum Ltd. (the “Company”) issued a press release providing earnings results and an operations update. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference to this Current Report on Form 8-K in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
99.1	<a href="#">Press release, dated November 8, 2017, issued by TransAtlantic Petroleum Ltd.</a>

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 8, 2017

### TRANSATLANTIC PETROLEUM LTD.

By: /s/ Chad D. Burkhardt  
Chad D. Burkhardt  
Vice President, General Counsel and Corporate Secretary



## TransAtlantic Petroleum Announces Third Quarter 2017 Financial Results and Provides an Operations Update

**Hamilton, Bermuda (November 8, 2017) – TransAtlantic Petroleum Ltd.** (TSX: TNP) (NYSE American: TAT) (the “Company” or “TransAtlantic”) today announced the financial results for the quarter ended September 30, 2017 and provided an operations update. Additional information can be found on the Company’s website at <http://www.transatlanticpetroleum.com>.

### Summary

- As of September 30, 2017, the Company had no long-term debt and \$12.4 million in short-term debt, as compared to \$3.8 million in long-term debt and \$38.2 million in short-term debt as of December 31, 2016. During the quarter ended September 30, 2017, the Company repaid \$14.1 million in debt as it continues to focus on deleveraging its balance sheet.
- Revenues for the third quarter of 2017 were \$12.7 million, as compared to \$12.3 million for the second quarter of 2017 and \$16.7 million for the third quarter of 2016.
- The Company’s operating loss for the third quarter of 2017 was \$0.3 million, as compared to operating income of \$2.1 million for the second quarter of 2017 and operating income of \$1.0 million for the third quarter of 2016.
- Net loss from continuing operations was \$4.4 million for the third quarter of 2017, as compared to net income of \$0.6 million in the second quarter of 2017, and a net loss of \$4.6 million in the third quarter of 2016.
- Adjusted EBITDAX from continuing operations for the third quarter of 2017 was \$7.3 million, as compared to \$6.8 million for the second quarter of 2017 and \$12.8 million for the third quarter of 2016.<sup>1</sup>
- The Company’s average daily net sales volumes from continuing operations were approximately 2,862 barrels of oil equivalent per day (“Boepd”) in the third quarter of 2017,

<sup>1</sup> Adjusted EBITDAX is a non-GAAP financial measure. See the reconciliation at the end of the press release.

as compared to 3,833 Boepd in the second quarter of 2017 and 4,335 Boepd in the third quarter of 2016. Current daily net sales volumes from continuing operations are approximately 2,900 Boepd.

### Third Quarter 2017 Results of Continuing Operations

	For the Three Months Ended		
	September 30, 2017	June 30, 2017	September 30, 2016
Net Sales:			
Oil (Mbbbl)	254	314	329
Natural gas (Mmcf)	58	184	391
Total net sales (Mboe)	263	345	395
Average net sales (Boepd)	2,862	3,833	4,335
Realized Commodity Prices:			
Oil (\$/Bbl unhedged)	\$ 47.88	\$ 47.26	\$ 40.67
Oil (\$/Bbl hedged)	\$ 47.88	\$ 47.26	\$ 41.38
Natural gas (\$/Mcf)	\$ 4.82	\$ 4.96	\$ 7.08

Total revenues were \$12.7 million for the three months ended September 30, 2017, as compared to \$12.3 million for the three months ended June 30, 2017 and \$16.7 million for the three months ended September 30, 2016. For the three months ended September 30, 2017, the Company had a net loss from continuing operations of \$4.4 million, or \$0.09 per share (basic and diluted), as compared to net income from continuing operations of \$0.6 million, or \$0.01 per share (basic and diluted), for the three months ended June 30, 2017, and a net loss from continuing operations of \$4.6 million, or \$0.10 per share (basic and diluted), for the three months ended September 30, 2016. Capital expenditures, including seismic and corporate expenditures totaled \$6.0 million for the three months ended September 30, 2017, as compared to \$4.9 million for the three months ended June 30, 2017 and \$1.5 million for the three months ended September 30, 2016.

Adjusted EBITDAX from continuing operations for the three months ended September 30, 2017 was \$7.3 million, as compared to \$6.8 million for the three months ended June 30, 2017 and \$12.8 million for the three months ended September 30, 2016.

#### Operational Update

The following summarizes the Company's operations by location during the third quarter of 2017:

##### *Southeastern Turkey*

Testing continued on the Bahar-11 well throughout the third quarter of 2017 in the Bedinan, Dadas, and Hazro formations. Commercial oil was discovered in all three formations with a combined test rate of 280 Boepd. The well was brought on production in October 2017.

Testing continued on the Cavulsu-1 well throughout the third quarter of 2017. The well flowed high API gravity hydrocarbon in two Bedinan benches. Testing will continue throughout the fourth quarter of 2017 to establish the potential of these intervals as well as up-hole potential in the Dadas, Hazro, and Mardin formations.

Operations on the Pinar-1ST well were temporarily suspended during the third quarter of 2017 due to priority repair and maintenance workover operations in the Bahar and Selmo fields. Testing will resume in the fourth quarter of 2017.

#### *Bulgaria*

The Company continues to evaluate its position in Bulgaria with updated geologic models and continues to market a joint venture exploration program for its assets in Bulgaria.

#### **Conference Call**

The Company will host a live webcast and conference call on Thursday, November 9, 2017 at 8:00 a.m. Central time (9:00 a.m. Eastern time) to discuss third quarter 2017 financial results and provide an operations update. Investors who would like to participate in the conference call should call (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 8898817.

A live 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 webcast and replay, click on "Investors," select "Events and Presentations," and click on "Listen to webcast" under the event list. The webcast requires IOS, Microsoft Windows Media Player, or RealOne Player.

A telephonic replay of the call will be available through November 10, 2017 and may be accessed by dialing (855) 859-2056 or (404) 537-3406. The conference ID is 8898817.

#### **Quarterly Report on Form 10-Q**

On November 8, 2017, the Company filed its Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.

**TransAtlantic Petroleum Ltd.**  
**Consolidated Statements of Comprehensive (Loss) Income (Unaudited)**  
**(U.S. Dollars and shares in thousands, except per share amounts)**

	For the Three Months Ended		For the Nine Months Ended	
	Sept 30, 2017	Sept 30, 2016	Sept 30, 2017	Sept 30,
<b>Revenues:</b>				
Total revenues	\$ 12,675	\$ 16,659	\$ 41,452	\$
<b>Costs and expenses:</b>				
Production	2,997	3,070	8,798	
Exploration, abandonment and impairment	141	1,531	249	
Cost of purchased natural gas	–	1,027	568	
Seismic and other exploration	2,966	3	3,046	
General and administrative	2,532	2,659	9,303	
Depreciation, depletion and amortization	4,272	7,280	13,024	
Accretion of asset retirement obligations	49	97	144	
<b>Total costs and expenses</b>	<u>12,957</u>	<u>15,667</u>	<u>35,132</u>	
<b>Operating (loss) income</b>	<u>(282)</u>	<u>992</u>	<u>6,320</u>	
<b>Other (expense) income:</b>				
Loss on sale of TBNG	–	–	(15,226)	
Interest and other expense	(2,322)	(3,836)	(6,981)	
Interest and other income	182	1,009	663	
(Loss) gain on commodity derivative contracts	(1,365)	(187)	299	
Foreign exchange loss	(48)	(390)	(1,055)	
<b>Total other expense</b>	<u>(3,553)</u>	<u>(3,404)</u>	<u>(22,300)</u>	
<b>Loss from continuing operations before income taxes</b>	<u>(3,835)</u>	<u>(2,412)</u>	<u>(15,980)</u>	
Income tax expense	(518)	(2,224)	(3,856)	
<b>Net loss from continuing operations</b>	<u>(4,353)</u>	<u>(4,636)</u>	<u>(19,836)</u>	
<b>Income from discontinued operations before income taxes</b>				
Gain on disposal of discontinued operations	–	6,886	–	
Income tax benefit	–	9,419	–	
<b>Net income from discontinued operations</b>	<u>–</u>	<u>16,305</u>	<u>–</u>	
<b>Net (loss) income</b>	<u>(4,353)</u>	<u>11,669</u>	<u>(19,836)</u>	
<b>Other comprehensive (loss) income:</b>				
Foreign currency translation adjustment	(1,223)	(3,986)	21,828	
<b>Comprehensive (loss) income</b>	<u>\$ (5,576)</u>	<u>\$ 7,683</u>	<u>\$ 1,992</u>	<u>\$</u>
<b>Net (loss) income per common share</b>				
Basic net (loss) income per common share				
Continuing operations	\$ (0.09)	\$ (0.10)	\$ (0.42)	\$
Discontinued operations	\$ (0.00)	\$ 0.35	\$ (0.00)	\$
Weighted average common shares outstanding	<u>47,725</u>	<u>46,854</u>	<u>47,480</u>	
Diluted net (loss) income per common share				
Continuing operations	\$ (0.09)	\$ (0.10)	\$ (0.42)	\$
Discontinued operations	\$ (0.00)	\$ 0.35	\$ (0.00)	\$
Weighted average common and common equivalent shares outstanding	<u>47,725</u>	<u>46,854</u>	<u>47,480</u>	



**TransAtlantic Petroleum Ltd.**  
**Summary Consolidated Statements of Cash Flows (Unaudited)**  
**(in thousands of U.S. Dollars)**

	<b>For the Nine Months Ended Sept 30,</b>	
	<b>2017</b>	<b>2016</b>
Net cash provided by operating activities from continuing operations	\$ 16,079	\$ 19,607
Net cash provided by investing activities from continuing operations (1)	4,872	2,699
Net cash used in financing activities from continuing operations	(29,661)	(7,842)
Net cash used in discontinued operations	-	(822)
Effect of exchange rate changes on cash	(118)	(517)
Net (decrease) increase in cash and cash equivalents	\$ (8,828)	\$ 13,125

(1) Includes changes in the Company's restricted cash balance.

**TransAtlantic Petroleum Ltd.**  
**Summary Consolidated Balance Sheets**  
(in thousands of U.S. Dollars, except share data)

	September 30, 2017	Dec
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,757	\$
Restricted cash	-	
Accounts receivable, net		
Oil and natural gas sales	12,891	
Joint interest and other	1,914	
Related party	1,063	
Prepaid and other current assets	2,557	
Inventory	3,613	
Assets held for sale	-	
Total current assets	<u>24,795</u>	
<b>Property and equipment:</b>		
Oil and natural gas properties (successful efforts methods)		
Proved	204,895	
Unproved	25,730	
Equipment and other property	19,399	
Total property and equipment	250,024	
Less accumulated depreciation, depletion and amortization	(132,899)	
Property and equipment, net	<u>117,125</u>	
<b>Other long-term assets:</b>		
Other assets	2,104	
Note receivable - related party	7,027	
Total other assets	<u>9,131</u>	
<b>Total assets</b>	<u>\$ 151,051</u>	<u>\$</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 3,518	\$
Accounts payable - related party	4,363	
Accrued liabilities	8,660	
Derivative liability	571	
Loans payable	12,375	
Loan payable - related party	-	
Liabilities held for sale	-	
Total current liabilities	<u>29,487</u>	
<b>Long-term liabilities:</b>		
Asset retirement obligations	4,940	
Accrued liabilities	9,138	
Deferred income taxes	20,494	
Loans payable	-	
Derivative liability	-	
Total long-term liabilities	<u>34,572</u>	
<b>Total liabilities</b>	<u>64,059</u>	
<b>Commitments and contingencies</b>		
Series A preferred shares - third-parties, \$0.01 par value, 950,000 shares authorized (third-parties and related parties), 426,000 shares issued to third-parties and outstanding with a liquidation preference of \$50 per share as of September 30, 2017 and December 31, 2016, respectively	21,300	
Series A preferred shares - related parties, \$0.01 par value, 495,000 shares issued to related parties and outstanding with a liquidation preference of \$50 per share as of September 30, 2017 and December 31, 2016, respectively	24,750	
<b>Shareholders' equity:</b>		
Common shares, \$0.10 par value, 200,000,000 shares authorized; 47,727,772 shares and 47,220,525 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	4,773	
Treasury stock	(970)	
Additional paid-in-capital	573,691	
Accumulated other comprehensive loss	(118,488)	
Accumulated deficit	(418,064)	
Total shareholders' equity	<u>40,942</u>	
<b>Total liabilities, Series A preferred shares and shareholders' equity</b>	<u>\$ 151,051</u>	<u>\$</u>

**Reconciliation of Net (Loss) Income from Continuing Operations to Adjusted EBITDAX from Continuing Operations (Unaudited)**  
**(in thousands of U.S. Dollars)**

	For the Three Months Ended			For the Nine Months	
	Sept 30, 2017	June 30, 2017	Sept 30, 2016	Sept 30, 2017	Sep
Net (loss) income from continuing operations	\$ (4,353)	\$ 566	\$ (4,636)	\$ (19,836)	\$
Adjustments:					
Interest and other, net	2,140	2,100	2,827	6,318	
Current and deferred income tax expense	518	1,203	2,224	3,856	
Exploration, abandonment, and impairment	141	2	1,531	249	
Seismic and other exploration expense	2,966	65	3	3,046	
Foreign exchange loss (gain)	48	(1,116)	390	1,055	
Share-based compensation expense	142	278	142	556	
Loss (gain) on commodity derivative contracts	1,365	(676)	187	(299)	
Cash settlements on commodity derivative contracts	-	32	2,729	32	
Accretion of asset retirement obligation	49	47	97	144	
Depreciation, depletion, and amortization	4,272	4,255	7,280	13,024	
Loss on sale of TBNG	-	-	-	15,226	
Net other items	-	-	64	30	
Adjusted EBITDAX from continuing operations	\$ 7,288	\$ 6,756	\$ 12,838	\$ 23,401	\$

Adjusted EBITDAX from continuing operations (“Adjusted EBITDAX”) is a non-GAAP financial measure that represents net (loss) income from continuing operations plus interest and other net, current and deferred income tax expense, exploration, abandonment and impairment, seismic and other exploration expense, foreign exchange (gain) loss, share-based compensation expense, loss (gain) on commodity derivative contracts, cash settlements on commodity derivative contracts, accretion of asset retirement obligation, depreciation, depletion, and amortization, loss on sale of TBNG, and net other items.

The Company believes Adjusted EBITDAX assists management and investors in comparing the Company’s performance on a consistent basis without regard to depreciation, depletion, and amortization and impairment of oil and natural gas properties and exploration expenses, among other items, 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 not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income or income from continuing operations prepared in accordance with GAAP. Net income or income from continuing operations may vary materially

from Adjusted EBITDAX. Investors should carefully consider the specific items included in the computation of Adjusted EBITDAX.

**About TransAtlantic**

The Company 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 marketing of joint venture transactions, the holding of an earnings conference call, and the issuance of an operations update, as well as other expectations, plans, goals, objectives, assumptions, and information about future events, conditions, results of operations, and 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.

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, access to sufficient capital; 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 products; 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; renegotiations of contracts; political uncertainty, including actions by insurgent groups or other conflict; outcomes of litigation; the negotiation and closing of material contracts; and other risks described in the Company's filings with the SEC.

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 of natural gas (“Mcf”) to one stock tank barrel, or 42 U.S. gallons liquid volume (“ Bbl”), of oil. A Boe conversion ratio of six Mcf to one Bbl 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.

**Contacts:**

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(214) 265-4705

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