

## **RING ENERGY, INC.**

### **CHARTER OF THE AUDIT COMMITTEE**

#### **Purpose**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Ring Energy, Inc. (the “Company”) is to assist the Board with oversight of (i) the integrity of the Company’s financial statements, (ii) compliance by the Company with legal and regulatory requirements relating to financial reporting and cybersecurity, (iii) the Company’s independent registered auditor’s qualifications and independence, and (iv) the performance of the Company’s independent registered auditors.

The primary role of the Committee is to oversee the Company’s financial reporting and disclosure process. To fulfill this obligation, the Committee relies on: (i) management for the preparation and accuracy of the Company’s financial statements; (ii) management for establishing effective internal controls and procedures to ensure the Company’s compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and (iii) the independent auditors for an unbiased, diligent audit or review, as applicable, of the Company’s financial statements and the effectiveness of the Company’s internal controls over financial reporting. The members of the Committee are not employees of the Company and are not responsible for conducting the audit or performing other accounting procedures.

#### **Membership**

The Committee shall consist of three or more directors. Each member (“Member”) of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the rules of the NYSE American LLC (the “NYSE American”), and as otherwise required by securities laws, rules and regulations.

Each Member must be financially literate and as such must be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement, at the time of the Member’s appointment. At least one Member must have accounting or related financial management expertise, as determined by the Board. At least one Member shall qualify as an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K and shall have accounting or related financial management expertise, if and as required by the Securities and Exchange Commission (“SEC”) and the NYSE American rules.

No Member may serve simultaneously on the audit committee of more than two other companies with a class of securities registered under the Exchange Act without prior approval of the Board.

The Members shall be appointed by the Board after giving due consideration to any recommendations of the Nominating, Environmental, Social and Governance Committee of the

Board (the “NESG Committee”). A chairperson of the Committee (the “Chairperson”) shall be designated by the Board after giving due consideration to any recommendations of the NESG Committee. The Members shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any Member from the Committee at any time with or without cause.

### **Authority and Responsibilities**

The Committee shall have the following authority and responsibilities:

- To (i) select and retain an independent registered public accounting firm to act as the independent auditors for the purpose of auditing the Company’s annual financial statements, books, records, accounts and internal controls over financial reporting, (ii) set the compensation of the independent auditors, (iii) oversee the work done by the independent auditors and (iv) terminate the independent auditors, if necessary.
- To select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company.
- To pre-approve all audit and permitted non-audit and tax services that may be provided by the independent auditors or other registered public accounting firms and establish policies and procedures for the Committee’s pre-approval of permitted services by the independent auditors or other registered public accounting firms on an on-going basis.
- At least annually, to obtain and review a report by the independent auditors that describes (i) the accounting firm’s internal quality control procedures, (ii) any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board (“PCAOB”) review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm and any steps taken to deal with any such issues, and (iii) all relationships between the firm and the Company or any of its subsidiaries; and to discuss with the independent auditors the report and any relationships or services that may impact the objectivity and independence of the auditors.
- At least annually, to evaluate the qualifications, performance and independence of the independent auditors, including an evaluation of the lead audit partner; and to assure the regular rotation of the lead audit partner at the independent auditors and consider regular rotation of the accounting firm serving as the independent auditors.

- To review and discuss with the independent auditors (i) the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (ii) the overall audit strategy, (iii) the scope and timing of the annual audit, (iv) any significant risks identified during the auditors' risk assessment procedures and (v) when completed, the results, including significant findings, of the annual audit.
- To review and discuss with the independent auditors (i) all critical accounting policies and practices to be used in the audit; (ii) all critical audit matters; (iii) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (iv) other material written communications between the auditors and management.
- To review and discuss with the independent auditors and management (i) any audit issues, including difficulties encountered by the independent auditors during their audit work (such as restrictions on the scope of their activities or their access to information); (ii) any significant disagreements with management as to accounting policies, practices or problems; and (iii) management's response to these issues, difficulties or disagreements; and to resolve any disagreements between the independent auditors and management.
- To review with management and the independent auditors: any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.
- To keep the independent auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and to review and discuss with the independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.
- To review with management, and the independent auditors the adequacy and effectiveness of the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, including any significant deficiencies or material weaknesses in the design or operation of, and

any material changes in, the Company's processes, controls and procedures and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such processes, controls and procedures, and review and discuss with management and the independent auditors disclosure relating to the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, the independent auditors' report on the effectiveness of the Company's internal control over financial reporting and the required management certifications to be included in or attached as exhibits to the Company's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable.

- To review and discuss with the independent auditors any other matters required to be discussed by PCAOB Auditing Standard No. 1301, *Communications with Audit Committees* and other applicable requirements of the PCAOB and the SEC.
- To review and discuss with the independent auditors and management the Company's annual audited financial statements (including the related notes), the form of audit opinion to be issued by the auditors on the financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's annual report on Form 10-K before the Form 10-K is filed.
- To recommend to the Board that the audited financial statements be included in the Company's annual report on Form 10-K; and to produce the Committee's report required by the rules and regulations of the SEC to be included in the Company's annual report or proxy statement.
- To review and discuss with the independent auditors and management the Company's quarterly financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's quarterly reports on Form 10-Q before a Form 10-Q is filed.
- To review and approve the design and implementation of an internal audit function for the Company, including its purpose, organization, responsibilities, budget and performance; and to discuss with the independent auditors management's plans with respect to the responsibilities, budget and staffing of the internal audit function and its plans for the implementation of the internal audit function.
- To review and discuss with management the Company's earnings press releases, including the type of information to be included and its presentation and the use of any pro forma, adjusted or other non-GAAP financial information; and any financial information and earnings guidance provided to analysts and ratings

agencies, including the type of information to be disclosed and type of presentation to be made.

- To oversee and monitor cybersecurity risks and management's cybersecurity policies and practices.
- At least annually, to review and approve on behalf of the Company, the Company's decision to enter into swaps and other derivatives transactions that are exempt from exchange-execution and clearing under "end-user exception" regulations established by the Commodity Futures Trading Commission; and review and discuss with management the Company's policies governing the Company's use of swaps and other derivatives transactions subject to the end-user exception.
- To set Company hiring policies for employees or former employees of the independent auditors.
- To establish and oversee procedures for the timely receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- To review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies
- To review the Company's compliance with applicable laws and regulations and to review and oversee the Company's policies, procedures and programs designed to promote and monitor legal and regulatory compliance.
- To review with outside legal counsel, legal and regulatory matters that may have a material impact on the Company's financial statements.
- To review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) and any other potential conflict of interest situations on an ongoing basis, in accordance with Company policies and procedures.

### **Outside Advisors**

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems

necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors.

The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the independent auditors, any other accounting firm engaged to perform services for the Company, any outside counsel or other advisors to the Committee.

### **Structure and Operations**

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its responsibilities, but in any case, at least four times a year. The Committee shall report regularly to the Board on its discussions and actions, including any significant issues or concerns that arise at its meetings, and shall make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee shall meet separately, and periodically, with management and with representatives of the independent auditors, and shall invite such individuals to its meetings as it deems appropriate, to assist in carrying out its duties and responsibilities. However, the Committee may meet regularly without such individuals present.

### **Delegation of Authority**

The Committee may from time to time as it deems appropriate, and to the extent permitted by applicable laws, rules and regulations, form and delegate authority to subcommittees consisting of one or more Members when appropriate.

### **Annual Performance Evaluation and Charter Review**

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate. The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.