

August 8, 2014



Ring Energy Announces Second Quarter and Six Month 2014 Financial and Operating Results

***88% Increase In Revenue Over First Quarter
142% Increase In Earnings Over First Quarter
83% Increase In Production Over First Quarter***

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE MKT: REI) ("Ring" ("Company")) announced today financial results for the three months and six months ended June 30, 2014. For the three month period ended June 30, 2014, Ring had oil and gas revenues of \$11,204,238, compared to \$1,291,579 for the quarter ended June 30, 2013, a 767% increase and net income of \$2,821,738 or \$0.11 per fully diluted share, compared to a net loss of \$890,393, or \$0.06 per fully diluted share, for the same period in 2013. Compared to the first quarter ended March 31, 2014, Ring had an 88% increase in oil and gas revenues and a 142% increase in earnings. For the six month period ended June 30, 2014, the Company reported oil and gas revenues of \$17,174,690, compared to oil and gas revenues of \$2,443,536 for the six month period ended June 30, 2013, a 603% increase. Net income for the six month period ended June 30, 2014 was \$3,985,427, or \$0.16 per fully diluted share, compared to a net loss of \$1,855,673, or \$0.13 per fully diluted share, for the same period in 2013.

The revenue increase was a result of increases in production volumes due to increased development activity. For the three months ended June 30, 2014, oil sales volume increased to 118,533 barrels, compared to 14,261 barrels for the same period in 2013, a 731% increase, and gas sales volume increased to 7,142 MCF (thousand cubic feet), compared to 7,092 MCF for the same period in 2013, a .7% increase. For the six months ended June 30, 2014, oil sales volume increased to 182,477 barrels, compared to 28,506 barrels for the same period in 2013, a 540% increase, and gas sales volume increased to 15,759 MCF, compared to 12,849 MCF for the same period in 2013, a 23% increase. The average commodity prices received by Ring were \$93.84 per barrel of oil and \$4.98 per MCF of natural gas for the quarter ended June 30, 2014, compared to \$89.02 per barrel of oil and \$3.10 per MCF of natural gas for the quarter ended June 30, 2013. The average prices received for the six months ended June 30, 2014 were \$93.69 per barrel of oil and \$4.93 per MCF of natural gas, compared to \$84.41 per barrel of oil and \$2.91 per MCF of natural gas for the six month period ended June 30, 2013.

Lease operating expenses, including production taxes, for the three months ended June 30, 2014 were \$13.32 per barrel of oil equivalent ("BOE"), a 25% decrease from the prior year. Depreciation, depletion and amortization costs increased 13% to \$29.05 per BOE. General and administrative costs, which included a \$640,101 charge for stock based compensation, were \$13.65 per BOE, an 86% decrease. For the six months ended June 30, 2014, lease

operating expenses, including production taxes, were \$14.27 per BOE, a 7% decrease. Depreciation, depletion and amortization costs were \$27.06 per BOE, a 12% increase, and general and administrative costs, which included a \$1,299,569 charge for stock based compensation, were \$17.28 per BOE, a 83% decrease.

There was no outstanding debt on the Company's \$150 million senior secured credit facility at July 1, 2014.

Net cash flow from operations for the three and six months ended June 30, 2014 was \$8,614,602, or \$0.34 per fully diluted share, and \$12,633,000, or \$0.51 per fully diluted share, compared to net cash flow of \$404,051, or \$0.03, and \$609,595, or \$0.04 per fully diluted share for the same periods in 2013 (1).

In June, the Company received approximately \$28.7 million in net proceeds from the private sale of approximately 2,000,000 shares of the Company's restricted common stock. Also in June, the Company's common stock became part of the Russell 2000 Index.

Ring's Chief Executive Officer, Mr. Kelly Hoffman, stated, "Despite some weather and power outage disruptions in the first quarter, we were able to successfully continue our overall development program in the second quarter, with particular emphasis on our Permian Basin properties. We drilled 36 new development wells and continued infrastructure improvements, as well as stepping up our leasing activity. Our second quarter production of 119,000 BOEs was a 675% increase over the same period in 2013 and over an 83% increase from the first quarter. We completed a \$30 million private placement of our common stock which has provided sufficient CAPEX funding, based on our current budget, into 2015. We are in discussions with pipeline companies to start delivering a portion of our production directly into pipeline, and we are continuing to look at acquisition opportunities, primarily concentrating on those that compliment our existing properties."

Non-GAAP Financial Measures:

Earnings for the three months ended June 30, 2014 include a non-cash charge for stock based compensation of \$640,101. Earnings for the six months ended June 30, 2014 include a non-cash charge for stock based compensation of \$1,299,569. Excluding such items, the Company's earnings would have been \$0.13 per diluted share for the three months ended June 30, 2014, and \$0.19 for the six months ended June 30, 2014. The Company believes results excluding these items are more comparable to estimates provided by security analysts and, therefore, are useful in evaluating operational trends of the Company and its performance, compared to other similarly situated oil and gas producing companies.

(1) Cash Flow from Operations is a non-GAAP financial measure that represents "Net Cash Provided By Operating Activities" adjusted for the change in operating assets and liabilities. See below for a reconciliation of the related amounts.

About Ring Energy, Inc.

Ring Energy, Inc. is an oil and gas exploration, development and production company with current operations in Texas and Kansas.

www.ringenergy.com

Safe Harbor Statement

This release contains forward-looking statements within the meaning of the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995 that involve a wide variety of risks and uncertainties, including, without limitations, statements with respect to the Company’s strategy and prospects. Such statements are subject to certain risks and uncertainties which are disclosed in the Company’s reports filed with the SEC, including its Form 10-K for the fiscal year ended December 31, 2013, its Form 10-Q for the quarter ended June 30, 2014 and its other filings with the SEC. Readers and investors are cautioned that the Company’s actual results may differ materially from those described in the forward-looking statements due to a number of factors, including, but not limited to, the Company’s ability to acquire productive oil and/or gas properties or to successfully drill and complete oil and/or gas wells on such properties, general economic conditions both domestically and abroad, and the conduct of business by the Company, and other factors that may be more fully described in additional documents set forth by the Company.

RING ENERGY, INC. STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Oil and Gas Revenues	\$11,204,238	\$ 1,291,579	\$17,174,690	\$ 2,443,536
Costs and Operating Expenses				
Oil and gas production costs	1,077,878	214,468	1,848,978	355,723
Oil and gas production taxes	517,052	59,459	793,013	112,676
Depreciation, depletion and amortization	3,477,816	396,662	5,008,012	740,270
Accretion expense	37,312	11,824	61,694	23,277
General and administrative expense	1,634,807	1,499,559	3,199,268	3,067,263
Total Costs and Operating Expenses	6,744,865	2,181,972	10,910,965	4,299,209
Other Income (Expense)				
Interest income	19,576	-	62,349	-
Net Other Income (Expense)	19,576	-	62,349	-
Income (Loss) Before Provision for Income Taxes	4,478,949	(890,393)	6,326,074	(1,855,673)
Income tax provision	(1,657,211)	-	(2,340,647)	-
Net Income (Loss)	\$ 2,821,738	(\$890,393)	\$ 3,985,427	(\$1,855,673)
Basic Net Income (Loss) Per Common Share	\$ 0.12	(\$0.06)	\$ 0.17	(\$0.13)
Diluted Net Income (Loss) Per Common Share	\$ 0.11	(\$0.06)	\$ 0.16	(\$0.13)
Basic Weighted-Average Common Shares Outstanding	23,907,651	14,350,284	23,745,406	14,290,060
Diluted Weighted-Average Common Shares Outstanding	25,151,932	14,350,284	24,926,088	14,290,060

COMPARATIVE OPERATING STATISTICS

	Three Months Ended June 30,		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Net Production - BOE per day	1,316	170	674%
Per BOE:			
Average Sales Price	\$ 93.58	\$ 83.64	12%
Operating Costs	\$ 9.00	\$ 13.89	-35%
DD&A	\$ 29.05	\$ 25.69	13%
General & Administrative Expenses	\$ 13.65	\$ 97.10	-86%
	Six Months Ended June 30,		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Net Production - BOE per day	1,023	169	505%
Per BOE:			
Average Sales price	\$ 92.78	\$ 79.73	16%
Operating Costs	\$ 9.99	\$ 11.61	-14%
DD&A	\$ 27.06	\$ 24.15	12%
General & Administrative Expenses	\$ 17.28	\$ 100.08	-83%

RING ENERGY, INC.
CONSOLIDATED BALANCE SHEET

	June 30, <u>2014</u>	December 31, <u>2013</u>
ASSETS		
Current Assets		
Cash	\$ 45,535,352	\$ 52,350,583
Accounts receivable	4,780,627	3,888,402
Prepaid expenses and retainers	259,096	66,051
Total Current Assets	<u>50,575,075</u>	<u>56,305,036</u>
Property and Equipment , Using Full Cost Accounting		
Oil and gas properties subject to amortization	107,371,894	58,040,724
Office equipment	497,121	257,911
Total Property and Equipment	107,869,015	58,298,635
Less: Accumulated depreciation and amortization	(7,888,265)	(2,880,253)
Net Property and Equipment	<u>99,980,750</u>	<u>55,418,382</u>
Total Assets	<u><u>\$150,555,825</u></u>	<u><u>\$111,723,418</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 7,944,774	\$ 6,229,490
Other accrued liabilities	709,566	1,002,153
Total Current Liabilities	<u>8,654,340</u>	<u>7,231,643</u>
Noncurrent Liabilities		
Deferred income taxes	3,044,298	703,651
Asset retirement obligation	2,276,845	1,182,410
Total Noncurrent Liabilities	<u>5,321,143</u>	<u>1,886,061</u>
Stockholders' Equity		
Preferred stock - \$0.001 par value; 50,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock - \$0.001 par value; 150,000,000 shares authorized; 25,645,614 shares and 23,576,313 shares outstanding, respectively	25,646	23,576
Additional paid-in capital	139,005,296	109,018,165
Accumulated deficit	<u>(2,450,600)</u>	<u>(6,436,027)</u>

Total Stockholders' Equity	136,580,342	102,605,714
Total Liabilities and Stockholders' Equity	<u>\$150,555,825</u>	<u>\$111,723,418</u>

**RING ENERGY, INC.
STATEMENTS OF CASH FLOW**

	Six Months Ended June 30,	
	2014	2013
Cash Flows From Operating Activities		
Net income	\$ 3,985,427	(\$1,855,673)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	5,008,012	740,270
Accretion expense	61,694	23,277
Share-based compensation	1,299,569	1,701,721
Provision for income taxes	2,340,647	-
Changes in assets and liabilities:		
Accounts receivable	(892,225)	(45,956)
Prepaid expenses	(193,045)	(32,795)
Accounts payable	1,422,697	839,621
Net Cash Provided by Operating Activities	<u>13,032,776</u>	<u>1,370,465</u>
Cash Flows from Investing Activities		
Payments to purchase oil and natural gas properties	(10,974,396)	(1,751,342)
Payments to develop oil and natural gas properties	(37,324,033)	(5,524,201)
Purchase of office equipment	(239,210)	(54,441)
Net Cash Used in Investing Activities	<u>(48,537,639)</u>	<u>(7,329,984)</u>
Cash Flows From Financing Activities		
Proceeds from option exercise	22,500	-
Proceeds from issuance of common stock	28,667,132	18,987,272
Net Cash Provided by Financing Activities	<u>28,689,632</u>	<u>18,987,272</u>
Net Increase in Cash	<u>(6,815,231)</u>	<u>13,027,753</u>
Cash at Beginning of Period	<u>52,350,583</u>	<u>5,404,167</u>
Cash at End of Period	<u>\$ 45,535,352</u>	<u>\$ 18,431,920</u>
Non-Cash Investing and Financing Activities		
Revision of asset retirement obligation estimate		\$ 211,691
Asset retirement obligation acquired	\$ 294,772	-
Asset retirement obligation incurred during development	737,969	67,352

RECONCILIATION OF CASH FLOW FROM OPERATIONS

Net cash provided by operating activities	\$ 13,032,776	\$ 1,370,465
Change in operating assets and liabilities	<u>(337,427)</u>	<u>(760,870)</u>
Cash flow from operations	<u>\$ 12,695,349</u>	<u>\$ 609,595</u>

Management believes that the non-GAAP measure of cash flow from operations is useful information for investors because it is used internally and is accepted by the investment community as a means of measuring the Company's ability to fund its capital program. It is also used by professional research analysts in providing investment recommendations pertaining to companies in the oil and gas exploration and production industry.

**RING ENERGY, INC.
NON-GAAP DISCLOSURE RECONCILIATION
ADJUSTED EBITDA**

Six Months Ended

	June 30,	June 30,
	<u>2014</u>	<u>2013</u>
NET INCOME	\$ 3,985,427	(\$1,855,673)
Interest expense (Income)	(62,349)	-
Income tax expense	2,340,647	-
Depreciation, depletion and amortization	5,008,012	740,270
Accretion expense	61,694	23,277
Share-based compensation	<u>1,299,569</u>	<u>1,701,721</u>
ADJUSTED EBITDA	<u>\$12,633,000</u>	<u>\$ 609,595</u>

K M Financial, Inc.
Bill Parsons, 702-489-4447

Source: Ring Energy, Inc.