

November 6, 2014



# Ring Energy, Inc. Announces Third Quarter and Nine Month 2014 Financial and Operating Results

***Third Quarter 2014 Revenues Increase 287% Over Third Quarter Revenues 2013  
Nine Month 2014 Revenues Increase 434% Over Nine Month Revenues 2013***

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE MKT: REI) ("Ring") ("Company") announced today financial results for the three months and nine months ended September 30, 2014. For the three month period ended September 30, 2014, Ring had oil and gas revenues of \$10,929,771, compared to \$2,820,731 for the quarter ended September 30, 2013, a 287% increase and net income of \$1,726,469 or \$0.06 per fully diluted share, compared to a net loss of \$131,493, or \$0.01 per fully diluted share, for the same period in 2013. For the nine month period ended September 30, 2014, the Company reported oil and gas revenues of \$28,104,461, compared to oil and gas revenues of \$5,264,267 for the nine month period ended September 30, 2013, a 434% increase. Net income for the nine month period ended September 30, 2014 was \$5,711,896, or \$0.22 per fully diluted share, compared to a net loss of \$1,987,166, or \$0.13 per fully diluted share, for the same period in 2013.

The revenue increase was due to increases in production volumes resulting from development of our leases. For the three months ended September 30, 2014, oil sales volume increased to 124,526 barrels, compared to 26,609 barrels for the same period in 2013, and gas sales volume decreased to 8,192 MCF (thousand cubic feet), compared to 9,591 MCF for the same period in 2013. For the nine months ended September 30, 2014, oil sales volume increased to 307,003 barrels, compared to 55,116 barrels for the same period in 2013, and gas sales volume increased to 23,951 MCF, compared to 22,440 MCF for the same period in 2013. The average commodity prices received by Ring were \$87.58 per barrel of oil and \$2.92 per MCF of natural gas for the quarter ended September 30, 2014, compared to \$104.65 per barrel of oil and \$3.75 per MCF of natural gas for the quarter ended September 30, 2013. The average prices received for the nine months ended September 30, 2014 were \$91.21 per barrel of oil and \$4.24 per MCF of natural gas, compared to \$94.18 per barrel of oil and \$3.27 per MCF of natural gas for the nine month period ended September 30, 2013.

Lease operating expenses, including production taxes, for the three months ended September 30, 2014 were \$14.71 per barrel of oil equivalent ("BOE"), a 2% decrease from the prior year. Depreciation, depletion and amortization costs, including accretion, increased 9% to \$36.04 per BOE. General and administrative costs, which included a \$630,766 charge for stock based compensation, were \$14.43 per BOE, a 75% decrease. For the nine months ended September 30, 2014, lease operating expenses, including production taxes, were \$14.45 per BOE, a 4% decrease. Depreciation, depletion and amortization costs, including

accretion, were \$30.89 per BOE, a 7% increase, and general and administrative costs, which included a \$1,930,335 charge for stock based compensation, were \$16.13 per BOE, an 80% decrease.

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

Net cash flow from operations for the three and nine months ended September 30, 2014 was \$7,995,660 or \$0.30 per fully diluted share, and \$20,691,009, or \$0.81 per fully diluted share, compared to net cash flow of \$1,695,854 and \$2,305,449, or \$0.09 and \$0.14 per fully diluted share for the same periods in 2013 (1).

Ring's Chief Executive Officer, Mr. Kelly Hoffman, stated, "I am extremely proud of the job our operations team has done. We continued to execute our business plan, despite severe weather disruptions resulting in as many as 20 producing wells being shut in and numerous other wells delayed in various stages of drilling or completion during the third quarter. Our production grew close to 20% over the second quarter despite these problems. We continued to add acreage resulting in additional potential drill sites. We estimate the Company currently has over 2,100 potential drilling locations. We have added a third drilling rig and plan to drill approximately 15 new wells per month through the remainder of 2014 on our Texas properties. We have increased our capital expenditure budget from \$115 million to \$125 million for 2014 and are continuing to look at acquisition opportunities."

#### Non-GAAP Financial Measures:

Earnings for the three months ended September 30, 2014 include a non-cash charge for stock based compensation of \$630,766. Earnings for the nine months ended September 30, 2014 include a non-cash charge for stock based compensation of \$1,930,335. Excluding such items, the Company's earnings would have been \$0.08 per diluted share for the three months ended September 30, 2014, and \$0.27 for the nine months ended September 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](http://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 September 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		Nine Months Ended	
	<u>September 30,</u>		<u>September 30,</u>	
	2014	2013	2014	2013
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>Oil and Gas Revenues</b>	<u>\$10,929,771</u>	<u>\$2,820,731</u>	<u>\$28,104,461</u>	<u>\$5,264,267</u>
<b>Costs and Operating Expenses</b>				
Oil and gas production costs	1,347,929	291,182	3,196,907	646,905
Oil and gas production taxes	504,091	130,944	1,297,104	243,620
Depreciation, depletion and amortization	4,494,868	917,116	9,502,880	1,657,386
Accretion expense	42,548	13,906	104,242	37,183
General and administrative expense	<u>1,816,131</u>	<u>1,611,318</u>	<u>5,015,399</u>	<u>4,678,581</u>
<b>Total Costs and Operating Expenses</b>	<u>8,205,567</u>	<u>2,964,466</u>	<u>19,116,532</u>	<u>7,263,675</u>
<b>Other Income (Expense)</b>				
Interest income	<u>16,224</u>	<u>12,242</u>	<u>78,573</u>	<u>12,242</u>
<b>Net Other Income (Expense)</b>	<u>16,224</u>	<u>12,242</u>	<u>78,573</u>	<u>12,242</u>
<b>Income (Loss) Before Provision for Income Taxes</b>	2,740,428	(131,493)	9,066,502	(1,987,166)
<b>Income tax provision</b>	<u>(1,013,959)</u>	<u>-</u>	<u>(3,354,606)</u>	<u>-</u>
<b>Net Income (Loss)</b>	<u>\$1,726,469</u>	<u>(\$131,493)</u>	<u>\$5,711,896</u>	<u>(\$1,987,166)</u>
<b>Basic Net Income (Loss) Per Common Share</b>	\$0.07	(\$0.01)	\$0.23	(\$0.13)
<b>Diluted Net Income (Loss) Per Common Share</b>	\$0.06	(\$0.01)	\$0.22	(\$0.13)
<b>Basic Weighted-Average Common Shares Outstanding</b>	25,707,371	17,801,313	24,406,581	15,473,339
<b>Diluted Weighted-Average Common Shares Outstanding</b>	26,881,710	17,801,313	25,568,065	15,473,339

**COMPARATIVE OPERATING STATISTICS**

	Three Months Ended September 30,		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Net Production - BOE per day	1,368	307	346%
Per BOE:			
Average Sales Price	\$86.82	\$100.00	-13%

Operating Costs (Includes Production Taxes)	\$14.71	\$14.96	-2%
DD&A (Includes Accretion)	\$36.04	\$33.01	9%
General & Administrative Expenses	\$14.43	\$57.12	-75%
	Nine Months Ended September 30,		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Net Production - BOE per day	1,139	216	427%
Per BOE:			
Average Sales price	\$90.37	\$89.44	1%
Operating Costs (Includes Production Taxes)	\$14.45	\$15.13	-4%
DD&A (Includes Accretion)	\$30.89	\$28.79	7%
General & Administrative Expenses	\$16.13	\$79.49	-80%

**RING ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEET**

	September 30, <u>2014</u>	December 31, <u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$29,066,848	\$52,350,583
Accounts receivable	2,992,849	3,888,402
Joint interest billing receivable	1,373,213	-
Prepaid expenses and retainers	216,853	66,051
<b>Total Current Assets</b>	<u>33,649,763</u>	<u>56,305,036</u>
<b>Property and Equipment, Using Full Cost Accounting</b>		
Oil and gas properties subject to amortization	133,091,421	58,040,724
Office equipment and automobiles	857,298	257,911
<b>Total Property and Equipment</b>	<u>133,948,719</u>	<u>58,298,635</u>
Less: Accumulated depreciation and amortization	(12,383,133)	(2,880,253)
<b>Net Property and Equipment</b>	<u>121,565,586</u>	<u>55,418,382</u>
<b>Total Assets</b>	<u>\$155,215,349</u>	<u>\$111,723,418</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$8,727,724	\$6,229,490
Other accrued liabilities	429,859	1,002,153
<b>Total Current Liabilities</b>	<u>9,157,583</u>	<u>7,231,643</u>
<b>Noncurrent Liabilities</b>		
Deferred income taxes	4,058,257	703,651
Asset retirement obligations	2,792,810	1,182,410
<b>Total Noncurrent Liabilities</b>	<u>6,851,067</u>	<u>1,886,061</u>
<b>Stockholders' Equity</b>		
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; 25,725,001 shares and 23,576,313 shares outstanding, respectively	25,725	23,576
Additional paid-in capital	139,905,105	109,018,165
Accumulated deficit	(724,131)	(6,436,027)
<b>Total Stockholders' Equity</b>	<u>139,206,699</u>	<u>102,605,714</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$155,215,349</u>	<u>\$111,723,418</u>

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

	Nine Months Ended September 30,	
	2014	2013
<b>Cash Flows From Operating Activities</b>		
Net income	\$5,711,896	(\$1,987,166)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	9,502,880	1,657,386
Accretion expense	104,242	37,183
Share-based compensation	1,930,335	2,598,046
Stock issued	87,050	-
Provision for income taxes	3,354,606	-
Changes in assets and liabilities:		
Accounts receivable	(477,660)	(1,304,357)
Prepaid expenses	(150,802)	(8,169)
Accounts payable	1,925,940	4,056,603
<b>Net Cash Provided by Operating Activities</b>	<u>21,988,487</u>	<u>5,049,526</u>
<b>Cash Flows from Investing Activities</b>		
Payments to purchase oil and natural gas properties	(12,438,370)	(4,125,676)
Payments to develop oil and natural gas properties	(60,938,454)	(17,356,478)
Purchase of office equipment	(599,387)	(82,805)
Plugging and abandonment costs incurred	(37,287)	-
<b>Net Cash Used in Investing Activities</b>	<u>(74,013,498)</u>	<u>(21,564,959)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from option exercise	215,000	-
Proceeds from issuance of common stock	28,526,276	18,978,882
<b>Net Cash Provided by Financing Activities</b>	<u>28,741,276</u>	<u>18,978,882</u>
<b>Net Increase (Decrease) in Cash</b>	(23,283,735)	2,463,449
<b>Cash at Beginning of Period</b>	52,350,583	5,404,167
<b>Cash at End of Period</b>	<u>\$29,066,848</u>	<u>\$7,867,616</u>
<b>Non-Cash Investing and Financing Activities</b>		
Revision of asset retirement obligation estimate	-	\$211,691
Stock issued as consideration in property acquisition	\$130,428	-
Asset retirement obligation acquired	\$322,879	-
Asset retirement obligation incurred during development	1,220,566	309,838

**RECONCILIATION OF CASH FLOW FROM OPERATIONS**

Net cash provided by operating activities	\$21,988,487	\$5,049,526
Change in operating assets and liabilities	(1,297,478)	(2,744,077)
Cash flow from operations	<u>\$20,691,009</u>	<u>\$2,305,449</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**

Nine Months Ended

	September 30,	September 30,
	<u>2014</u>	<u>2013</u>
<b>NET INCOME</b>	\$5,711,896	(\$1,987,166)
Interest expense (Income)	(78,573)	(12,242)
Income tax expense	3,354,606	-
Depreciation, depletion and amortization	9,502,880	1,657,386
Accretion expense	104,242	37,183
Share-based compensation	<u>1,930,335</u>	<u>2,598,046</u>
<b>ADJUSTED EBITDA</b>	<u>\$20,525,386</u>	<u>\$2,293,207</u>

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Source: Ring Energy, Inc.