

March 16, 2015



# Ring Energy Announces Financial and Operational Results for Fourth Quarter and Year End 2014

*2014 Revenues Increase 269%  
Fourth Quarter Revenues Increase 98%  
Proved Reserves Increase 43%*

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE MKT: REI) ("Ring") ("Company") announced today financial results for the fourth quarter and year ended December 31, 2014.

Ring had net income of \$2,708,604, a 76% increase, on oil and gas revenues of \$9,984,982, a 98% increase, for the fourth quarter compared to net income of \$1,534,957 on revenues of \$5,051,434 for the fourth quarter ended December 31, 2013. For the year ended December 31, 2014, Ring had net income of \$8,420,500 on revenues of \$38,089,443, as compared to a loss of \$452,209 on revenues of \$10,315,701 for the year ended December 31, 2013. Income attributable to common shares for the fourth quarter was \$0.10 per diluted share compared to \$0.08 for the fourth quarter ended December 31, 2013. For the year ended December 31, 2014, the income attributable to common shares was \$0.33 per diluted share compared to a loss of \$0.03 per diluted share for the year ended December 31, 2013.

The increase in revenue is attributed to an increase in production, primarily due to development activities. For the three months ended December 31, 2014, oil sales volume increased to 150,036 barrels, compared to 54,557 barrels for the same period in 2013, and gas sales volume increased to 14,784 MCF (thousand cubic feet), compared to 13,607 MCF for the same period in 2013. For the twelve months ended December 31, 2014, oil sales volume increased to 457,039 barrels, compared to 109,673 barrels for the same period in 2013, and gas sales volume increased to 38,735 MCF, compared to 36,047 MCF for the same period in 2013. The average commodity prices received by Ring were \$66.39 per barrel of oil and \$2.36 per MCF of natural gas for the quarter ended December 31, 2014, compared to \$91.41 per barrel of oil and \$4.72 per MCF of natural gas for the quarter ended December 31, 2013. The average prices received for the twelve months ended December 31, 2014 were \$83.06 per barrel of oil and \$3.53 per MCF of natural gas, compared to \$92.81 per barrel of oil and \$3.82 per MCF of natural gas for the twelve month period ended December 31, 2013. In January, the company stated that net production for the fourth quarter was approximately 155,100 BOE (Barrel of Oil Equivalent). Total net sales production for the fourth quarter of 2014 was 152,500 BOE, as compared to 56,825 BOE for the same period in 2013, an increase of 168%. The remaining fourth quarter production that was not sold in 2014 was held in storage and sold in the first quarter of 2015. Net sales production for the full year 2014 was 463,495 BOE, compared to 115,681 BOE in 2013, an increase of 301%.

Lease operating expenses, including production taxes, for the three months ended December 31, 2014 were \$14.82 per barrel of oil equivalent (“BOE”). Depreciation, depletion and amortization costs, including accretion, were \$15.45 per BOE. General and administrative costs, which included a \$586,876 charge for stock based compensation, were \$11.72 per BOE. For the twelve months ended December 30, 2014, lease operating expenses, including production taxes, were \$14.57 per BOE. Depreciation, depletion and amortization costs, including accretion, were \$25.81 per BOE, and general and administrative costs, which included a \$2,517,211 charge for stock based compensation, were \$14.68 per BOE.

Cash provided by operating activities, before changes in working capital, for the three and twelve months ended December 31, 2014 was \$6,532,258, or \$0.24 per fully diluted share, and \$27,223,267, or \$1.05 per fully diluted share, compared to \$3,246,839 and \$5,552,286, or \$0.16 and \$0.34 per fully diluted share for the same periods in 2013. Earnings before interest, taxes, depletion and other non-cash items (“Adjusted EBITDA”) for the three and twelve months ended December 31, 2014 was \$6,611,916, or \$0.25 per fully diluted share, and \$27,137,303, or \$1.05 per fully diluted share, compared to \$3,244,263 and \$5,537,470, or \$0.16 and \$0.34 in 2013. (See accompanying table for a reconciliation of net income to adjusted EBITDA.)

There was no outstanding debt on the Company’s \$150 million senior secured credit facility at January 1, 2015.

Proved reserves, as determined by Cawley, Gillespie and Associates, totaled 10,407,009 barrel of oil equivalents (BOE), a 43% increase over the 7,270,163 BOE for the previous year. Future net revenues before income taxes, discounted at 10% (“PV-10”), based on \$85.10 per barrel of oil and \$3.95 per MCF of gas, were \$281.7 million at year-end 2014. This compared to \$198.4 million, using average prices of \$92.54 per barrel of oil and \$5.88 per MCF of gas, for year-end 2013.

Mr. Kelly Hoffman, the Company’s Chief Executive Officer, stated, “As we stated in our operations update on January 29<sup>th</sup>, we returned the three drilling rigs we had working on our Permian Basin properties and discontinued all drilling activity due to the rapid drop in commodity prices. Our staff has, and continues to work very hard with all our vendors and service providers to cut the costs of services and supplies. We drilled 135 new development wells in 2014 and are ready to resume our drilling activity once we see prices stabilize. We continue to be patient. We have the benefit of a strong balance sheet and will continue to evaluate acquisition opportunities we feel could increase our production, reserves, and ultimately, shareholder value.”

#### Non-GAAP Financial Measures:

Earnings for the three months ended December 31, 2014 include a non-cash charge for stock based compensation of \$586,876. Earnings for the twelve months ended December 31, 2014 include a non-cash charge for stock based compensation of \$2,517,211. Excluding such items, the Company’s earnings would have been \$0.12 per diluted share for the three months ended December 31, 2014, and \$0.39 for the twelve months ended December 31, 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.

### 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, 2014. 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 December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
<b>Oil and Gas Revenues</b>	\$9,984,982	\$5,051,434	\$38,089,443	\$10,315,701
<b>Costs and Operating Expenses</b>				
Oil and gas production costs	1,796,259	560,624	4,993,166	1,207,529
Oil and gas production taxes	463,102	233,344	1,760,206	476,964
Depreciation, depletion and amortization	2,304,914	626,705	11,807,794	2,284,091
Asset retirement obligation accretion	50,731	16,498	154,973	53,681
General and administrative expense	1,787,630	2,004,179	6,803,029	6,682,760
<b>Total Costs and Operating Expenses</b>	6,402,636	3,441,350	25,519,168	10,705,025
<b>Income (Loss) from Operations</b>	3,582,346	1,610,084	12,570,275	(389,324)
<b>Other Income (Expense)</b>				
Interest income	7,391	12,464	85,964	24,706
Interest expense	-	(9,890)	-	(9,890)
<b>Net Other Income</b>	7,391	2,574	85,964	14,816
<b>Income (Loss) Before Provision for Income Taxes</b>	3,589,737	1,612,658	12,656,239	(374,508)
<b>Provision for Income Taxes</b>	(881,133)	(77,701)	(4,235,739)	(77,701)

<b>Net Income (Loss)</b>	<u>\$2,708,604</u>	<u>\$1,534,957</u>	<u>\$ 8,420,500</u>	<u>(\$452,209)</u>
<b>Basic Earnings (Loss) Per Common Share</b>	\$ 0.10	\$ 0.08	\$ 0.34	(\$0.03)
<b>Diluted Earnings (Loss) Per Common Share</b>	\$ 0.10	\$ 0.08	\$ 0.33	(\$0.03)

<i>For the years ended December 31,</i>			<u>2014</u>	<u>2013</u>
<b>Net Income (Loss)</b>			<u>\$ 7,974,956</u>	<u>(\$452,209)</u>
<b>Basic Weighted-Average Shares Outstanding</b>			24,739,795	16,376,911
<b>Diluted Weighted-Average Shares Outstanding</b>			25,890,285	16,376,911
<b>Basic Earnings (Loss) per Share</b>			\$ 0.32	(\$0.03)
<b>Diluted Earnings (Loss) per Share</b>			\$ 0.31	(\$0.03)

#### COMPARATIVE OPERATING STATISTICS

	Three Months Ended December 31,		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Net Production - BOE per day	1,658	618	168%
Per BOE:			
Average Sales Price	\$ 65.48	\$ 88.89	-26%
Lease Operating Expenses	11.78	9.87	19%
Production Taxes	3.04	4.11	-26%
DD&A	15.11	11.03	37%
General & Administrative Expenses	11.72	35.27	-67%

	Twelve Months Ended December 31,		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Net Production - BOE per day	1,270	317	301%
Per BOE:			
Average Sales price	\$ 82.18	\$ 89.17	-8%
Lease Operating Expenses	10.77	10.44	3%
Production Taxes	3.80	4.12	-8%
DD&A	25.48	19.74	29%
General & Administrative Expenses	14.68	57.77	-75%

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

	December 31,	December 31,
	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 8,622,235	\$ 52,350,583
Accounts receivable	3,616,676	3,888,402
Joint interest billing receivable	2,683,787	-
Prepaid expenses and retainers	160,600	66,051
<b>Total Current Assets</b>	<u>15,083,298</u>	<u>56,305,036</u>
<b>Property and Equipment</b>		
Oil and natural gas properties subject to amortization	166,036,400	58,040,724
Office equipment	1,209,809	257,911
<b>Total Property and Equipment</b>	<u>167,246,209</u>	<u>58,298,635</u>
Less: Accumulated depreciation and amortization	(14,688,047)	(2,880,253)

<b>Net Property and Equipment</b>	152,558,162	55,418,382
<b>Total Assets</b>	<u>\$167,641,460</u>	<u>\$111,723,418</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 16,241,022	\$ 6,229,490
Other accrued liabilities	22,029	1,002,153
<b>Total Current Liabilities</b>	<u>16,263,051</u>	<u>7,231,643</u>
Deferred income taxes	4,939,390	703,651
Asset retirement obligation	3,896,489	1,182,410
<b>Total Liabilities</b>	<u>25,098,930</u>	<u>9,117,704</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; 25,734,467 shares and 23,576,313 shares outstanding, respectively	25,734	23,576
Additional paid-in capital	140,532,323	109,018,165
Accumulated income (deficit)	1,984,473	(6,436,027)
<b>Total Stockholders' Equity</b>	<u>142,542,530</u>	<u>102,605,714</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$167,641,460</u>	<u>\$111,723,418</u>

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

	December 31, <u>2014</u>	December 31, <u>2013</u>
<b>Cash Flows From Operating Activities</b>		
Net income (loss)	\$ 8,420,500	(\$452,209)
Adjustments to reconcile net income (loss) to net cash Provided by operating activities:		
Depreciation, depletion and amortization	11,807,794	2,284,091
Accretion expense	154,973	53,681
Share-based compensation	2,517,211	3,489,022
Stock issued for services	87,050	100,000
Deferred income tax expense (benefit)	4,235,739	77,701
Changes in assets and liabilities:		
Accounts receivable	(2,412,061)	(3,470,437)
Prepaid expenses	(94,549)	(5,653)
Accounts payable	9,031,408	6,040,212
<b>Net Cash Provided by Operating Activities</b>	<u>33,748,065</u>	<u>8,116,408</u>
<b>Cash Flows from Investing Activities</b>		
Payments to purchase oil and natural gas properties	(15,054,649)	(5,192,441)
Payments to develop oil and natural gas properties	(90,160,236)	(29,103,392)
Purchase of equipment, vehicles and leasehold improvements	(951,898)	(82,805)
Plugging and abandonment cost incurred	(39,316)	(60,544)
<b>Net Cash Used in Investing Activities</b>	<u>(106,206,099)</u>	<u>(34,439,182)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of common stock	28,514,686	73,201,690
Proceeds from option exercise	215,000	67,500
<b>Net Cash Provided by Financing Activities</b>	<u>28,729,686</u>	<u>73,269,190</u>
<b>Net Increase (Decrease) in Cash</b>	<u>(43,728,348)</u>	<u>46,946,416</u>
<b>Cash at Beginning of Period</b>	<u>52,350,583</u>	<u>5,404,167</u>
<b>Cash at End of Period</b>	<u>\$ 8,622,235</u>	<u>\$ 52,350,583</u>
<b>Supplemental Cash flow Information</b>		
Cash paid for interest	-	\$ 9,890

**Noncash Investing and Financing Activities**

Asset retirement obligation assumed	575,977	-
Revision of asset retirement obligation estimate	-	211,691
Asset retirement obligation incurred during development	2,022,445	481,296
Payments with Ring Energy, Inc. shares	182,369	-

**RECONCILIATION OF CASH FLOW FROM OPERATIONS**

Net cash provided by operating activities	\$ 33,748,065	\$ 8,116,408
Change in operating assets and liabilities	6,524,798	2,564,122
Cash flow from operations	<u>\$ 27,223,267</u>	<u>\$ 5,552,286</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**

	December 31, <u>2014</u>	December 31, <u>2013</u>
<b>NET INCOME</b>	\$ 8,420,500	(\$452,209)
Interest (income)	(85,964)	(24,706)
Interest expense	-	9,890
Income tax expense	4,235,739	77,701
Depreciation, depletion and amortization	11,807,794	2,284,091
Accretion of discounted liabilities	154,973	53,681
Stock based compensation	2,517,211	3,489,022
Stock issued as finders fee	87,050	100,000
<b>ADJUSTED EBITDA</b>	<u>\$ 27,137,303</u>	<u>\$ 5,537,470</u>

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Source: Ring Energy, Inc.