

May 9, 2017



Ring Energy Announces Financial and Operating Results for First Quarter 2017

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE MKT: REI) ("Ring") ("Company") announced today financial results for the first quarter ended March 31, 2017. For the three month period ended March 31, 2017, Ring had oil and gas revenues of \$12,243,793 compared to \$6,092,388 for the quarter ended March 31, 2016, and net income of \$1,696,141, or \$0.03 per diluted share, compared to a net loss of \$15,275,044, or \$0.50 per diluted share, which included a pre-tax non-cash impairment of \$21,412,086 for the same period in 2016. Excluding the after tax impact of the impairment, the net loss per diluted share for the three month period ended March 31, 2016 would have been \$0.06.

For the three months ended March 31, 2017, oil sales volume increased to 240,260 barrels, compared to 191,377 barrels for the same period in 2016, an 26% increase, and gas sales volume decreased to 168,349 MCF (thousand cubic feet), compared to 256,748 MCF for the same period in 2016, a 34% decrease. On a barrel of oil equivalent ("BOE") basis for the three months ended March 31, 2017, production sales increased to 268,318 BOEs, compared to 234,168 BOEs for the same period in 2016, a 15% increase. The average commodity prices received by Ring were \$48.69 per barrel of oil and \$3.25 per MCF of natural gas for the quarter ended March 31, 2017, compared to \$29.20 per barrel of oil and \$1.97 per MCF of natural gas for the quarter ended March 31, 2016.

Lease operating expenses, including production taxes, for the three months ended March 31, 2017 were \$12.26 per BOE, a 3% increase from the prior year. Depreciation, depletion and amortization costs, including accretion, decreased 10% to \$13.46 per BOE. General and administrative costs, which included a \$991,210 charge for stock based compensation, were \$10.59 per BOE, a 12% increase.

Cash provided by operating activities, before changes in working capital, for the three months ended March 31, 2017 was \$7,221,936 or \$0.14 per fully diluted share, compared to \$1,254,315, or \$0.04 per fully diluted share for the same period in 2016. Earnings before interest, taxes, depletion and other non-cash items ("Adjusted EBITDA") for the three months ended March 31, 2017 was \$7,105,257, or \$0.14 per fully diluted share, compared to \$1,666,936, or \$0.05 per fully diluted share for the same period in 2016. (See accompanying table for a reconciliation of net income to adjusted EBITDA).

There was no outstanding debt on the Company's \$500 million senior secured credit facility at March 31, 2017.

Ring's Chief Executive Officer, Mr. Kelly Hoffman, stated, "2017 is off to a fast start. With the promising initial results from the first 10 horizontal wells we drilled on our Central Basin Platform ("CBP") property, our enthusiasm has only increased. Our staff has amassed a premier acreage portfolio in what is arguably one of the best locations in the country. With the acquisition of the 33,000 acres in Gaines County completed, we now have over 600 net

potential drilling locations. We continue to look for opportunities that complement our core assets. We are excited and expect this year to be an extraordinary time for the Company.”

Non-GAAP Financial Measures:

Net income for the three months ended March 31, 2017 includes a non-cash charge for stock based compensation of \$991,210. Excluding this item, the Company’s net income would have been \$0.05 per diluted share for the three months ended March 31, 2017. The Company believes results excluding this item 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

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, 2016, its Form 10-Q for the quarter ended March 31, 2017 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	
	March 31,	
	2017	2016
	(Unaudited)	(Unaudited)
Oil and Gas Revenues	\$12,243,793	\$ 6,092,388
Costs and Operating Expenses		
Oil and gas production costs	2,705,371	2,490,434
Oil and gas production taxes	583,264	299,271
Depreciation, depletion and amortization	3,474,019	3,394,627
Ceiling test impairment	-	21,412,086
Asset retirement obligation accretion	137,176	109,378
General and administrative expense	2,841,111	2,220,072
Total Costs and Operating Expenses	9,740,941	29,925,868
Gain (Loss) from Operations	2,502,852	(23,833,480)

Other Income (Loss)		
Interest expense	-	(415,508)
Interest income	116,679	2,887
Net Other Income (Loss)	116,679	(412,621)
Income (Loss) before tax provision	2,619,531	(24,246,101)
(Provision for) Benefit From Income Taxes	(1,340,250)	8,971,057
Net Income (Loss)	\$ 1,279,281	(\$15,275,044)
Basic Income (Loss) Per Common Share	\$ 0.03	(\$0.50)
Diluted Income (Loss) Per Common Share	\$ 0.03	(\$0.50)
Basic Weighted-Average Common Shares Outstanding	49,114,731	30,394,360
Diluted Weighted-Average Common Shares Outstanding	50,414,435	30,394,360

COMPARATIVE OPERATING STATISTICS

	Three Months Ended March 31,		
	2017	2016	Change
Net Production - BOE per day	2,981	2,573	16%
Per BOE:			
Average Sales Price	\$ 45.63	\$ 26.02	75%
Lease Operating Expenses	10.08	10.63	-5%
Production Taxes	2.17	1.28	70%
DD&A	12.95	14.50	-11%
Accretion	0.51	0.47	-9%
General & Administrative Expenses	10.59	9.48	12%

RING ENERGY, INC. CONSOLIDATED BALANCE SHEET

	March 31, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash	\$ 55,418,128	\$ 71,086,381
Accounts receivable	4,756,301	3,453,238
Joint interest billing receivable	271,345	454,461
Prepaid expenses and retainers	132,813	226,835
Total Current Assets	<u>60,578,587</u>	<u>75,220,915</u>
Properties and Equipment		
Oil and natural gas properties subject to amortization	279,486,903	250,133,965
Inventory for property development	3,711,149	1,582,427
Fixed assets subject to depreciation	1,549,311	1,549,311
Total Property and Equipment	<u>284,747,363</u>	<u>253,265,703</u>
Accumulated depreciation, depletion and amortization	(44,821,171)	(41,347,152)
Net Property and Equipment	<u>239,926,192</u>	<u>211,918,551</u>
Deferred Income Taxes	20,308,121	20,051,908
Deferred financing Costs	338,354	406,025

Total Assets	<u>\$321,151,254</u>	<u>\$307,597,399</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 18,561,210	\$ 9,099,391
Total Current Liabilities	<u>18,561,210</u>	<u>9,099,391</u>
Asset retirement obligations	8,329,654	7,957,035
Total Liabilities	<u>26,890,864</u>	<u>17,056,426</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; 49,116,554 shares and 49,113,063 shares outstanding, respectively	49,116	49,113
Additional paid-in capital	336,041,515	335,197,845
Retained Loss	(41,830,241)	(44,705,985)
Total Stockholders' Equity	<u>294,260,390</u>	<u>290,540,973</u>
Total Liabilities and Stockholders' Equity	<u>\$321,151,254</u>	<u>\$307,597,399</u>

RING ENERGY, INC.
STATEMENTS OF CASH FLOW

	Three Months Ended March 31,	
	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Net income (loss)	\$ 1,279,281	(\$15,275,044)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, depletion and amortization	3,474,019	3,394,627
Ceiling test impairment	-	21,412,086
Accretion expense	137,176	109,378
Share-based compensation	991,210	584,325
Deferred income tax provision (benefit)	923,390	(8,971,057)
Excess tax benefits related to share-based compensation	416,860	-
Changes in assets and liabilities:		
Accounts receivable	(1,119,947)	904,886
Prepaid expenses	161,693	187,298
Accounts payable	4,761,819	(4,086,181)
Settlement of asset retirement obligation	(8,929)	(1,344)
Net Cash Provided by (Used in) Operating Activities	<u>11,016,572</u>	<u>(1,741,026)</u>
Cash Flows from Investing Activities		
Payments to purchase oil and natural gas properties	(3,924,404)	(643,116)
Payments to develop oil and natural gas properties	(19,796,719)	(3,258,542)
Purchase of inventory for development	(2,816,165)	-
Net Cash Used in Investing Activities	<u>(26,537,288)</u>	<u>(3,901,658)</u>
Cash Flows From Financing Activities		
Amounts paid for registration statement for future offerings	(147,537)	-
Proceeds from issuance of notes payable	-	5,000,000
Proceeds from option exercise	-	22,500
Net Cash Provided by Financing Activities	<u>(147,537)</u>	<u>5,022,500</u>
Net Decrease in Cash	<u>(15,668,253)</u>	<u>(620,184)</u>
Cash at Beginning of Period	<u>71,086,381</u>	<u>4,431,350</u>
Cash at End of Period	<u>\$ 55,418,128</u>	<u>(\$3,811,166)</u>
Supplemental Cash Flow Information		
Cash paid for interest	-	\$ 352,662
Noncash Investing and Financing Activities		
Asset retirement obligation incurred during development	\$ 244,372	\$ 39,247

Use of inventory in property development	\$ 687,443	-
Capitalized expenditures attributable to drilling projects financed through current liabilities	\$ 4,700,000	-

RECONCILIATION OF CASH FLOW FROM OPERATIONS

Net cash provided by operating activities	\$ 11,016,572	(\$1,741,026)
Change in operating assets and liabilities	<u>(3,794,636)</u>	<u>2,995,341</u>
Cash flow from operations	<u>\$ 7,221,936</u>	<u>\$ 1,254,315</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

	March 31, 2017	March 31, 2016
NET INCOME (LOSS)	\$1,279,281	(\$15,275,044)
Interest (income)	(116,679)	(2,887)
Interest expense	-	415,508
Income tax expense (benefit)	923,390	(8,971,057)
Excess tax benefits related to share-based compensation	416,860	-
Depreciation, depletion and amortization	3,474,019	3,394,627
Accretion of discounted liabilities	137,176	109,378
Ceiling test impairment	-	21,412,086
Share-based compensation	<u>991,210</u>	<u>584,325</u>
ADJUSTED EBITDA	<u>\$7,105,257</u>	<u>\$ 1,666,936</u>

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