

November 6, 2018



Ring Energy Releases Third Quarter and Nine Month 2018 Financial and Operational Results

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE American: REI) ("Ring") ("Company") announced today financial results for the three months and nine months ended September 30, 2018. For the three month period ended September 30, 2018, the Company reported oil and gas revenues of \$32,687,179, compared to revenues of \$16,643,930 for the quarter ended September 30, 2017. For the nine months ended September 30, 2018, the Company reported oil and gas revenues of \$92,503,453, compared to \$43,391,032 for the nine months ended September 30, 2017.

For the three months ended September 30, 2018, Ring reported net income of \$5,693,628, or \$0.09 per diluted share, compared to net income of \$3,073,760, or \$0.06 per fully diluted share for the three months ended September 30, 2017. For the nine months ended September 30, 2018, the Company reported net income of \$16,079,068, or \$0.27 per diluted share, compared to net income of \$6,263,804, or \$0.12 per fully diluted share for the nine month period ended September 30, 2017.

For the three months ended September 30, 2018, the net income included a pre-tax "Realized Loss on Derivatives" of \$2,722,774, an "Unrealized Loss on Derivatives" of \$566,649, and a non-cash charge for stock-based compensation of \$1,007,789. Excluding these items, the net income per diluted share would have been \$0.15. For the nine months ended September 30, 2018, the net income included a pre-tax "Realized Loss on Derivatives" of \$6,600,226, an "Unrealized Loss on Derivatives" of \$2,456,623, and a non-cash charge for stock-based compensation of \$3,091,336. Excluding these items, the net income per diluted share would have been \$0.42.

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.

For the three months ended September 30, 2018, oil sales volume increased to 555,020 barrels, compared to 346,900 barrels for the same period in 2017, a 59.9% increase, and gas sales volume increased to 280,200 MCF (thousand cubic feet), compared to 201,158 MCF for the same period in 2017, a 39.2% increase. On a barrel of oil equivalent ("BOE") basis for the three months ended September 30, 2018, production sales increased to 601,720 BOEs, compared to 380,426 BOEs for the same period in 2017, a 58.1% increase, and 522,622 BOEs for the second quarter of 2018, a 15% increase. For the nine months ended September 30, 2018, oil sales volume increased to 1,504,330 barrels, compared to 893,562 barrels for the same period in 2017, a 68.3% increase, and gas sales volume increased to 809,287 MCF, compared to 559,551 MCF for the same period in 2017, a 44.6%

increase. On a BOE basis for the nine months ended September 30, 2018, production sales increased to 1,639,211 BOEs, compared to 986,820 BOEs for the same period in 2017, a 66.1% increase.

The average commodity prices received by the Company were \$57.00 per barrel of oil and \$3.76 per MCF of natural gas for the quarter ended September 30, 2018, compared to \$46.17 per barrel of oil and \$3.13 per MCF of natural gas for the quarter ended September 30, 2017. On a BOE basis for the three month period ended September 30, 2018, the average price received was \$54.32. The average prices received for the nine months ended September 30, 2018 were \$59.65 per barrel of oil and \$3.42 per MCF of natural gas, compared to \$46.56 per barrel of oil and \$3.19 per MCF of natural gas for the nine month period ended September 30, 2017. On a BOE basis for the nine month period ended September 30, 2018, the average price received was \$56.43.

Lease operating expenses, including production taxes, for the three months ended September 30, 2018 were \$14.57 per BOE, a 9.7% increase from the prior year. Depreciation, depletion and amortization costs, including accretion, increased 42% to \$18.44 per BOE. General and administrative costs, which included a \$1,007,789 charge for stock-based compensation, were \$5.33 per BOE, a 14% decrease. For the nine months ended September 30, 2018, lease operating expenses, including production taxes, were \$14.67 per BOE, a 15.4% increase. Depreciation, depletion and amortization costs, including accretion, were \$17.73 per BOE, a 26.2% increase, and general and administrative costs, which included a \$3,091,336 charge for stock-based compensation, were \$5.76 per BOE, a 25% decrease.

Cash provided by operating activities, before changes in working capital, for the three and nine months ended September 30, 2018 was \$18,963,008, or \$0.31 per fully diluted share, and \$55,520,527, or \$0.92 per fully diluted share, compared to \$10,270,367 and \$26,283,307, or \$0.19 and \$0.51 per fully diluted share for the same periods in 2017. Earnings before interest, taxes, depletion and other non-cash items ("Adjusted EBITDA") for the three and nine months ended September 30, 2018 was \$18,998,041, or \$0.31 per fully diluted share, and \$55,508,099, or \$0.92 per fully diluted share, compared to \$10,184,814 and \$26,033,764, or \$0.19 and \$0.50 in 2017. (See accompanying table for a reconciliation of net income to adjusted EBITDA).

As of September 30, 2018, \$17,000,000 was outstanding on the Company's \$500 million senior secured credit facility.

Mr. Kelly Hoffman, the Company's Chief Executive Officer, commented, "The third quarter production results confirmed we are back on track to show steady, low double-digit production growth quarter over quarter. Our third quarter production showed an increase of close to 13% over the second quarter, and our average daily production exceeded 7,200 BOEs in September, an increase of over 10% from our average production in June. We are very encouraged by the results we continue to see on all our properties. Based on the amended 2018 CAPEX budget we announced in September, we are on budget. We continue to drill and complete our one-mile laterals in the CBP for our stated cost of \$2.2 million, which includes the associated tank battery, and closely monitor all other costs associated with equipment purchases and infrastructure improvements. On October 2, 2018, a research report was written citing several issues that we believe were in error. In response, the Company issued a press release announcing a conference call to be held on

October 3, 2018, inviting all shareholders the opportunity to hear the Company address those issues. In our opinion, we addressed each issue we disputed with documented history, and in some cases third party verification. For those investors unable to participate on the call, the Company has posted the transcript of the call on the Company website, www.ringenergy.com. We recognize that we have not been as transparent and visible as we should. To that end, management has scheduled several trips to meet with both current and potential investors, as well as participating at two energy conferences between now and year end. This will be an ongoing process with the goal of better communication with our shareholders and analysts that have issued research coverage on the Company.”

About Ring Energy, Inc.

Ring Energy, Inc. is an oil and gas exploration, development and production company with current operations in Texas. 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, 2017, its Form 10-Q for the quarter ended September 30, 2018 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 | |
|---|--------------------|-------------------|-------------------|-------------------|
| | September 30, | | September 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| Oil and Gas Revenues | \$32,687,179 | \$16,643,930 | \$92,503,453 | \$43,391,032 |
| Costs and Operating Expenses | | | | |
| Oil and gas production costs | 7,217,940 | 4,261,923 | 19,638,163 | 10,481,669 |
| Oil and gas production taxes | 1,551,097 | 787,777 | 4,405,974 | 2,062,215 |
| Depreciation, depletion and amortization | 10,930,563 | 4,823,044 | 28,576,057 | 13,433,489 |
| Asset retirement obligation accretion | 167,433 | 109,974 | 493,223 | 420,723 |
| General and administrative expense | 3,205,116 | 2,369,131 | 9,442,327 | 7,576,391 |
| Total Costs and Operating Expenses | 23,072,149 | 12,351,849 | 62,555,744 | 33,974,487 |
| Income from Operations | 9,615,030 | 4,292,081 | 29,947,709 | 9,416,545 |
| Other Income (Expense) | | | | |
| Interest income | 5,911 | 85,553 | 97,855 | 249,543 |

| | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| Interest expense | (40,944) | - | (85,427) | - |
| Realized loss on derivatives | (2,722,774) | - | (6,600,226) | - |
| Unrealized gain (loss) on change in fair value of derivatives | (566,649) | 65,828 | (2,456,623) | 65,828 |
| Net Other Income (Expense) | (3,324,456) | 151,381 | (9,044,421) | 315,371 |
| Income before Tax Provision | 6,290,574 | 4,443,462 | 20,903,288 | 9,731,916 |
| Provision for Income Taxes | (596,946) | (1,369,702) | (4,824,220) | (3,468,112) |
| Net Income | \$ 5,693,628 | \$ 3,073,760 | \$16,079,068 | \$ 6,263,804 |
| Basic Earnings Per Common Share | \$ 0.09 | \$ 0.06 | \$ 0.27 | \$ 0.12 |
| Diluted Earnings Per Common Share | \$ 0.09 | \$ 0.06 | \$ 0.27 | \$ 0.12 |
| Basic Weighted-Average Common Shares Outstanding | 60,405,355 | 53,009,696 | 59,084,300 | 50,441,375 |
| Diluted Weighted-Average Common Shares Outstanding | 61,830,381 | 54,367,648 | 60,567,232 | 51,760,109 |

COMPARATIVE OPERATING STATISTICS

| | Three Months Ended September 30, | | |
|-----------------------------------|----------------------------------|----------|--------|
| | 2018 | 2017 | Change |
| Net Sales - BOE per day | 6,540 | 4,135 | 58% |
| Per BOE: | | | |
| Average Sales Price | \$ 54.32 | \$ 43.75 | 24% |
| Lease Operating Expenses | 11.99 | 11.20 | 7% |
| Production Taxes | 2.58 | 2.07 | 25% |
| DD&A | 18.17 | 12.68 | 43% |
| Accretion | 0.28 | 0.29 | 0% |
| General & Administrative Expenses | 5.33 | 6.23 | -14% |
| | | | |
| | Nine Months Ended September 30, | | |
| | 2018 | 2017 | Change |
| Net Sales - BOE per day | 6,004 | 3,615 | 66% |
| Per BOE: | | | |
| Average Sales price | \$ 56.43 | \$ 43.97 | 28% |
| Lease Operating Expenses | 11.98 | 10.62 | 13% |
| Production Taxes | 2.69 | 2.09 | 29% |
| DD&A | 17.43 | 13.61 | 28% |
| Accretion | 0.30 | 0.43 | -30% |
| General & Administrative Expenses | 5.76 | 7.68 | -25% |

RING ENERGY, INC. BALANCE SHEET

| | |
|--------------------------|----------------------|
| September 30, 2018 | December 31, 2017 |
|--------------------------|----------------------|

ASSETS Current Assets

| | | |
|---|----------------------|----------------------|
| Cash | \$ 3,770,844 | \$ 15,006,581 |
| Accounts receivable | 11,575,024 | 12,833,883 |
| Joint interest billing receivable | 1,877,833 | 1,054,022 |
| Prepaid expenses | 379,158 | 229,438 |
| Total Current Assets | <u>17,602,859</u> | <u>29,123,924</u> |
| Property and Equipment | | |
| Oil and natural gas properties subject to amortization | 597,810,538 | 433,591,134 |
| Fixed assets subject to depreciation | 1,465,551 | 1,884,818 |
| Total Property and Equipment | <u>599,276,089</u> | <u>435,475,952</u> |
| Accumulated depreciation, depletion and amortization | (90,127,258) | (61,864,932) |
| Net Property and Equipment | <u>509,148,831</u> | <u>373,611,020</u> |
| Deferred Income Taxes | 6,407,980 | 11,232,200 |
| Deferred Financing Costs | 494,738 | 135,342 |
| Total Assets | <u>\$533,654,408</u> | <u>\$414,102,486</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 42,485,518 | \$ 44,475,163 |
| Derivative liabilities | 6,424,909 | 3,968,286 |
| Total Current Liabilities | <u>48,910,427</u> | <u>48,443,449</u> |
| Revolving line of credit | 17,000,000 | - |
| Asset retirement obligations | 10,155,215 | 9,055,697 |
| Total Liabilities | <u>76,065,642</u> | <u>57,499,146</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; 60,491,142 shares and 54,224,029 shares issued and outstanding, respectively | 60,491 | 54,224 |
| Additional paid-in capital | 482,804,860 | 397,904,769 |
| Accumulated deficit | (25,276,585) | (41,355,653) |
| Total Stockholders' Equity | <u>457,588,766</u> | <u>356,603,340</u> |
| Total Liabilities and Stockholders' Equity | <u>\$533,654,408</u> | <u>\$414,102,486</u> |

RING ENERGY, INC.
STATEMENTS OF CASH FLOW

| | Nine Months Ended | |
|---|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 |
| Cash Flows From Operating Activities | | |
| Net income (loss) | \$ 16,079,068 | \$ 6,263,804 |
| Adjustments to reconcile net income (loss) to net cash | | |
| Provided by operating activities: | | |
| Depreciation, depletion and amortization | 28,576,057 | 13,433,489 |
| Accretion of asset retirement obligation | 493,223 | 420,723 |
| Share-based compensation | 3,091,336 | 2,763,007 |
| Deferred income tax provision | 4,389,690 | 3,383,131 |
| Excess tax deficiency related to share-based compensation | 434,530 | 84,981 |
| Change in fair value of derivative instruments | 2,456,623 | (65,828) |
| Changes in assets and liabilities: | | |
| Accounts receivable | 435,048 | (4,604,534) |
| Prepaid expenses | (509,116) | 102,735 |
| Accounts payable | (2,989,645) | 7,126,520 |
| Settlement of asset retirement obligation | (452,468) | (605,432) |
| Net Cash Provided by Operating Activities | <u>52,004,346</u> | <u>28,302,596</u> |

| | | |
|--|----------------------|----------------------|
| Cash Flows from Investing Activities | | |
| Payments to purchase oil and natural gas properties | (4,090,642) | (26,915,783) |
| Payments to develop oil and natural gas properties | (158,069,999) | (87,576,052) |
| Proceeds from disposal of fixed assets subject to depreciation | 105,536 | - |
| Purchase of inventory for development | - | (2,816,165) |
| Purchase of equipment, vehicles and leasehold improvements | - | (309,217) |
| Net Cash Used in Investing Activities | <u>(162,055,105)</u> | <u>(117,617,217)</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from issuance of common stock, net of offering costs | 81,815,022 | 59,104,393 |
| Proceeds from revolving line of credit | 17,000,000 | - |
| Net Cash Provided by (Used in) Financing Activities | <u>98,815,022</u> | <u>59,104,393</u> |
| Net Decrease in Cash | <u>(11,235,737)</u> | <u>(30,210,228)</u> |
| Cash at Beginning of Period | 15,006,581 | 71,086,381 |
| Cash at End of Period | <u>\$ 3,770,844</u> | <u>\$ 40,876,153</u> |
| Supplemental Cash flow Information | | |
| Cash paid for interest | \$ 54,652 | - |

| | | |
|---|------------|-----------|
| Noncash Investing and Financing Activities | | |
| Asset retirement obligation incurred during development | 1,058,763 | 846,868 |
| Use of inventory in property development | - | 3,364,786 |
| Capitalized expenditures attributable to drilling projects financed through current liabilities | 24,000,000 | 5,000,000 |

RECONCILIATION OF CASH FLOW FROM OPERATIONS

| | | |
|--|----------------------|----------------------|
| Net cash provided by operating activities | \$ 52,004,346 | \$ 28,302,596 |
| Change in operating assets and liabilities | <u>3,516,181</u> | <u>(2,019,289)</u> |
| Cash flow from operations | <u>\$ 55,520,527</u> | <u>\$ 26,283,307</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, 2018 | September 30, 2017 |
| NET INCOME | \$ 16,079,068 | \$ 6,263,804 |
| Net other (income) expense | 9,044,421 | (315,371) |
| Realized loss on derivatives | (6,600,226) | 0 |
| Income tax expense | 4,824,220 | 3,468,112 |
| Depreciation, depletion and amortization | 28,576,057 | 13,433,489 |
| Accretion of discounted liabilities | 493,223 | 420,723 |
| Stock-based compensation | 3,091,336 | 2,763,007 |
| ADJUSTED EBITDA | <u>\$ 55,508,099</u> | <u>\$ 26,033,764</u> |

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