

May 10, 2021



Ring Energy Announces First Quarter 2021 Results

Generates Free Cash Flow for Sixth Consecutive Quarter, Further Pays Down Debt and Reaffirms Full Year 2021 Guidance

THE WOODLANDS, Texas, May 10, 2021 (GLOBE NEWSWIRE) -- Ring Energy, Inc. (NYSE American: REI) ("Ring" or the "Company") today reported operational and financial results for the first quarter 2021 and reaffirmed full year 2021 guidance.

Highlights and Recent Key Items

- Sold 7,960 barrels of oil equivalent per day ("Boe/d"), or 716,422 barrels of oil equivalent ("Boe") (85% oil), in the first quarter of 2021, with production significantly impacted by the severe winter storm in February and temporary downtime associated with well completions activity and the conversion of electrical submersible pumps to rod pumps ("CTR");
- Reported a net loss of \$19.1 million, or \$0.19 per share, and Adjusted Net Income¹ of \$7.0 million, or \$0.07 per share, in the first quarter of 2021;
- Generated Adjusted EBITDA¹ of \$19.0 million for the first quarter of 2021;
- Produced Free Cash Flow¹ of \$2.9 million in the first quarter of 2021, marking the sixth consecutive quarter of Free Cash Flow generation;
- Further reduced debt on the Company's revolving credit facility by \$7.5 million during the first quarter 2021 by utilizing a portion of Free Cash Flow;
- Performed nine CTRs in this year's first quarter (seven in Northwest Shelf ("NWS") and two in Central Basin Platform ("CBP")) reducing future overall operating costs and diminishing costly workovers;
- Completed and placed on production all four wells of the Company's NWS Phase I drilling program during the first quarter, with all wells completed on schedule and budget, and collective production results to date meeting or exceeding expectations;
- Successfully finished drilling operations on the NWS Phase II drilling program, releasing the rig April 29, 2021, with all three wells expected to be completed on schedule and within budget, and online by the end of May 2021;
- During the first quarter, the Company closed on the sale and exchange of certain oil and gas interests in Andrews County, Texas, with Vin Fisher Operating, Inc. ("VFOC"). The effective date of the transaction was January 1, 2021, with Ring receiving a net value consideration in cash of \$2.0 million; and
- Reaffirmed full year 2021 guidance.

Mr. Paul D. McKinney, Chairman of the Board and Chief Executive Officer, commented, “Despite the significant impact of the severe winter storm across Texas during February, we were pleased with our overall results for the quarter. We were able to generate free cash flow for the sixth consecutive quarter and continued to pay down debt while pursuing our targeted development program that is showing strong results. Our performance in the period was a direct result of the continued dedication of Ring’s employees, and I want to thank all of them for their hard work and tireless efforts as they acted quickly and decisively to return our operations back to substantially pre-storm production levels. This was evidenced by our average net sales of 9,094 Boepd during March 2021, which does not include approximately 200 Boepd associated with the full restoration of certain third-party gas processing facilities damaged during the storm.

“Partially offsetting the impact of the winter storm on our first quarter sales volumes was the completion of the four wells included in our NWS Phase I drilling program. We are also pleased with our NWS Phase II drilling program as our drilling operations are finished and all wells are expected to be online by the end of May, including the first well that was placed on production on April 30, 2021.

“We believe our focus on operational excellence to steady production levels and control costs, as well as ensuring capital discipline through targeted investment in our highest risk-adjusted return opportunities, will drive increased profitability and sustainability for the remainder of 2021 and beyond. We appreciate the ongoing support of our shareholders as we continue to generate incremental free cash flow that we will use to further enhance our financial position through additional pay down of debt. We are encouraged by the M&A opportunities we are seeing in the marketplace and are actively evaluating them to potentially grow the business through targeted, accretive asset acquisitions. We have engaged advisors to assist in evaluating and financing these opportunities.”

For the first quarter of 2021, the Company reported a net loss of \$19.1 million, or \$0.19 per share, which included before tax adjustments of \$25.7 million for a non-cash unrealized commodity derivative loss and \$0.4 million for share-based compensation. Excluding the estimated after-tax impact of these adjustments, the Company’s Adjusted Net Income was \$7.0 million, or \$0.07 per share. In the fourth quarter of 2020, the Company reported a net loss of \$160.3 million, or \$1.83 per share, which included before tax adjustments of \$129.6 million for a non-cash ceiling test impairment primarily due to lower oil pricing, a \$15.2 million non-cash unrealized commodity derivative loss, and \$2.8 million for share-based compensation. Excluding the estimated after-tax impact of these adjustments and adding back the full valuation against its deferred tax assets of \$50.6 million, the Company’s Adjusted Net Income was \$6.5 million, or \$0.07 per share. In the first quarter of 2020, Ring reported net income of \$43.8 million, or \$0.64 per share, which included a \$47.1 million non-cash unrealized commodity derivative gain and \$0.7 million for share-based compensation. Excluding the estimated after-tax impact of these adjustments, Adjusted Net Income in the first quarter of 2020 was \$7.7 million, or \$0.11 per share.

Adjusted EBITDA declined to \$19.0 million for the first quarter of 2021 from \$24.5 million in the fourth quarter of 2020 and \$28.2 million in the first quarter of 2020. The decline in Adjusted EBITDA compared to both prior periods was primarily due to lower sales volumes that were partially offset by higher commodity prices.

Free Cash Flow for the first quarter of 2021 totaled \$2.9 million compared with \$12.7 million

in the fourth quarter of 2020 and \$8.0 million for the first quarter of 2020.

Adjusted Net Income, Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures, which are described in more detail and reconciled to the most comparable GAAP measures, in the tables shown later in this release under “Non-GAAP Information.”

Sales Volumes, Prices and Revenues: Sales volumes for the first quarter of 2021 were 7,960 Boe/d (85% oil), or 716,422 Boe, compared to 9,307 Boe/d (86% oil), or 856,271 Boe, for the fourth quarter of 2020 and 10,804 Boe/d (87% oil) in the first quarter of 2020. First quarter 2021 sales volumes were comprised of 610,121 barrels (“Bbls”) of oil and 637,808 thousand cubic feet (“Mcf”) of natural gas.

Sales volumes for the first quarter of 2021 declined from the fourth quarter of 2020 primarily due to the negative impact of the severe winter storm in February that resulted in the shut-in and deferral of more than 60% of Ring’s production for the majority of the storm with restoration of most of the production taking more than two weeks to complete. Temporary downtime associated with production shut-in of offset wells during the completion operations of the four NWS Phase I wells and the nine CTRs also contributed to lower sequential quarterly sales volumes. Average net sales of 9,094 Boepd (87% oil) during March 2021 does not include approximately 200 Boepd associated with the full restoration of certain third-party gas processing facilities damaged during the storm.

For the first quarter of 2021, the Company realized an average sales price of \$58.00 per barrel for crude oil and \$6.46 per Mcf for natural gas. Driving the significantly higher natural gas price realization was a spike in natural gas prices during the severe winter storm in February. The combined average realized sales price for the period was \$55.14 per Boe, up 54% from \$36.61 per Boe for the fourth quarter of 2020, and up 37% from \$40.25 per Boe in the first quarter of 2020. The average price differential the Company experienced from WTI posting² price in the first quarter of 2021 was approximately (\$0.37) per barrel of crude oil.

Revenues were \$39.5 million for the first quarter of 2021 compared to \$31.4 million for the fourth quarter of 2020 and \$39.6 million for the first quarter of 2020. The 26% increase in first quarter 2021 revenues from the fourth quarter 2020 was due to higher realized pricing partially offset by lower sales volumes.

Lease Operating Expense (“LOE”): LOE, which includes base lease operating expenses, expense workovers, and facilities maintenance, was \$8.2 million, or \$11.48 per Boe, in the first quarter of 2021 versus \$7.9 million, or \$9.19 per Boe, in the fourth quarter of 2020 and \$8.4 million, or \$8.57 per Boe, for the first quarter of 2020. The severe winter storm in February contributed to the unusual increase in first quarter 2021 LOE per Boe as compared to the fourth quarter of 2020 due to lower sales volumes coupled with the additional cost of bringing wells back online.

Gathering, Transportation and Processing (“GTP”) Costs: GTP costs were \$1.31 per Boe in the first quarter of 2021 versus \$1.47 per Boe in the fourth quarter of 2020 and \$1.17 per Boe in the first quarter of 2020.

Ad Valorem Taxes: Ad valorem taxes were \$1.03 per Boe for the first quarter of 2021 compared to \$0.84 per Boe in the fourth quarter of 2020 and \$0.82 per Boe for the first quarter of 2020.

Production Taxes: Production taxes were \$2.59 per Boe in the first quarter of 2021 compared to \$1.75 per Boe in the fourth quarter of 2020 and \$1.90 per Boe in first quarter of 2020. As a percent of revenues, production tax remained steady at 5% for all three periods.

Depreciation, Depletion and Amortization (“DD&A”) and Asset Retirement Obligation Accretion: DD&A was \$11.32 per Boe in the first quarter of 2021 versus \$13.04 per Boe for the fourth quarter of 2020 and \$13.92 in the first quarter of 2020. Asset retirement obligation accretion was \$0.27 per Boe in the first quarter of 2021 compared to \$0.25 per Boe for the fourth quarter of 2020 and \$0.24 per Boe in the first quarter of 2020.

Operating Lease Expense: Operating lease expense was \$271,517 for the first quarter of 2021 versus \$319,483 for the fourth quarter of 2020 and \$289,051 in the first quarter of 2020. These expenses are primarily associated with the Company’s office leases.

General and Administrative Expenses (“G&A”): G&A, excluding share-based compensation, was \$2.6 million, or \$3.57 per Boe, versus \$4.4 million, or \$5.09 per Boe, for the fourth quarter of 2020 and \$2.4 million, or \$2.40 per Boe, in the first quarter of 2020. The approximate 40% sequential decrease in G&A, excluding share-based compensation, for the first quarter 2021 was primarily associated with higher costs during the fourth quarter for management and personnel changes, severance and non-recurring legal and asset divestiture fees.

Derivative (Loss) Gain: In the first quarter of 2021, Ring recorded a loss of \$31.6 million on its commodity derivative contracts, including a realized \$5.9 million cash commodity derivative loss and an unrealized \$25.7 million non-cash commodity derivative loss, largely due to higher quarter-end oil and natural gas prices compared to fourth quarter of 2020. This compared to a net loss of \$11.5 million in the fourth quarter of 2020, of which \$15.2 million was unrealized, and a gain of \$50.4 million in the first quarter of 2020, of which \$47.1 million was unrealized.

In the first quarter of 2021, Ring added the following derivative positions:

Date Entered Into	Production Period	Instrument	Average Daily Volumes	Weighted Avg. Swap Price
<i>Crude Oil - WTI</i>			(Bbls)	(per Bbl)
01/04/2021	Calendar year 2022	Swaps	250	\$47.00
02/04/2021	Calendar year 2022	Swaps	250	\$50.05

On March 30, 2021, the Company unwound its remaining gas swaps for Calendar year 2021 and 2022, resulting in the receipt of a cash payment of \$581,424 that was recorded in the first quarter of 2021. A full listing of the Company’s current outstanding derivative positions is included in the tables shown later in this release.

Interest Expense: Interest expense, as reported in the income statement, in the first quarter of 2021 was \$3.7 million versus \$4.7 million in the fourth quarter of 2020 and \$4.2 million for the first quarter of 2020. Contributing to sequential quarterly decrease was a \$35.7 million lower daily average balance of borrowings for the first quarter 2021 compared to the fourth quarter.

Income Tax: There was no non-cash income tax benefit or provision recorded in the first

quarter of 2021. The Company recorded a non-cash income tax provision of \$21.2 million in the fourth quarter of 2020 and \$12.4 million for the first quarter of 2020.

Balance Sheet and Liquidity: Total liquidity increased 14% from December 31, 2020 to March 31, 2021. Liquidity at the end of the first quarter of 2021 was \$46.2 million, which consisted of cash and cash equivalents of \$1.7 million and \$44.5 million of availability under Ring's revolving bank credit facility. At March 31, 2021, the Company had \$305.5 million in borrowings on its revolving credit facility, which has a current borrowing base of \$350 million. Ring paid down \$7.5 million of debt during the first quarter of 2021, and is targeting further debt reduction in 2021 based on expected additional free cash flow generation as well as potential asset sales during 2021.

The next regularly scheduled bank redetermination is underway, and Ring is currently in compliance with all applicable covenants of its revolving credit facility agreement.

Capital Expenditures and Asset Transfers: During the first quarter of 2021, the Company finished drilling, completing and placing on production the four wells of its NWS Phase I program. The Company also performed nine CTR projects. Capital expenditures in the first quarter of 2021 were \$14.5 million. In addition, during the first quarter of 2021, Ring received net value consideration in cash of \$2.0 million from VFOC for the sale and exchange of certain oil and gas interests in Andrews County, Texas.

2021 Capital Investment Program & Sales Volumes Outlook

For full year 2021, the Company continues to anticipate total capital spending of \$44 million to \$48 million, which includes the estimated cost to drill up to six to eight horizontal wells and complete eight to 10 horizontal wells primarily in its NWS asset area. Its full year capital spending outlook includes targeted well reactivations, workovers, infrastructure upgrades, and continuing its successful CTR program in its NWS and Central Basin Platform areas. Also included in the full year estimate is anticipated spending for leasing, contractual drilling obligations and non-operated drilling, completion and capital workovers. Capital expenditures for 2021 will be fully funded by cash on hand and cash from operations, with excess free cash flow allocated to debt reduction.

As previously announced, Ring is planning to launch a sales process during the second quarter of 2021 to divest Delaware Basin assets. The Company anticipates using the net proceeds from the potential sale to further reduce its debt position.

Supported by its targeted development program and continued execution of its successful CTR initiatives, and despite the negative impact to production resulting from the severe winter storm in February, Ring continues to forecast full year 2021 sales volumes to increase by 2% to 8% higher from full year 2020 average sales volumes of 8,790 Boe/d.

2021 Sales Volumes, Operating Expense and Capital Spending Guidance

The guidance for the full year 2021 in the table below represents the Company's current best estimate of the range of likely future results. Guidance could be affected by the factors described below in "Safe Harbor Statement".

2021

Sales Volumes:

Total (Boe/d) 9,000 - 9,500

Operating Expenses:

Lifting cost⁽¹⁾ (per Boe) \$10.00 - \$10.50

Capital Program:

Number of new wells drilled 6 - 8

Number of new wells completed 8 - 10

Capital spending⁽²⁾ (millions) \$44 - \$48

(1) Lifting cost equals lease operating expenses excluding severance and ad valorem tax divided by the total barrels of oil equivalent sold during the same period.

(2) In addition to Company-directed drilling and completion activities, the capital spending outlook includes funds for targeted well reactivations, workovers, infrastructure upgrades, and continuing the Company's successful CTR program in its Northwest Shelf and Central Basin Platform areas. Also included is anticipated spending for leasing, contractual drilling obligations and non-operated drilling, completion and capital workovers.

Conference Call Information

Ring will hold a conference call on Tuesday, May 11, 2021 at 11:00 a.m. ET to discuss its first quarter 2021 operational and financial results. To participate, interested parties should dial 877-270-2148 at least five minutes before the call is to begin. Please reference the "Ring Energy First Quarter 2021 Earnings Conference Call." International callers may participate by dialing 412-902-6510. The call will also be webcast and available on Ring's website at www.ringenergy.com under "Investors" on the "Events" page. An audio replay will also be available on the Company's website following the call.

About Ring Energy, Inc.

Ring Energy, Inc. is an oil and gas exploration, development, and production company with current operations focused on the conventional development of its Permian Basin assets in West Texas and New Mexico. For additional information, please visit www.ringenergy.com.

Safe Harbor Statement

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements involve a wide variety of risks and uncertainties, and include, 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, 2020, 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.

Contact Information

David A. Fowler, Investor Relations
 Ring Energy, Inc.
 Phone: 432-682-7464
dfowler@ringenergy.com

Al Petrie, Senior Partner
 Al Petrie Advisors
 Phone: 504-258-9548
al@alpetrie.com

RING ENERGY, INC. Statements of Operations (Unaudited)

	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
Oil and Natural Gas Revenues	\$ 39,502,532	\$ 31,351,673	\$ 39,570,328
Costs and Operating Expenses			
Lease operating expenses	8,226,575	7,866,059	8,421,388
Gathering, transportation and processing costs	935,019	1,256,282	1,149,618
Advalorem taxes	737,251	717,766	807,455
Oil and natural gas production taxes	1,852,762	1,497,044	1,870,245
Depreciation, depletion and amortization	8,108,158	11,162,567	13,682,996
Ceiling test impairment	-	129,564,000	-
Asset retirement obligation accretion	193,744	212,503	231,962
Operating lease expense	271,517	319,483	289,051
General and administrative expense (including share-based compensation)	2,912,991	7,164,619	3,035,895
Total Costs and Operating Expenses	23,238,017	159,760,323	29,488,610
Income (Loss) Income from Operations	16,264,515	(128,408,650)	10,081,718
Other Income (Expense)			
Interest income	-	1	5
Interest expense	(3,741,969)	(4,658,826)	(4,248,498)
(Loss) gain on derivative contracts	(31,588,639)	(11,534,699)	50,420,809
Deposit forfeiture income	-	5,500,000	-
Net Other Income (Expense)	(35,330,608)	(10,693,524)	46,172,316
(Loss) Income Before Tax Provision	(19,066,093)	(139,102,174)	56,254,034
(Provision for) Benefit from Income Taxes	-	(21,152,105)	(12,449,916)
Net (Loss) Income	\$ (19,066,093)	\$ (160,254,279)	\$ 43,804,118
Basic (Loss) Earnings per Share	\$ (0.19)	\$ (1.83)	\$ 0.64
Diluted (Loss) Earnings per Share	\$ (0.19)	\$ (1.83)	\$ 0.64
Basic Weighted-Average Shares Outstanding	99,092,715	87,503,079	67,993,797
Diluted Weighted-Average Shares Outstanding	99,092,715	87,503,079	67,997,092

RING ENERGY, INC.
Condensed Operating Data
(Unaudited)

	Three Months Ended		
	March 31,	December 31,	March 31,
	2021	2020	2020
Net sales volumes:			
Oil (Bbls)	610,121	734,548	855,603
Natural gas (Mcf)	637,808	730,337	765,551
Total oil and natural gas (Boe) ⁽¹⁾	716,422	856,271	983,195
	<i>% Oil</i>	85%	86%
		86%	87%
 Average daily equivalent sales (Boe/d)	 7,960	 9,307	 10,804
Average realized sales prices:			
Oil (\$/Bbl)	\$ 58.00	\$ 40.48	\$ 45.16
Natural gas (\$/Mcf)	6.46	2.21	1.22
Barrel of oil equivalent (\$/Boe)	\$ 55.14	\$ 36.61	\$ 40.25
Average costs and expenses per Boe (\$/Boe):			
Lease operating expenses	\$ 11.48	\$ 9.19	\$ 8.57
Gathering, transportation and processing costs	1.31	1.47	1.17
Ad valorem taxes	1.03	0.84	0.82
Oil and natural gas production taxes	2.59	1.75	1.90
Depreciation, depletion and amortization	11.32	13.04	13.92
Asset retirement obligation accretion	0.27	0.25	0.24
Operating lease expense	0.38	0.37	0.29
General and administrative expense (including share-based compensation)	4.07	8.37	3.09
General and administrative expense (excluding share-based compensation)	3.57	5.09	2.40

(1) Boe is determined using the ratio of six Mcf of natural gas to one Bbl of oil (totals may not compute due to rounding). The conversion ratio does not assume price equivalency and the price on an equivalent basis for oil and natural gas may differ significantly.

RING ENERGY, INC.
Balance Sheets

	(Unaudited)	
	March 31,	December 31,
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,700,510	\$ 3,578,634
Accounts receivable	20,898,591	14,997,979
Joint interest billing receivable	1,358,129	1,327,262
Derivative receivable	581,424	499,906
Prepaid expenses and other assets	230,909	396,109
Total Current Assets	24,769,563	20,799,890
Properties and Equipment		
Oil and natural gas properties subject to amortization	846,954,510	836,514,815
Financing lease asset subject to depreciation	819,789	858,513
Fixed assets subject to depreciation	1,700,460	1,520,890
Total Properties and Equipment	849,474,759	838,894,218

Accumulated depreciation, depletion and amortization	(208,174,599)	(200,111,658)
Net Properties and Equipment	<u>641,300,160</u>	<u>638,782,560</u>
Operating Lease Asset	2,079,443	1,494,399
Properties and Equipment	<u>2,196,321</u>	<u>2,379,348</u>
TOTAL ASSETS	\$ 670,345,487	\$ 663,456,197
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 41,386,222	\$ 32,500,081
Financing lease liability	283,305	295,311
Operating lease liability	719,825	859,017
Derivative liabilities	24,546,980	3,287,328
Total Current Liabilities	<u>66,936,332</u>	<u>36,941,737</u>
Revolving line of credit	305,500,000	313,000,000
Financing lease liability, less current portion	50,432	126,857
Operating lease liability, less current portion	1,403,876	635,382
Derivative liabilities	5,277,469	869,273
Asset retirement obligations	15,025,895	17,117,135
Total Liabilities	<u>394,194,004</u>	<u>368,690,384</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; 99,275,937 shares and 85,568,287 shares issued and outstanding, respectively	99,276	85,568
Additional paid-in capital	551,389,470	550,951,415
Accumulated deficit	(275,337,263)	(256,271,170)
Total Stockholders' Equity	<u>276,151,483</u>	<u>294,765,813</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 670,345,487	\$ 663,456,197

RING ENERGY, INC.
Statements of Cash Flows
(Unaudited)

	Three Months Ended		
	March 31,	December 31,	March 31,
	2021	2020	2020
Cash Flows From Operating Activities			
Net (loss) income	\$ (19,066,093)	\$ (160,254,277)	\$ 43,804,118
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation, depletion and amortization	8,108,158	11,162,567	13,682,996
Ceiling test impairment	-	129,564,000	-
Accretion expense	193,744	212,503	231,962
Amortization of deferred financing costs	183,027	622,861	189,082
Share-based compensation	355,494	2,807,006	673,795
Shares issued for services	-	23,800	-
Deferred income tax expense (benefit)	(1,792,142)	21,598,750	12,028,380
Excess tax expense (benefit) related to share-based compensation	1,792,142	(446,645)	421,536
Change in fair value of derivative instruments	31,588,639	11,534,699	(50,420,809)
Cash (paid) received for derivative settlements, net	(5,920,791)	3,708,523	3,334,128
Changes in assets and liabilities:			

Accounts receivable	(5,968,739)	(1,970,509)	6,915,357
Prepaid expenses and retainers	165,200	102,501	3,584,453
Accounts payable	6,293,506	8,845,188	(6,614,029)
Settlement of asset retirement obligation	(244,461)	(255,018)	(293,212)
Net Cash Provided by Operating Activities	15,687,684	27,255,949	27,537,757
Cash Flows From Investing Activities			
Payments to purchase oil and natural gas properties	(258,970)	(127,880)	(480,048)
Payments to develop oil and natural gas properties	(11,898,939)	(8,871,408)	(24,463,138)
Payments to acquire or improve fixed assets	(19,461)	-	-
Proceeds from divestiture of oil and natural gas properties	2,000,000	(4,500,000)	-
Purchase of fixed assets subject to depreciation	-	(55,339)	-
Net Cash Used in Investing Activities	(10,177,370)	(13,554,627)	(24,943,186)
Cash Flows From Financing Activities			
Proceeds from revolving line of credit	13,000,000	-	-
Payments on revolving line of credit	(20,500,000)	(47,000,000)	-
Proceeds from issuance of common stock and warrants	161,269	19,383,131	-
Payment of deferred financing costs	-	(355,049)	-
Reduction of financing lease liabilities	(49,707)	(71,587)	(67,806)
Net Cash Used in (Provided by) Investing Activities	(7,388,438)	(28,043,505)	(67,806)
Net (Decrease) Increase in Cash	(1,878,124)	(14,342,183)	2,526,765
Cash at Beginning of Period	3,578,634	17,920,817	10,004,622
Cash at End of Period	\$ 1,700,510	\$ 3,578,634	\$ 12,531,387

RING ENERGY, INC.
Financial Commodity Derivative Positions
As of May 10, 2021

Date Entered Into	Production Period	Instrument	Average Daily Volumes	Weighted Avg. Put Price	Weighted Avg. Call Price	Weighted Avg. Swap Price
<i>Crude Oil - WTI</i>			(Bbls)	(per Bbl)	(per Bbl)	(per Bbl)
02/25/2020	Calendar year 2021	Costless Collars	1,000	\$45.00	\$54.75	
02/25/2020	Calendar year 2021	Costless Collars	1,000	\$45.00	\$52.71	
02/27/2020	Calendar year 2021	Costless Collars	1,000	\$40.00	\$55.08	
03/02/2020	Calendar year 2021	Costless Collars	1,500	\$40.00	\$55.35	
11/25/2020	Calendar year 2021	Swaps	2,000			\$45.37
12/02/2020	Calendar year 2021	Swaps	500			\$45.38
12/03/2020	Calendar year 2021	Swaps	500			\$45.00
12/04/2020	Calendar year 2021	Swaps	500			\$45.40
12/04/2020	Calendar year 2021	Swaps	500			\$45.60
12/07/2020	Calendar year 2021	Swaps	500			\$45.96
12/04/2020	Calendar year 2022	Swaps	500			\$44.22
12/07/2020	Calendar year 2022	Swaps	500			\$44.75
12/10/2020	Calendar year 2022	Swaps	500			\$44.97
12/17/2020	Calendar year 2022	Swaps	250			\$45.98
01/04/2021	Calendar year 2022	Swaps	250			\$47.00
02/04/2021	Calendar year 2022	Swaps	250			\$50.05
Date Entered Into	Production Period	Instrument	Average Daily Volumes	Weighted Avg. Put Price	Weighted Avg. Call Price	Weighted Avg. Swap Price
<i>Natural Gas - Henry Hub</i>			(MMBTU)	(per MMBTU)	(per MMBTU)	(per MMBTU)

11/04/2020	Calendar year 2021 ⁽¹⁾	Swaps	6,000	\$2.99
11/04/2020	Calendar year 2022 ⁽¹⁾	Swaps	5,000	\$2.7255

(1) On March 30, 2021, the Company unwound its remaining gas swaps for Calendar year 2021 and 2022, resulting in the receipt of a cash payment of \$581,424.

RING ENERGY, INC.

Non-GAAP Information

Certain financial information included in Ring's financial results are not measures of financial performance recognized by accounting principles generally accepted in the United States, or GAAP. These non-GAAP financial measures are "Adjusted Net Income", "Adjusted EBITDA", "Free Cash Flow" and "Cash Flow from Operations". Management uses these non-GAAP financial measures in its analysis of performance. In addition, Adjusted EBITDA is a key metric used to determine the Company's incentive compensation awards. These disclosures may not be viewed as a substitute for results determined in accordance with GAAP and are not necessarily comparable to non-GAAP performance measures which may be reported by other companies.

Reconciliation of Net (Loss) Income to Adjusted Net Income

Adjusted Net Income does not include the estimated after-tax impact of share-based compensation, ceiling test impairment, and unrealized loss (gain) on change in fair value of derivatives, as well as an add back of the full valuation against the Company's deferred tax assets during the fourth quarter of 2020. Adjusted Net Income is presented because the timing and amount of these items cannot be reasonably estimated and affect the comparability of operating results from period to period, and current periods to prior periods.

	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
	(Unaudited for All Periods)		
Net (Loss) Income	\$ (19,066,093)	\$ (160,254,279)	\$ 43,804,118
Share-based compensation	355,494	2,807,006	673,795
Ceiling test write impairment	-	129,564,000	-
Unrealized loss (gain) on change in fair value of derivatives	25,667,848	15,243,222	(47,086,681)
Tax impact of adjusted items ⁽¹⁾	-	19,126,056	10,271,172
Adjusted Net Income	\$ 6,957,249	\$ 6,486,005	\$ 7,662,404
Weighted-Average Shares Outstanding	99,092,715	87,503,079	67,997,092
Adjusted Net Income per Share	\$ 0.07	\$ 0.07	\$ 0.11

(1) For the three months ended December 31, 2020, includes adding back the full valuation against the Company's deferred tax assets of \$50,553,125.

RING ENERGY, INC.

Non-GAAP Information

Reconciliations of Adjusted EBITDA, Free Cash Flow and Cash Flow from Operations

The Company also presents the non-GAAP financial measures Adjusted EBITDA and Free Cash Flow. The Company defines Adjusted EBITDA as net (loss) income plus net interest expense, unrealized loss on change in fair value of derivatives, ceiling test impairment, income tax (benefit) expense, depreciation, depletion and amortization and accretion, asset retirement obligation accretion and share-based compensation. Company management believes this presentation is relevant and useful because it helps investors understand Ring's operating performance and makes it easier to compare its results with those of other companies that have different financing, capital and tax structures. Adjusted EBITDA should not be considered in isolation from or as a substitute for net income, as an indication of operating performance or cash flows from operating activities or as a measure of liquidity. Adjusted EBITDA, as Ring calculates it, may not be comparable to Adjusted EBITDA measures reported by other companies. In addition, Adjusted EBITDA does not represent funds available for discretionary use.

The Company defines Free Cash Flow as Adjusted EBITDA (defined above) less net interest expense (excluding amortization of deferred financing cost) and capital expenditures. For this purpose, the Company's definition of capital expenditures includes costs incurred related to oil and natural gas properties (such as drilling and infrastructure costs and the lease maintenance costs) and equipment, furniture and fixtures, but excludes acquisition costs of oil and gas properties from third parties that are not included in the Company's capital expenditures guidance provided to investors. Company management believes that Free Cash Flow is an important financial performance measure for use in evaluating the performance and efficiency of its current operating activities after the impact of accrued capital expenditures and net interest expense and without being impacted by items such as changes associated with working capital, which can vary substantially from one period to another. There is no commonly accepted definition Free Cash Flow within the industry. Accordingly, Free Cash Flow, as defined and calculated by the Company, may not be comparable to Free Cash Flow or other similarly named non-GAAP measures reported by other companies. While the Company includes net interest expense in the calculation of Free Cash Flow, other mandatory debt service requirements of future payments of principal at maturity (if such debt is not refinanced) are excluded from the calculation of Free Cash Flow. These and other non-discretionary expenditures that are not deducted from Free Cash Flow would reduce cash available for other uses.

The following tables present (i) a reconciliation of the Company's net (loss) income, a GAAP measure, to Adjusted EBITDA and (ii) a reconciliation of Adjusted EBITDA, a non-GAAP measure, to Free Cash Flow, as both Adjusted EBITDA and Free Cash Flow are defined by the Company. In addition, a reconciliation of cash flow from operations is presented.

	Three Months Ended		
	March 31,	December 31,	March 31,
	2021	2020	2020
	(Unaudited for All Periods)		
Net (Loss) Income	\$ (19,066,093)	\$ (160,254,279)	\$ 43,804,118
Interest expense, net	3,741,969	4,658,825	4,437,575
Unrealized loss (gain) on change in fair value of derivatives	25,667,848	15,243,222	(47,086,681)
Ceiling test impairment	-	129,564,000	-
Income tax expense (benefit)	-	21,152,105	12,449,916
Depreciation, depletion and amortization	8,108,158	11,162,567	13,682,996
Asset retirement obligation accretion	193,744	212,503	231,962
Share-based compensation	355,494	2,807,006	673,795
Adjusted EBITDA	\$ 19,001,120	\$ 24,545,949	\$ 28,193,681
Adjusted EBITDA Margin	48%	78%	71%
Weighted-Average Shares Outstanding	99,092,715	87,503,079	67,997,092
Adjusted EBITDA per Share	\$ 0.19	\$ 0.28	\$ 0.41

	Three Months Ended		
	March 31,	December 31,	March 31,
	2021	2020	2020
	(Unaudited for All Periods)		
Adjusted EBITDA	\$ 19,001,120	\$ 24,545,949	\$ 28,193,681
Net interest expense (excluding amortization of deferred financing costs)	(3,558,942)	(4,035,964)	(4,248,493)
Capital expenditures	(14,525,436)	(7,814,361)	(15,973,186)
Proceeds from divestiture of oil and natural gas properties	2,000,000	-	-
Free Cash Flow	\$ 2,916,742	\$ 12,695,624	\$ 7,972,002

	Three Months Ended		
	March 31,	December 31,	March 31,
	2021	2020	2020
	(Unaudited for All Periods)		
Net Cash Provided by Operating Activities	\$ 15,687,684	\$ 27,255,949	\$ 27,537,757
Changes in operating assets and liabilities	(245,506)	(6,722,162)	(3,592,569)
Cash Flow from Operations	\$ 15,442,178	\$ 20,533,787	\$ 23,945,188

¹ A non-GAAP financial measure; see “Non-GAAP Information” later in this release for more information including reconciliations to the most comparable GAAP measures.

² WTI posting price per Bbl of oil is based on NYMEX.



Source: Ring Energy, Inc.