

May 8, 2018



Ring Energy, Inc. Announces Financial and Operating Results for First Quarter 2018

MIDLAND, Texas--(BUSINESS WIRE)-- Ring Energy, Inc. (NYSE American: REI) ("Ring") ("Company") announced today financial results for the first quarter ended March 31, 2018. For the three month period ended March 31, 2018, Ring had oil and gas revenues of \$29,891,391 compared to \$12,243,793 for the quarter ended March 31, 2017, and net income of \$5,665,634, or \$0.10 per diluted share, compared to net income of \$1,279,281, or \$0.03 per diluted share.

For the three months ended March 31, 2018, the net income included a pre-tax "Unrealized Loss on Derivatives" of \$790,701. Excluding this item, the net income per diluted share would have been \$0.11.

For the three months ended March 31, 2018, oil sales volume increased to 479,864 barrels, compared to 240,260 barrels for the same period in 2017, an 99.7% increase, and gas sales volume increased to 210,031 MCF (thousand cubic feet), compared to 168,349 MCF for the same period in 2017, a 24.7% increase. On a barrel of oil equivalent ("BOE") basis for the three months ended March 31, 2018, production sales increased to 514,869 BOEs, compared to 268,318 BOEs for the same period in 2017, a 91.9% increase. The average commodity prices received by Ring were \$60.73 per barrel of oil and \$3.58 per MCF of natural gas for the quarter ended March 31, 2018, compared to \$48.69 per barrel of oil and \$3.25 per MCF of natural gas for the quarter ended March 31, 2017.

Lease operating expenses, including production taxes, for the three months ended March 31, 2018 were \$14.00 per BOE, a 14% increase from the prior year. Depreciation, depletion and amortization costs, including accretion, increased 25% to \$16.82 per BOE. General and administrative costs, which included a \$1,081,199 charge for stock based compensation, were \$5.99 per BOE, a 43% decrease.

Cash provided by operating activities, before changes in working capital, for the three months ended March 31, 2018 was \$19,168,262 or \$0.33 per fully diluted share, compared to \$7,221,936, or \$0.14 per fully diluted share for the same period in 2017. Earnings before interest, taxes, depletion and other non-cash items ("Adjusted EBITDA") for the three months ended March 31, 2018 was \$19,203,791, or \$0.33 per fully diluted share, compared to \$7,105,257, or \$0.14 per fully diluted share for the same period in 2017. (See accompanying table for a reconciliation of net income to adjusted EBITDA).

In February 2018, the Company closed on an underwritten public stock offering of 6,164,000 shares of its common stock, including 804,000 shares sold pursuant to the full exercise of an over-allotment option, at \$14.00 per share for gross proceeds of \$86,296,000. Total net proceeds from the offering were \$81,822,066 after deducting underwriting commissions and

offering expenses.

There was no outstanding debt on the Company's \$500 million senior secured credit facility at March 31, 2018.

Ring's Chief Executive Officer, Mr. Kelly Hoffman, stated, "Our first quarter results have gotten the Company off to a great start for 2018. We continue to have excellent results from our horizontal drilling program. We have 60 wells scheduled to be drilled this year and look forward to continued exceptional results. Our new gas pipeline is completed, and now, instead of having to flare the gas associated with our horizontal drilling, we are selling it. This, along with added saltwater disposal wells and the restimulation of some of our older wells, is only adding to our momentum. The North Gaines and Brushy Canyon wells are on track with encouraging results that will be released in the near future. Our goal of being cash flow positive by year end is on track. Our dedicated staff continues to search for and evaluate complementary, accretive properties and opportunities that will build on our success. With the completion of our stock offering in February, we have strengthened an already strong balance sheet. We look forward to the rest of 2018 and couldn't be more excited for Ring and its shareholders."

Non-GAAP Financial Measures:

Net income for the three months ended March 31, 2018 includes a non-cash charge for stock based compensation of \$1,081,199. Excluding this item, the Company's net income would have been \$0.11 per diluted share for the three months ended March 31, 2018. 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.

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 March 31, 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	
	March 31,	
	2018	2017
	(Unaudited)	(Unaudited)
Oil and Gas Revenues	<u>\$29,891,391</u>	<u>\$12,243,793</u>
Costs and Operating Expenses		
Oil and gas production costs	5,781,910	2,705,371
Oil and gas production taxes	1,425,882	583,264
Depreciation, depletion and amortization	8,501,379	3,474,019
Asset retirement obligation accretion	161,120	137,176
General and administrative expense	3,085,980	2,841,111
Total Costs and Operating Expenses	<u>18,956,271</u>	<u>9,740,941</u>
Income from Operations	<u>10,935,120</u>	<u>2,502,852</u>
Other Income (Expense)		
Interest income	8,953	116,679
Interest expense	(44,483)	-
Realized loss on derivatives	(1,475,026)	-
Unrealized loss on change in fair value of derivatives	(790,701)	-
Net Other Income (Expense)	<u>(2,301,257)</u>	<u>116,679</u>
Income before tax provision	8,633,863	2,619,531
Provision for Income Taxes	<u>(2,968,229)</u>	<u>(1,340,250)</u>
Net Income	<u>\$ 5,665,634</u>	<u>\$ 1,279,281</u>
Basic Income Per Common Share	\$ 0.10	\$ 0.03
Diluted Income Per Common Share	\$ 0.10	\$ 0.03
Basic Weighted-Average Common Shares Outstanding	56,415,673	49,114,731
Diluted Weighted-Average Common Shares Outstanding	57,949,389	50,414,435

COMPARATIVE OPERATING STATISTICS

	Three Months Ended March 31,		
	2018	2017	Change
Net Production - BOE per day	5,721	2,981	92%
Per BOE:			
Average Sales Price	\$58.06	\$45.63	27%
Lease Operating Expenses	11.23	10.08	11%
Production Taxes	2.77	2.17	28%
DD&A	16.51	12.95	27%
Accretion	0.31	0.51	-39%
General & Administrative Expenses	5.99	10.59	-43%

RING ENERGY, INC.
CONSOLIDATED BALANCE SHEET

	March 31, <u>2018</u>	December 31, <u>2017</u>
ASSETS		
Current Assets		
Cash	\$47,036,101	\$15,006,581
Accounts receivable	13,447,211	12,833,883
Joint interest billing receivable	636,336	1,054,022
Prepaid expenses and retainers	131,027	229,438
Total Current Assets	<u>61,250,675</u>	<u>29,123,924</u>
Properties and Equipment		
Oil and natural gas properties subject to depletion and amortization	483,115,061	433,591,134
Fixed assets subject to depreciation	1,848,405	1,884,818
Total Property and Equipment	<u>484,963,466</u>	<u>435,475,952</u>
Accumulated depreciation, depletion and amortization	(70,344,636)	(61,864,932)
Net Property and Equipment	<u>414,618,830</u>	<u>373,611,020</u>
Deferred Income Taxes	8,263,971	11,232,200
Deferred Financing Costs	67,671	135,342
Total Assets	<u>\$484,201,147</u>	<u>\$414,102,486</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$24,822,069	\$44,475,163
Derivative Liabilities	\$4,758,987	\$3,968,286
Total Current Liabilities	<u>29,581,056</u>	<u>48,443,449</u>
Asset retirement obligations	9,447,852	9,055,697
Total Liabilities	<u>39,028,908</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; 60,388,029 shares and 54,224,029 shares outstanding, respectively	60,388	54,224
Additional paid-in capital	480,801,870	397,904,769
Accumulated deficit	(35,690,019)	(41,355,653)
Total Stockholders' Equity	<u>445,172,239</u>	<u>356,603,340</u>
Total Liabilities and Stockholders' Equity	<u>\$484,201,147</u>	<u>\$414,102,486</u>

RING ENERGY, INC.
STATEMENTS OF CASH FLOW

	Three Months Ended	
	March 31,	
	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Net income	\$ 5,665,634	\$ 1,279,281
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, depletion and amortization	8,501,379	3,474,019
Accretion expense	161,120	137,176
Share-based compensation	1,081,199	991,210
Deferred income tax provision	1,809,625	923,390
Excess tax deficiency related to share-based compensation	1,158,604	416,860
Change in fair value of derivative instruments	790,701	-

Changes in assets and liabilities:		
Accounts receivable	(195,642)	(1,119,947)
Prepaid expenses and retainers	166,082	161,693
Accounts payable	(32,653,094)	4,761,819
Settlement of asset retirement obligation	(149,772)	(8,929)
Net Cash Provided by (Used in) Operating Activities	(13,664,164)	11,016,572
Cash Flows from Investing Activities		
Payments to purchase oil and natural gas properties	(1,061,195)	(3,924,404)
Payments to develop oil and natural gas properties	(35,081,925)	(19,796,719)
Disposal of fixed assets subject to depreciation	14,738	-
Purchase of inventory for development	-	(2,816,165)
Net Cash Used in Investing Activities	(36,128,382)	(26,537,288)
Cash Flows From Financing Activities		
Amounts paid for registration statement for future offerings	-	(147,537)
Proceeds from issuance of common stock, net of offering costs	81,822,066	-
Net Cash Provided by (Used in) Financing Activities	81,822,066	(147,537)
Net Decrease in Cash	32,029,520	(15,668,253)
Cash at Beginning of Period	15,006,581	71,086,381
Cash at End of Period	\$ 47,036,101	\$ 55,418,128
Supplemental Cash Flow Information		
Cash paid for interest	\$ 44,483	-
Noncash Investing and Financing Activities		
Asset retirement obligation incurred during development	\$ 380,807	\$ 244,372
Use of inventory in property development	-	\$ 687,443
Capitalized expenditures attributable to drilling projects financed through current liabilities	\$ 13,000,000	\$ 4,700,000

RECONCILIATION OF CASH FLOW FROM OPERATIONS

Net cash provided by operating activities	(\$13,664,164)	\$ 11,016,572
Change in operating assets and liabilities	32,832,426	(3,794,636)
Cash flow from operations	\$ 19,168,262	\$ 7,221,936

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, <u>2018</u>	March 31, <u>2017</u>
NET INCOME (LOSS)	\$ 5,665,634	\$1,279,281
Interest (income)	(8,953)	(116,679)
Interest expense	44,483	-
Income tax expense (benefit)	1,809,625	923,390
Excess tax benefits related to share-based compensation	1,158,604	416,860
Depreciation, depletion and amortization	8,501,379	3,474,019
Accretion of discounted liabilities	161,120	137,176
Share-based compensation	1,081,199	991,210
Change in fair value of derivative instruments	790,701	-
ADJUSTED EBITDA	\$19,203,792	\$7,105,257

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