



Published on *Ring Energy Investor Center* (<https://investor.ringenergy.com>) on 3/21/14 8:30 am CDT

Ring Energy Announces Financial and Operational Results for Fourth Quarter and Year End 2013

Release Date:

Friday, March 21, 2014 8:30 am CDT

Terms:

Dateline City:

MIDLAND, Texas

2013 Revenues Increase 487%
2013 Cash Flow Increases 817%
Fourth Quarter Revenues Increase 609%

MIDLAND, Texas--(BUSINESS WIRE ⁽¹⁾)--Ring Energy, Inc. (NYSE MKT: REI) ("Ring")("Company") announced today financial results for the fourth quarter and year ended December 31, 2013.

Ring had net income of \$1,534,957, a 1,047% increase, on oil and gas revenues of \$5,051,434, a 609% increase, for the fourth quarter compared to net income of \$133,821 on revenues of \$712,180 for the fourth quarter ended December 31, 2012. For the year ended December 31, 2013, Ring had a loss of \$452,209 on revenues of \$10,315,701, a 487% increase, as compared to a loss of \$1,669,283 on revenues of \$1,757,444 for the year ended December 31, 2012. Income attributable to common shares for the fourth quarter was \$0.08 per diluted share compared to \$0.02 for the fourth quarter ended December 31, 2012. For the year ended December 31, 2013, the loss attributable to common shares was \$0.02 per diluted share compared to a loss of \$0.21 per diluted share for the year ended December 31, 2012.

The increase in revenue is attributed to an increase in production, primarily due to development and acquisition activities. For the three months ended December 31, 2013, oil sales volume increased to 54,557 barrels, compared to 8,878 barrels for the same period in 2012, and gas sales volume increased to 13,607 MCF (thousand cubic feet), compared to 3,161 MCF for the same period in 2012. For the twelve months ended December 31, 2013, oil sales volume increased to 109,673 barrels, compared to 20,531 barrels for the same period in 2012, and gas sales volume increased to 36,047 MCF, compared to 6,480 MCF for the same period in 2012. The average commodity prices received by Ring were \$91.41 per barrel of oil and \$4.72 per MCF of natural gas for the quarter ended December 31, 2013, compared to \$79.07 per barrel of oil and \$3.22 per MCF of natural gas for the quarter ended December 31, 2012. The average prices received for the twelve months ended December 31, 2013 were \$92.81 per barrel of oil and \$3.82 per MCF of natural gas, compared to \$84.50 per barrel of oil and \$3.50 per MCF of natural gas for the twelve month period ended December 31, 2012. In January, the company stated that net production for the fourth quarter was approximately 64,010 BOE (Barrel of Oil Equivalent). Total net sales production for the fourth quarter of 2013 was 56,825 BOE, as compared to 9,405 BOE for the same period in 2012, an increase of 504%. The remaining fourth quarter production that was not sold in 2013 was held in storage and sold in the first quarter 2014. Net sales production for the full year 2013 was 115,681 BOE, compared to 21,611 BOE in 2012, an increase of 435%. Lease operating expenses, including production taxes, for the three and twelve month periods ended December 31, 2013 were \$13.97 and \$14.56 per BOE, as compared to \$24.12 and \$40.21 per BOE for the same periods in 2012.

Proved reserves, as determined by Cawley, Gillespie and Associates, totaled 7,270,164 barrels of oil equivalents (BOE), an 85% increase over the 3,935,706 BOE for the previous year. Future net revenues before income taxes, discounted at 10% ("PV-10"), based on \$92.54 per barrel of oil and \$5.88 per MCF of gas, were \$198.4 million at year-end 2013. This compared to \$106 million, using average prices of \$88.59 per barrel of oil and \$4.90 per MCF of gas, for year-end 2012. Internal engineering has estimated an additional 2.7 million BOE of probable reserves with a PV-10 of \$74.1 million using average prices of \$92.54 per barrel of oil and \$5.88 per MCF of gas.

Cash provided by operating activities, before changes in working capital, for the three and twelve months ended December 31, 2013 was \$3,246,839, or \$0.12 per fully diluted share, and \$5,552,286, or \$0.34 per fully diluted share, compared to \$161,307 and a negative \$773,970, or \$0.02 and a negative \$0.10 per fully diluted share for the same periods in 2012. Net cash flow in the fourth quarter 2013 increased over 91% from the third quarter 2013. Earnings before interest, taxes, depletion and other non-cash items ("Adjusted EBITDA") for the three and twelve months ended December 31, 2013 was \$3,244,263, or \$0.16 per fully diluted share, and \$5,537,470, or \$0.34 per fully diluted share, compared to \$156,193 and a negative \$559,474, or \$0.02 and a negative \$0.07 in 2012. (See accompanying table for a reconciliation of net income to adjusted EBITDA)

"2013 was a year of substantial growth for Ring in production, reserves, acreage and revenue," said Mr. Kelly Hoffman, Chief Executive Officer. "Over and above the values that were assigned by our outside engineering group, we have identified over 1,740 additional potential drilling locations made possible through the internal development of our existing properties and recent acreage acquisition. We expect 2014 to continue to show the same trends as 2013, even though our first quarter production was hampered by weather."

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 [2]

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, 2013. 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		Twelve Months Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Oil and Gas Revenues	\$5,051,434	\$ 712,180	\$10,315,701	\$ 1,757,444
Costs and Operating Expenses				
Oil and gas production costs	560,624	193,796	1,207,529	785,959
Oil and gas production taxes	233,344	33,074	476,964	82,995
Depreciation, depletion and amortization	626,705	213,684	2,284,091	506,786
Accretion expense	16,498	6,619	53,681	20,906
General and administrative expense	2,004,179	566,708	6,682,760	2,392,645
Total Costs and Operating Expenses	3,441,350	1,013,881	10,705,025	3,789,291
Other Income (Expense)				
Gain on derivative put options	-	130,104	-	276,736
Interest income	12,464	2,061	24,706	4,309
Interest expense	(9,890)	3,033	(9,890)	(218,805)
Net Other Income	2,574	135,198	14,816	62,240
Income (Loss) Before Provision for Income Taxes	1,612,658	(166,503)	(374,508)	(1,969,607)
Provision for Income Taxes	77,701	300,324	77,701	300,324
Net Income (Loss)	\$1,534,957	\$ 133,821	(\$452,209)	(\$1,669,283)
Basic and Diluted Income (Loss) Per Common Share	\$ 0.08	\$ 0.02	(\$0.03)	(\$0.21)

For the years ended December 31,

2013

2012

Net Loss	(\$452,209)	(\$1,669,283)
Basic and Diluted Weighted-Average Shares Outstanding	16,376,911	8,073,176
Basic and Diluted Loss per Share	(\$0.03)	(\$0.21)

RING ENERGY, INC.
CONSOLIDATED BALANCE SHEET

	December 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash	\$ 52,350,583	\$ 5,404,167
Account receivable	3,888,402	417,965
Prepaid expenses and retainers	66,051	60,398
Total Current Assets	<u>56,305,036</u>	<u>5,882,530</u>
Property and Equipment		
Oil and natural gas properties subject to amortization	58,040,724	23,051,904
Office equipment	257,911	175,106
Total Property and Equipment	<u>58,298,635</u>	<u>23,227,010</u>
Less: Accumulated depreciation and amortization	(2,880,253)	(596,162)
Net Property and Equipment	<u>55,418,382</u>	<u>22,630,848</u>
Total Assets	<u>\$ 111,723,418</u>	<u>\$ 28,513,378</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 6,229,490	\$ 1,191,431
Other accrued liabilities	1,002,153	-
Total Current Liabilities	<u>7,231,643</u>	<u>1,191,431</u>
Noncurrent Liabilities		
Deferred income taxes	703,651	625,950
Asset retirement obligation	1,182,410	496,286
Total Noncurrent Liabilities	<u>1,886,061</u>	<u>1,122,236</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; 23,576,313 shares and 14,166,011 shares outstanding, respectively	23,576	14,166
Additional paid-in capital	109,018,165	32,169,363
Accumulated deficit	(6,436,027)	(5,983,818)
Total Stockholders' Equity	<u>102,605,714</u>	<u>26,199,711</u>
Total Liabilities and Stockholders' Equity	<u>\$ 111,723,418</u>	<u>\$ 28,513,378</u>

STATEMENTS OF CASH FLOW

	December 31, 2013	December 31, 2012
Cash Flows From Operating Activities		
Net loss	(\$452,209)	(\$1,669,283)
Adjustments to reconcile net income to net cash Provided by operating activities:		
Depreciation, depletion and amortization	2,284,091	506,786
Accretion expense	53,681	20,906
Share-based compensation	3,489,022	944,681
Stock issued as finders fee	100,000	-
Gain on derivative put options	-	(276,736)
Provision for income taxes	77,701	(300,324)
Changes in assets and liabilities:		
Accounts receivable	(3,470,437)	(326,943)
Prepaid expenses	(5,653)	87,845
Accounts payable	6,040,212	1,081,217
Accrued compensation	-	(100,000)
Net Cash Provided by Operating Activities	8,116,408	(31,851)
Cash Flows from Investing Activities		
Payments to purchase oil and natural gas properties	(5,192,441)	(3,684,674)
Payments to develop oil and natural gas properties	(29,103,392)	(6,532,898)
Purchase of office equipment	(82,805)	(159,977)
Plugging and abandonment cost incurred	(60,544)	-
Net Cash Used in Investing Activities	(34,439,182)	(10,377,549)
Cash Flows From Financing Activities		
Proceeds from borrowings from Ring Energy, Inc.	-	1,150,000
Proceeds from issuance of common stock	73,201,690	13,009,062
Proceeds from option exercise	67,500	-
Proceeds from issuance of common stock to Ring Energy, Inc. shareholders	-	10,887,561
Principal payments on revolving line of credit	-	(9,244,428)
Net Cash Provided by Financing Activities	73,269,190	15,802,195
Net Increase in Cash	46,946,416	5,392,795
Cash at Beginning of Period	5,404,167	11,372
Cash at End of Period	\$ 52,350,583	\$ 5,404,167
Supplemental Cash flow Information		
Cash paid for interest	\$ 9,890	\$ 221,927
Noncash Investing and Financing Activities		
Oil and gas properties acquired	\$ -	\$ 9,689,488
Deferred tax liability assumed (net)	-	(1,362,665)
Asset retirement obligation assumed	-	(152,148)
Revision of asset retirement obligation estimate	211,691	-
Asset retirement obligation incurred during development	481,296	(14,214)

Payments with Ring Energy, Inc. shares	-	(4,490,001)
Issuance of common stock to Ring Energy, Inc. shareholders	\$ -	\$ 13,531,760
Accounts payable assumed	-	9,893
Less: Tax benefit	-	(436,391)
Less: Elimination of note payable to Ring Energy, Inc.	-	(2,003,122)
Less: Prepaid expenses acquired	-	(26,942)
Less: Property and equipment acquired	-	(187,637)
Proceeds from issuance of common stock to Ring Energy, Inc. shareholders	\$ -	\$ 10,887,561

RECONCILIATION OF CASH FLOW FROM OPERATIONS

Net cash provided by operating activities	\$ 8,116,408	(\$31,851)
Change in operating assets and liabilities	2,564,122	742,119
Cash flow from operations	\$ 5,552,286	(\$773,970)

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

	December 31, 2013	December 31, 2012
NET INCOME	(\$452,209)	(\$1,669,283)
Interest expense (Income)	(14,816)	214,496
Income tax expense (Income)	77,701	(300,324)
Depreciation, depletion and amortization	2,284,091	506,786
Accretion of discounted liabilities	53,681	20,906
Gain on derivative put options	-	(276,736)
Share-based compensation	3,489,022	944,681
Stock issued as finders fee	100,000	-
ADJUSTED EBITDA	\$5,537,470	(\$559,474)

Language:
English

Contact:

K M Financial, Inc.

Bill Parsons, 702-489-4447

Ticker Slug:

Ticker: REI

Exchange: NYSEMKT

Source URL: <https://investor.ringenergy.com/press-release/ring-energy-announces-financial-and-operational-results-fourth-quarter-and-year-end--2>

Links:

[1] <http://www.businesswire.com>

[2] <http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.ringenergy.com&esheet=50829324&newsitemid=20140321005062&lan=en-US&anchor=www.ringenergy.com&index=1&md5=a3c4e298e310947dc29c1ee449118124>