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## Ring Energy Announces Second Quarter and Six Month 2014 Financial and Operating Results

### Release Date:

Friday, August 8, 2014 8:30 am CDT

### Terms:

### Dateline City:

MIDLAND, Texas

*88% Increase In Revenue Over First Quarter*  
*142% Increase In Earnings Over First Quarter*  
*83% Increase In Production Over First Quarter*

MIDLAND, Texas--(BUSINESS WIRE <sup>(1)</sup>)--Ring Energy, Inc. (NYSE MKT: REI) ("Ring") ("Company") announced today financial results for the three months and six months ended June 30, 2014. For the three month period ended June 30, 2014, Ring had oil and gas revenues of \$11,204,238, compared to \$1,291,579 for the quarter ended June 30, 2013, a 767% increase and net income of \$2,821,738 or \$0.11 per fully diluted share, compared to a net loss of \$890,393, or \$0.06 per fully diluted share, for the same period in 2013. Compared to the first quarter ended March 31, 2014, Ring had an 88% increase in oil and gas revenues and a 142% increase in earnings. For the six month period ended June 30, 2014, the Company reported oil and gas revenues of \$17,174,690, compared to oil and gas revenues of \$2,443,536 for the six month period ended June 30, 2013, a 603% increase. Net income for the six month period ended June 30, 2014 was \$3,985,427, or \$0.16 per fully diluted share, compared to a net loss of \$1,855,673, or \$0.13 per fully diluted share, for the same period in 2013.

The revenue increase was a result of increases in production volumes due to increased development activity. For the three months ended June 30, 2014, oil sales volume increased to 118,533 barrels, compared to 14,261 barrels for the same period in 2013, a 731% increase, and gas sales volume increased to 7,142 MCF (thousand cubic feet), compared to 7,092 MCF for the same period in 2013, a .7% increase. For the six months ended June 30, 2014, oil sales volume increased to 182,477 barrels, compared to 28,506 barrels for the same period in 2013, a 540% increase, and gas sales volume increased to 15,759 MCF, compared to 12,849 MCF for the same period in 2013, a 23% increase. The average commodity prices received by Ring were \$93.84 per barrel of oil and \$4.98 per MCF of natural gas for the quarter ended June 30, 2014, compared to \$89.02 per barrel of oil and \$3.10 per MCF of natural gas for the quarter ended June 30, 2013. The average prices received for the six months ended June 30, 2014 were \$93.69 per barrel of oil and \$4.93 per MCF of natural gas, compared to \$84.41 per barrel of oil and \$2.91 per MCF of natural gas for the six month period ended June 30, 2013.

Lease operating expenses, including production taxes, for the three months ended June 30, 2014 were \$13.32 per barrel of oil equivalent ("BOE"), a 25% decrease from the prior year. Depreciation, depletion and amortization costs increased 13% to \$29.05 per BOE. General and administrative costs, which included a \$640,101 charge for stock based compensation, were \$13.65 per BOE, an 86% decrease. For the six months ended June 30, 2014, lease operating expenses, including production taxes, were \$14.27 per BOE, a 7% decrease. Depreciation, depletion and amortization costs were \$27.06 per BOE, a 12% increase, and general and administrative costs, which included a \$1,299,569 charge for stock based compensation, were \$17.28 per BOE, a 83% decrease.

There was no outstanding debt on the Company's \$150 million senior secured credit facility at July 1, 2014.

Net cash flow from operations for the three and six months ended June 30, 2014 was \$8,614,602, or \$0.34 per fully diluted share, and \$12,633,000, or \$0.51 per fully diluted share, compared to net cash flow of \$404,051, or \$0.03, and \$609,595, or \$0.04 per fully diluted share for the same periods in 2013 (1).

In June, the Company received approximately \$28.7 million in net proceeds from the private sale of approximately 2,000,000 shares of the Company's restricted common stock. Also in June, the Company's common stock became part of the Russell 2000 Index.

Ring's Chief Executive Officer, Mr. Kelly Hoffman, stated, "Despite some weather and power outage disruptions in the first quarter, we were able to successfully continue our overall development program in the second quarter, with particular emphasis on our Permian Basin properties. We drilled 36 new development wells and continued infrastructure improvements, as well as stepping up our leasing activity. Our second quarter production of 119,000 BOEs was a 675% increase over the same period in 2013 and over an 83% increase from the first quarter. We completed a \$30 million private placement of our common stock which has provided sufficient CAPEX funding, based on our current budget, into 2015. We are in discussions with pipeline companies to start delivering a portion of our production directly into pipeline, and we are continuing to look at acquisition opportunities, primarily concentrating on those that compliment our existing properties."

Non-GAAP Financial Measures:

Earnings for the three months ended June 30, 2014 include a non-cash charge for stock based compensation of \$640,101. Earnings for the six months ended June 30, 2014 include a non-cash charge for stock based compensation of \$1,299,569. Excluding such items, the Company's earnings would have been \$0.13 per diluted share for the three months ended June 30, 2014, and \$0.19 for the six months ended June 30, 2014. 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.

(1) Cash Flow from Operations is a non-GAAP financial measure that represents "Net Cash Provided By Operating Activities" adjusted for the change in operating assets and liabilities. See below for a reconciliation of the related amounts.

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](http://www.ringenergy.com) <sup>(2)</sup>

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, its Form 10-Q for the quarter ended June 30, 2014 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 |                    | Six Months Ended   |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | <u>June 30,</u>    |                    | <u>June 30,</u>    |                    |
|  | 2014               | 2013               | 2014               | 2013               |
|  | <u>(Unaudited)</u> | <u>(Unaudited)</u> | <u>(Unaudited)</u> | <u>(Unaudited)</u> |
| <b>Oil and Gas Revenues</b>                            | \$ 11,204,238      | \$ 1,291,579       | \$17,174,690       | \$ 2,443,536       |
| <b>Costs and Operating Expenses</b>                    |                    |                    |                    |                    |
| Oil and gas production costs                           | 1,077,878          | 214,468            | 1,848,978          | 355,723            |
| Oil and gas production taxes                           | 517,052            | 59,459             | 793,013            | 112,676            |
| Depreciation, depletion and amortization               | 3,477,816          | 396,662            | 5,008,012          | 740,270            |
| Accretion expense                                      | 37,312             | 11,824             | 61,694             | 23,277             |
| General and administrative expense                     | 1,634,807          | 1,499,559          | 3,199,268          | 3,067,263          |
| <b>Total Costs and Operating Expenses</b>              | 6,744,865          | 2,181,972          | 10,910,965         | 4,299,209          |
| <b>Other Income (Expense)</b>                          |                    |                    |                    |                    |
| Interest income  | 19,576             | -                  | 62,349             | -                  |
| <b>Net Other Income (Expense)</b>                      | 19,576             | -                  | 62,349             | -                  |
| <b>Income (Loss) Before Provision for Income Taxes</b> | 4,478,949          | (890,393)          | 6,326,074          | (1,855,673)        |
| <b>Income tax provision</b>                            | (1,657,211)        | -                  | (2,340,647)        | -                  |
| <b>Net Income (Loss)</b>                               | \$ 2,821,738       | (\$890,393)        | \$ 3,985,427       | (\$1,855,673)      |

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| <b>Basic Net Income (Loss) Per Common Share</b>           | \$ 0.12    | (\$0.06)   | \$ 0.17    | (\$0.13)   |
| <b>Diluted Net Income (Loss) Per Common Share</b>         | \$ 0.11    | (\$0.06)   | \$ 0.16    | (\$0.13)   |
| <b>Basic Weighted-Average Common Shares Outstanding</b>   | 23,907,651 | 14,350,284 | 23,745,406 | 14,290,060 |
| <b>Diluted Weighted-Average Common Shares Outstanding</b> | 25,151,932 | 14,350,284 | 24,926,088 | 14,290,060 |

### COMPARATIVE OPERATING STATISTICS

|                                   | Three Months Ended June 30, |          |        |
|-----------------------------------|-----------------------------|----------|--------|
|                                   | 2014                        | 2013     | Change |
| Net Production - BOE per day      | 1,316                       | 170      | 674%   |
| Per BOE:                          |                             |          |        |
| Average Sales Price               | \$93.58                     | \$ 83.64 | 12%    |
| Operating Costs                   | \$ 9.00                     | \$ 13.89 | -35%   |
| DD&A                              | \$29.05                     | \$ 25.69 | 13%    |
| General & Administrative Expenses | \$13.65                     | \$ 97.10 | -86%   |

|                                   | Six Months Ended June 30, |          |        |
|-----------------------------------|---------------------------|----------|--------|
|                                   | 2014                      | 2013     | Change |
| Net Production - BOE per day      | 1,023                     | 169      | 505%   |
| Per BOE:                          |                           |          |        |
| Average Sales price               | \$92.78                   | \$ 79.73 | 16%    |
| Operating Costs                   | \$ 9.99                   | \$ 11.61 | -14%   |
| DD&A                              | \$27.06                   | \$ 24.15 | 12%    |
| General & Administrative Expenses | \$17.28                   | \$100.08 | -83%   |

### RING ENERGY, INC. CONSOLIDATED BALANCE SHEET

|                                | June 30,<br>2014  | December 31,<br>2013 |
|--------------------------------|-------------------|----------------------|
| <b>ASSETS</b>                  |                   |                      |
| <b>Current Assets</b>          |                   |                      |
| Cash                           | \$ 45,535,352     | \$ 52,350,583        |
| Accounts receivable            | 4,780,627         | 3,888,402            |
| Prepaid expenses and retainers | 259,096           | 66,051               |
| <b>Total Current Assets</b>    | <u>50,575,075</u> | <u>56,305,036</u>    |

|  |                      |                       |
|--|----------------------|-----------------------|
| <b>Property and Equipment</b> , Using Full Cost Accounting   |                      |                       |
| Oil and gas properties subject to amortization   | 107,371,894          | 58,040,724            |
| Office equipment   | 497,121              | 257,911               |
| <b>Total Property and Equipment</b>  | 107,869,015          | 58,298,635            |
| Less: Accumulated depreciation and amortization  | (7,888,265)          | (2,880,253)           |
| <b>Net Property and Equipment</b>  | 99,980,750           | 55,418,382            |
| <b>Total Assets</b>  | <u>\$150,555,825</u> | <u>\$ 111,723,418</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                      |                       |
| <b>Current Liabilities</b>   |                      |                       |
| Accounts payable   | \$ 7,944,774         | \$ 6,229,490          |
| Other accrued liabilities  | 709,566              | 1,002,153             |
| <b>Total Current Liabilities</b>   | 8,654,340            | 7,231,643             |
| <b>Noncurrent Liabilities</b>  |                      |                       |
| Deferred income taxes  | 3,044,298            | 703,651               |
| Asset retirement obligation  | 2,276,845            | 1,182,410             |
| <b>Total Noncurrent Liabilities</b>  | 5,321,143            | 1,886,061             |
| <b>Stockholders' Equity</b>  |                      |                       |
| 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; 25,645,614 shares and 23,576,313 shares outstanding, respectively | 25,646               | 23,576                |
| Additional paid-in capital   | 139,005,296          | 109,018,165           |
| Accumulated deficit  | (2,450,600)          | (6,436,027)           |
| <b>Total Stockholders' Equity</b>  | 136,580,342          | 102,605,714           |
| <b>Total Liabilities and Stockholders' Equity</b>  | <u>\$150,555,825</u> | <u>\$ 111,723,418</u> |

**RING ENERGY, INC.**  
**STATEMENTS OF CASH FLOW**

|   | Six Months Ended  |                  |
|---|-------------------|------------------|
|   | June 30,          |                  |
|   | 2014              | 2013             |
| <b>Cash Flows From Operating Activities</b>                                       |                   |                  |
| Net income  | \$ 3,985,427      | (\$1,855,673)    |
| Adjustments to reconcile net income to net cash provided by operating activities: |                   |                  |
| Depreciation, depletion and amortization  | 5,008,012         | 740,270          |
| Accretion expense   | 61,694            | 23,277           |
| Share-based compensation  | 1,299,569         | 1,701,721        |
| Provision for income taxes  | 2,340,647         | -                |
| Changes in assets and liabilities:  |                   |                  |
| Accounts receivable   | (892,225)         | (45,956)         |
| Prepaid expenses  | (193,045)         | (32,795)         |
| Accounts payable  | 1,422,697         | 839,621          |
| <b>Net Cash Provided by Operating Activities</b>                                  | <u>13,032,776</u> | <u>1,370,465</u> |
| <b>Cash Flows from Investing Activities</b>                                       |                   |                  |

|   |                      |                      |
|---|----------------------|----------------------|
| Payments to purchase oil and natural gas properties | (10,974,396)         | (1,751,342)          |
| Payments to develop oil and natural gas properties  | (37,324,033)         | (5,524,201)          |
| Purchase of office equipment                        | (239,210)            | (54,441)             |
| <b>Net Cash Used in Investing Activities</b>        | <b>(48,537,639)</b>  | <b>(7,329,984)</b>   |
| <b>Cash Flows From Financing Activities</b>         |                      |                      |
| Proceeds from option exercise                       | 22,500               | -                    |
| Proceeds from issuance of common stock              | 28,667,132           | 18,987,272           |
| <b>Net Cash Provided by Financing Activities</b>    | <b>28,689,632</b>    | <b>18,987,272</b>    |
| <b>Net Increase in Cash</b>                         | <b>(6,815,231)</b>   | <b>13,027,753</b>    |
| <b>Cash at Beginning of Period</b>                  | <b>52,350,583</b>    | <b>5,404,167</b>     |
| <b>Cash at End of Period</b>                        | <b>\$ 45,535,352</b> | <b>\$ 18,431,920</b> |

#### Non-Cash Investing and Financing Activities

|   |            |            |
|---|------------|------------|
| Revision of asset retirement obligation estimate        |            | \$ 211,691 |
| Asset retirement obligation acquired                    | \$ 294,772 | -          |
| Asset retirement obligation incurred during development | 737,969    | 67,352     |

#### RECONCILIATION OF CASH FLOW FROM OPERATIONS

|  |               |              |
|--|---------------|--------------|
| Net cash provided by operating activities  | \$ 13,032,776 | \$ 1,370,465 |
| Change in operating assets and liabilities | (337,427)     | (760,870)    |
| Cash flow from operations                  | \$ 12,695,349 | \$ 609,595   |

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

|  | Six Months Ended        |                         |
|--|-------------------------|-------------------------|
|  | June 30,<br><u>2014</u> | June 30,<br><u>2013</u> |
| <b>NET INCOME</b>                        | \$ 3,985,427            | (\$1,855,673)           |
| Interest expense (Income)                | (62,349)                | -                       |
| Income tax expense                       | 2,340,647               | -                       |
| Depreciation, depletion and amortization | 5,008,012               | 740,270                 |
| Accretion expense                        | 61,694                  | 23,277                  |
| Share-based compensation                 | 1,299,569               | 1,701,721               |
| <b>ADJUSTED EBITDA</b>                   | <b>\$12,633,000</b>     | <b>\$ 609,595</b>       |

**Language:**  
English

**Contact:**

K M Financial, Inc.  
Bill Parsons, 702-489-4447

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