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Ring Energy Inc. Announces Second Quarter and Six Month 2015 Financial and Operating Results

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MIDLAND, Texas--(BUSINESS WIRE ⁽¹⁾)--Ring Energy, Inc. (NYSE MKT: REI) ("Ring") ("Company") announced today financial results for the three months and six months ended June 30, 2015. For the three month period ended June 30, 2015, Ring had oil and gas revenues of \$8,976,790, compared to \$11,204,238 for the quarter ended June 30, 2014, and net income of \$534,167, or \$0.02 per fully diluted share, compared to net income of \$2,821,738, or \$0.11 per fully diluted share, for the same period in 2014. For the six month period ended June 30, 2015, the Company reported oil and gas revenues of \$15,022,491, compared to oil and gas revenues of \$17,174,690 for the six month period ended June 30, 2014. The Company had a net loss for the six month period ended June 30, 2015 of \$441,457, or \$0.02 per fully diluted share, compared to net income of \$3,985,427, or \$0.16 per fully diluted share, for the same period in 2014. The revenue decrease was a result of lower oil and gas prices received.

For the three months ended June 30, 2015, oil sales volume increased to 165,759 barrels, compared to 118,533 barrels for the same period in 2014, a 40% increase, and gas sales volume increased to 94,517 MCF (thousand cubic feet), compared to 7,142 MCF for the same period in 2014, a 1,223% increase. For the six months ended June 30, 2015, oil sales volume increased to 302,848 barrels, compared to 182,477 barrels for the same period in 2014, a 66% increase, and gas sales volume increased to 114,364 MCF, compared to 15,759 MCF for the same period in 2014, a 626% increase.

The average commodity prices received by Ring were \$52.52 per barrel of oil and \$2.87 per MCF of natural gas for the quarter ended June 30, 2015, compared to \$94.22 per barrel of oil and \$4.98 per MCF of natural gas for the quarter ended June 30, 2014. The average prices received for the six months ended June 30, 2015 were \$48.55 per barrel of oil and \$2.78 per MCF of natural gas, compared to \$93.69 per barrel of oil and \$4.93 per MCF of natural gas for the six month period ended June 30, 2014.

Lease operating expenses, including production taxes, for the three months ended June 30, 2015 were \$14.48 per barrel of oil equivalent ("BOE"). Depreciation, depletion and amortization costs were \$17.66 per BOE, and general and administrative costs, which included a \$656,486 charge for stock based compensation, were \$11.26 per BOE. For the six months ended June 30, 2015, lease operating expenses, including production taxes, were \$14.83 per BOE. Depreciation, depletion and amortization costs were \$21.31 per BOE, and general and administrative costs, which included a \$1,311,174 charge for stock based compensation, were \$11.72 per BOE.

Net cash flow from operations for the three and six months ended June 30, 2015 was \$4,960,605, or \$0.18 per fully diluted share, and \$7,787,181, or \$0.30 per fully diluted share, compared to net cash flow of \$8,614,602, or \$0.34, and \$12,633,000, or \$0.51 per fully diluted share for the same periods in 2014 (1).

In June 2015, the Company received approximately \$49 million in net proceeds from the public sale of 4,500,000 shares of the Company's registered common stock. Also in June, the Company entered into a new five-year, \$500 million senior credit facility, increased from \$150 million, with an immediate borrowing base of \$100 million, increased from \$40 million. There was an outstanding balance of \$40.9 million on the Company's \$500 million senior secured credit facility at June 30, 2015.

On June 30, 2015, the Company announced it had finalized the acquisition of Delaware Basin acreage located in Culberson and Reeves Counties, Texas for a purchase price of \$75 million. The acquisition was financed with proceeds from the Company's June 2015 public common stock offering and the Company's new senior credit facility.

Internal estimates of net 3P reserves (Proved, Probable and Possible), including the recent Delaware Basin acquisition, as of June 30, 2015, were 24.677 million barrel of oil equivalents (BOE) Proved, 10.521 million BOE Probable and 8.152 million BOE Possible for a 3P total of 43.35 million BOE. Future net revenues before income taxes, discounted at 10% ("PV-10"), based on \$55.00 per barrel of oil and \$3.50 per MCF of gas, were \$292.764 million Proved, \$106.351 million Probable and \$37.049 million Possible for a 3P total of \$436.164 million.

Ring's Chief Executive Officer, Mr. Kelly Hoffman, stated, "We have firmly believed that an extended environment of low commodity prices would offer acquisition opportunities for companies like ours, which have been diligent in reducing costs and maintaining a strong balance sheet. Our recent acquisition of 14,700 acres in the Delaware Basin is a prime example. This addition has significantly increased our net acreage in Texas, added over 400 potential drilling locations and substantially enhanced our daily production. Our field personnel are doing an excellent job in the renovation of the present infrastructure, resulting in cost reduction and additional production. We are ready to resume development activity once prices improve and continue to look for additional acquisition opportunities that complement our existing properties."

Non-GAAP Financial Measures:

Earnings for the three months ended June 30, 2015 include a non-cash charge for stock based compensation of \$656,486. Earnings for the six months ended June 30, 2015 include a non-cash charge for stock based compensation of \$1,311,174.

Excluding such items, the Company's earnings would have been \$0.03 per diluted share for the three months ended June 30, 2015, and \$0.01 for the six months ended June 30, 2015. 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 [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, 2014, its Form 10-Q for the quarter ended June 30, 2015 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	
	June 30,		June 30,	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Oil and Gas Revenues	\$ 8,976,790	\$ 11,204,238	\$15,022,491	\$17,174,690
Costs and Operating Expenses				
Oil and gas production costs	2,206,057	1,077,878	4,073,852	1,848,978
Oil and gas production taxes	422,884	517,052	699,915	793,013
Depreciation, depletion and amortization	3,205,033	3,477,816	6,859,331	5,008,012
Accretion expense	79,400	37,312	146,379	61,694
General and administrative expense	2,043,730	1,634,807	3,772,717	3,199,268
Total Costs and Operating Expenses	7,957,104	6,744,865	15,552,194	10,910,965
Income (Loss) from Operations	1,019,686	4,459,373	(529,703)	6,263,725
Other Income				
Interest expense	(79,005)		(79,005)	
Interest income	2	19,576	782	62,349
Net Other Income	(79,003)	19,576	(78,223)	62,349
Income (Loss) Before Provision for Income Taxes	940,683	4,478,949	(607,926)	6,326,074
(Provision For) Benefit From Income Taxes	(406,516)	(1,657,211)	166,469	(2,340,647)
Net Income (Loss)	\$ 534,167	\$ 2,821,738	(\$441,457)	\$ 3,985,427

Basic Net Income (Loss) Per Common Share	\$ 0.02	\$ 0.12	(\$0.02)	\$ 0.17
Diluted Net Income (Loss) Per Common Share	\$ 0.02	\$ 0.11	(\$0.02)	\$ 0.16
Basic Weighted-Average Common Shares Outstanding	26,121,822	23,907,651	25,935,204	23,745,406
Diluted Weighted-Average Common Shares Outstanding	27,172,598	25,151,932	25,935,204	24,926,088

COMPARATIVE OPERATING STATISTICS

	Three Months Ended June 30,		
	2015	2014	Change
Net Production - BOE per day	1,995	1,316	52%
Per BOE:			
Average Sales Price	\$ 49.46	\$ 93.58	-47%
Operating Costs (excluding production taxes)	\$ 12.15	\$ 9.00	35%
DD&A	\$ 17.66	\$ 29.05	-39%
General & Administrative Expenses	\$ 11.26	\$ 13.65	-18%

	Six Months Ended June 30,		
	2015	2014	Change
Net Production - BOE per day	1,779	1,023	74%
Per BOE:			
Average Sales price	\$ 46.67	\$ 92.78	-50%
Operating Costs	\$ 12.66	\$ 9.99	27%
DD&A	\$ 21.31	\$ 27.06	-21%
General & Administrative Expenses	\$ 11.72	\$ 17.28	-32%

Net Oil and Gas Reserves*

As of June 30, 2015

	Crude Oil (MMBbls)	Nat. Gas (MMcf)	Total (MMBOE)	PV-10 (MM\$)
Proved Developed Reserves	7.391	6.503	8.474	141.791
Proved Developed Non-Producing	0.902	1.287	1.117	20.778
Proved Undeveloped Reserves	<u>12.949</u>	<u>12.821</u>	<u>15.086</u>	<u>130.195</u>

Total Proved Reserves	21.242	20.611	24.677	292.764
Total Probable Reserves	9.901	3.722	10.521	106.351
Total Possible Reserves	<u>7.244</u>	<u>5.448</u>	<u>8.152</u>	<u>37.049</u>
Total 3P Reserves	38.387	29.781	43.35	436.164

*Note: Internal Estimates based on \$55.00 per barrel of oil / \$3.50 per Mcf of natural gas

RING ENERGY, INC.
CONSOLIDATED BALANCE SHEET

	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash	\$ 5,767,566	\$ 8,622,235
Accounts receivable	4,020,660	3,616,676
Joint Interest billing receivable	2,627,771	2,683,787
Prepaid expenses and retainers	1,175,483	160,600
Total Current Assets	<u>13,591,480</u>	<u>15,083,298</u>
Property and Equipment, Using Full Cost Accounting		
Oil and gas properties subject to amortization	257,757,735	166,036,400
Office equipment and automobiles	1,525,848	1,209,809
Total Property and Equipment	<u>259,283,583</u>	<u>167,246,209</u>
Accumulated depreciation, depletion and amortization	(21,547,378)	(14,688,047)
Net Property and Equipment	<u>237,736,205</u>	<u>152,558,162</u>
Total Assets	<u>\$ 251,327,685</u>	<u>\$ 167,641,460</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 6,999,288	\$ 16,241,022
Other accrued liabilities	-	22,029
Total Current Liabilities	<u>6,999,288</u>	<u>16,263,051</u>
Deferred income taxes	4,772,921	4,939,390
Long term debt	40,900,000	-
Asset retirement obligations	6,264,985	3,896,489
Total Liabilities	<u>58,937,194</u>	<u>25,098,930</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;		

30,276,342 shares and 25,734,467 shares outstanding, respectively	30,276	25,734
Additional paid-in capital	190,817,199	140,532,323
Retained Earnings	1,543,016	1,984,473
Total Stockholders' Equity	<u>192,390,491</u>	<u>142,542,530</u>
Total Liabilities and Stockholders' Equity	<u>\$ 251,327,685</u>	<u>\$ 167,641,460</u>

RING ENERGY, INC.
STATEMENTS OF CASH FLOW

	Six Months Ended	
	June 30, 2015	2014
Cash Flows From Operating Activities		
Net income	(\$441,457)	\$ 3,985,427
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	6,859,331	5,008,012
Accretion expense	146,379	61,694
Share-based compensation	1,311,174	1,299,569
(Benefit from) Provision for income taxes	(166,469)	2,340,647
Changes in assets and liabilities:		
Accounts receivable	(347,968)	(892,225)
Prepaid expenses	(1,014,883)	(193,045)
Accounts payable	(9,263,763)	1,422,697
Net Cash Provided by (Used in) Operating Activities	<u>(2,917,656)</u>	<u>13,032,776</u>
Cash Flows from Investing Activities		
Payments to purchase oil and natural gas properties	(76,683,890)	(10,974,396)
Payments to develop oil and natural gas properties	(12,815,328)	(37,324,033)
Purchase of office equipment	(316,039)	(239,210)
Net Cash Used in Investing Activities	<u>(89,815,257)</u>	<u>(48,537,639)</u>
Cash Flows From Financing Activities		
Proceeds from option exercise	62,500	22,500
Proceeds from issuance of common stock	48,915,744	28,667,132
Proceeds from issuance of notes payable	40,900,000	-
Net Cash Provided by Financing Activities	<u>89,878,244</u>	<u>28,689,632</u>
Net Increase (Decrease) in Cash	<u>(2,854,669)</u>	<u>(6,815,231)</u>
Cash at Beginning of Period	<u>8,622,235</u>	<u>52,350,583</u>
Cash at End of Period	<u>\$ 5,767,566</u>	<u>\$ 45,535,352</u>
Non-Cash Investing and Financing Activities		
Asset retirement obligation acquired	\$ 2,177,110	\$ 294,772
Asset retirement obligation incurred during development	45,007	737,969

RECONCILIATION OF CASH FLOW FROM OPERATIONS

Net cash provided by operating activities	(\$2,917,656)	\$ 13,032,776
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Change in operating assets and liabilities	10,626,614	(337,427)
Cash flow from operations	\$ 7,708,958	\$ 12,695,349

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, 2015	June 30, 2014
NET INCOME	(\$441,457)	\$ 3,985,427
Interest expense (Income)	78,223	(62,349)
Income tax expense	(166,469)	2,340,647
Depreciation, depletion and amortization	6,859,331	5,008,012
Accretion expense	146,379	61,694
Share-based compensation	1,311,174	1,299,569
ADJUSTED EBITDA	\$7,787,181	\$12,633,000

Language:

English

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