



Ring Energy Announces Financial and Operational Results for Fourth Quarter and Year End 2015

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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, 2015.

For the fourth quarter of 2015, Ring reported revenues of \$7,362,394, as compared to revenues of \$9,984,982 for the fourth quarter of 2014. For the year ended December 31, 2015, the Company reported revenues of \$31,013,892, as compared to \$38,089,443 for the year ended December 31, 2014. For the fourth quarter of 2015, Ring reported a net loss of \$7,473,046, or \$0.25 per diluted share, which included a pre-tax non-cash impairment of \$9,312,203. Excluding the impairment, the net loss per diluted share would have been \$0.05. For the year ended December 31, 2015, the Company reported a net loss of \$9,052,771, or \$0.32 per diluted share, which included a pre-tax non-cash impairment of \$9,312,203. Excluding the impairment, the net loss per diluted share would have been \$0.11. This information compares to net income of \$2,708,604, or \$0.10 per diluted share for the fourth quarter of 2014, and \$8,420,500, or \$0.33 per diluted share for the year ended December 31, 2014.

The decrease in revenue is primarily attributed to lower commodity prices received. For the three months ended December 31, 2015, oil sales volume increased to 180,694 barrels, compared to 150,036 barrels for the same period in 2014, and gas sales volume increased to 192,202 MCF (thousand cubic feet), compared to 14,784 MCF for the same period in 2014. For the twelve months ended December 31, 2015, oil sales volume increased to 664,612 barrels, compared to 457,039 barrels for the same period in 2014, and gas sales volume increased to 472,509 MCF, compared to 38,735 MCF for the same period in 2014. The average commodity prices received by Ring were \$38.43 per barrel of oil and \$2.18 per MCF of natural gas for the quarter ended December 31, 2015, compared to \$66.32 per barrel of oil and \$2.36 per MCF of natural gas for the quarter ended December 31, 2014. The average prices received for the twelve months ended December 31, 2015 were \$44.90 per barrel of oil and \$2.48 per MCF of natural gas, compared to \$83.04 per barrel of oil and \$3.53 per MCF of natural gas for the twelve month period ended December 31, 2014.

Lease operating expenses, including production taxes, for the three months ended December 31, 2015 were \$15.63 per barrel of oil equivalent ("BOE"), a 5% increase from the prior year. Depreciation, depletion and amortization costs, including accretion, increased 16% to \$17.94 per BOE. General and administrative costs, which included a \$604,574 charge for stock based compensation, were \$10.44 per BOE, an 11% decrease. For the twelve months ended December 30, 2015, lease operating expenses, including production taxes, were \$15.37 per BOE, a 5% increase. Depreciation, depletion and amortization costs, including accretion, were \$20.98 per BOE, a 19% decrease, and general and administrative costs, which included a \$2,566,716 charge for stock based compensation, were \$10.76 per BOE, a 27% decrease from 2014.

Cash provided by operating activities, before changes in working capital, for the three and twelve months ended December 31, 2015 was \$2,106,864, or \$0.07 per fully diluted share, and \$13,416,610, or \$0.48 per fully diluted share, compared to \$6,532,258 and \$27,223,267, or \$0.24 and \$1.05 per fully diluted share for the same periods in 2014. Earnings before interest, taxes, depletion and other non-cash items ("Adjusted EBITDA") for the three and twelve months ended December 31, 2015 was \$2,421,885, or \$0.08 per fully diluted share, and \$14,158,760, or \$0.50 per fully diluted share, compared to \$6,611,916 and \$27,137,303, or \$0.25 and \$1.05 in 2014. (See accompanying table for a reconciliation of net income to adjusted EBITDA).

There was outstanding debt of \$45,900,000 on the Company's \$500 million senior secured credit facility at December 31, 2015.

Proved reserves, as determined by Cawley, Gillespie and Associates, Inc., and Williamson Petroleum Consultants, Inc., totaled 24,402,383 barrel of oil equivalents (BOE), a 134% increase over the 10,407,009 BOE for the previous year. Future net revenues before income taxes, discounted at 10% ("PV-10"), based on \$48.17 per barrel of oil and \$2.51 per MCF of gas, were \$240.2 million at year-end 2015. This compared to \$281.7 million, using average prices of \$85.10 per barrel of oil and \$3.95 per MCF of gas, for year-end 2014. Approximately 33% of the proved reserves are classified as proved developed producing ("PDP"), 2% proved developed non-producing ("PDNP"), and 65% proved undeveloped ("PUD"). The proved reserves consist of approximately 91% oil and 9% natural gas. Internal engineering has estimated an additional 11.1 million BOE of probable reserves with a PV-10 of \$61.1 million using average prices of \$47.59 per barrel of oil and \$1.99 per MCF of natural gas.

Mr. Kelly Hoffman, the Company's Chief Executive Officer, commented, "I am very pleased with our 2015 operating and financial results. We continue to increase production and reserves during a period in which we have virtually halted any new drilling activity. Our operations team has not only done an excellent job maximizing current operating efficiencies, but also in evaluating and identifying future development opportunities within our core assets which are in addition to those stated above. The results of that internal study, combining both the Central Basin Platform and Delaware Basin assets, identified over 1,500 additional potential vertical drilling locations on 10 and 20 acre spacing. Also, in addition to the study, using actual results from surrounding operators, identified over 225 potential horizontal locations. We are cautiously optimistic that commodity prices will start to firm up before year end and are anxious to restart our development drilling. We continue to look at opportunities that would complement our core assets, but regardless of any future acquisitions, the Company is well postured for sustained growth."

Non-GAAP Financial Measures:

Net loss for the three months ended December 31, 2015 includes a non-cash charge for stock based compensation of \$604,574, and a ceiling test impairment charge of \$9,312,203. Net loss for the twelve months ended December 31, 2015 includes a non-cash charge for stock based compensation of \$2,566,716, and a ceiling test impairment charge of \$9,312,203. Excluding such items, the Company's net loss would have been \$0.04 per diluted share for the three months ended December 31, 2015, and \$0.05 for the twelve months ended December 31, 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.

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, 2015. 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,	
	2015	2014	2015	2014
Oil and Gas Revenues	\$ 7,362,394	\$ 9,984,982	\$ 31,013,892	\$ 38,089,443
Costs and Operating Expenses				
Oil and gas production costs	2,967,232	1,796,259	9,958,380	4,993,166
Oil and gas production taxes	357,811	463,102	1,468,073	1,760,206
Depreciation, depletion and amortization	3,648,107	2,304,914	15,175,791	11,807,794
Ceiling test impairment	9,312,203	-	9,312,203	-
Asset retirement obligation accretion	168,118	50,731	418,384	154,973
General and administrative expense	2,220,040	1,787,630	7,995,395	6,803,029
Total Costs and Operating Expenses	18,673,511	6,402,636	44,328,226	25,519,168
Income (Loss) from Operations	(11,311,117)	3,582,346	(13,314,334)	12,570,275

Other Income (Expense)				
Interest income	4,371	7,391	6,984	85,964
Interest expense	(319,392)	-	(749,134)	-
Net Other Income	(315,021)	7,391	(742,150)	85,964
Income (Loss) Before Provision for Income Taxes	(11,626,138)	3,589,737	(14,056,484)	12,656,239
(Provision for) Benefit From Income Taxes	4,153,092	(881,133)	5,003,713	(4,235,739)
Net Income (Loss)	(\$7,473,046)	\$ 2,708,604	(\$9,052,771)	\$ 8,420,500
Basic Earnings (Loss) Per Common Share	(\$0.25)	\$ 0.11	(\$0.32)	\$ 0.34
Diluted Earnings (Loss) Per Common Share	(\$0.25)	\$ 0.10	(\$0.32)	\$ 0.33
Basic Weighted-Average Common Shares Outstanding	30,391,485	25,728,571	28,176,924	24,739,795
Diluted Weighted-Average Common Shares Outstanding	30,391,485	26,769,999	28,176,924	25,890,285

COMPARATIVE OPERATING STATISTICS

	Three Months Ended December 31,		
	2015	2014	Change
Net Production - BOE per day	2,312	1,658	39%
Per BOE:			
Average Sales Price	\$ 34.61	\$ 65.48	-47%
Lease Operating Expenses	13.95	11.78	18%
Production Taxes	1.68	3.04	-45%
DD&A	17.15	15.11	14%
Accretion	0.79	0.33	139%
General & Administrative Expenses	10.44	11.72	-11%

	Twelve Months Ended December 31,		
	2015	2014	Change
Net Production - BOE per day	2,037	1,270	60%
Per BOE:			
Average Sales price	\$ 41.72	\$ 82.18	-49%
Lease Operating Expenses	13.40	10.77	24%
Production Taxes	1.97	3.80	-48%
DD&A	20.42	25.48	-20%
Accretion	0.56	0.33	70%
General & Administrative Expenses	10.76	14.68	-27%

RING ENERGY, INC.

CONSOLIDATED BALANCE SHEET

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash	\$ 4,431,350	\$ 8,622,235
Accounts receivable	2,507,858	3,616,676
Joint interest billing receivable	1,629,165	2,683,787
Prepaid expenses and retainers	146,118	160,600
Total Current Assets	8,714,491	15,083,298
Property and Equipment		
Oil and natural gas properties subject to amortization	269,590,374	166,036,400
Fixed assets subject to depreciation	1,539,991	1,209,809
Total Property and Equipment	271,130,365	167,246,209

Accumulated depreciation, depletion and amortization	(29,863,838)	(14,688,047)
Net Property and Equipment	241,266,527	152,558,162
Deferred Income Taxes	64,323	-
Deferred Financing Costs	820,904	-
Total Assets	\$250,866,245	\$167,641,460

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$ 11,023,269	\$ 16,241,022
Other accrued liabilities	309,898	22,029
Total Current Liabilities	11,333,167	16,263,051
Deferred income taxes	-	4,939,390
Long term debt	45,900,000	-
Asset retirement obligation	7,401,950	3,896,489
Total Liabilities	64,635,117	25,098,930

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; 30,391,942 shares and 25,734,467 shares issued and outstanding, respectively	30,392	25,734
Additional paid-in capital	193,269,034	140,532,323
Retained earnings (accumulated deficit)	(7,068,298)	1,984,473
Total Stockholders' Equity	186,231,128	142,542,530
Total Liabilities and Stockholders' Equity	\$250,866,245	\$167,641,460

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

	December 31, 2015	December 31, 2014
Cash Flows From Operating Activities		
Net income (loss)	(\$9,052,771)	\$ 8,420,500
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	15,175,791	11,807,794
Ceiling test impairment	9,312,203	-
Accretion expense	418,384	154,973
Share-based compensation	2,566,716	2,517,211
Stock issued for services	-	87,050
Deferred income tax expense (benefit)	(5,003,713)	4,235,739
Changes in assets and liabilities:		
Accounts receivable	2,163,440	(2,412,061)
Prepaid expenses	(806,422)	(94,549)
Accounts payable	(4,929,884)	9,031,408
Net Cash Provided by Operating Activities	9,843,744	33,748,065
Cash Flows from Investing Activities		
Payments to purchase oil and natural gas properties	(77,902,553)	(15,054,649)
Payments to develop oil and natural gas properties	(31,430,355)	(90,160,236)
Purchase of equipment, vehicles and leasehold improvements	(330,182)	(951,898)
Plugging and abandonment cost incurred	(446,192)	(39,316)
Net Cash Used in Investing Activities	(110,109,282)	(106,206,099)

Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	45,900,000	-
Proceeds from issuance of common stock	50,039,853	28,514,686
Proceeds from option exercise	134,800	215,000
Net Cash Provided by Financing Activities	96,074,653	28,729,686
Net Increase (Decrease) in Cash	(4,190,885)	(43,728,348)
Cash at Beginning of Period	8,622,235	52,350,583
Cash at End of Period	\$ 4,431,350	\$ 8,622,235

Supplemental Cash flow information

Cash paid for interest	\$ 429,742	-
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Noncash Investing and Financing Activities

Stock issued as consideration in property acquisition	\$ -	\$ 182,369
Asset retirement obligation acquired	3,361,634	575,977
Asset retirement obligation incurred during development	171,635	2,022,445

RECONCILIATION OF CASH FLOW FROM OPERATIONS

Net cash provided by operating activities	\$ 9,843,744	\$ 33,748,065
Change in operating assets and liabilities	(3,572,866)	6,524,798
Cash flow from operations	\$ 13,416,610	\$ 27,223,267

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

	December 31, 2015	December 31, 2014
NET INCOME	(\$9,052,771)	\$ 8,420,500
Interest (income)	(6,984)	(85,964)
Interest expense	749,134	-
Income tax expense (benefit)	(5,003,713)	4,235,739
Depreciation, depletion and amortization	15,175,791	11,807,794
Accretion of discounted liabilities	418,384	154,973
Ceiling test impairment	9,312,203	-
Stock based compensation	2,566,716	2,517,211
Stock issued as finders fee	-	87,050
ADJUSTED EBITDA	\$ 14,158,760	\$ 27,137,303

Language:

English

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