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## Ring Energy Announces Financial Results for First Quarter 2014

### Release Date:

Thursday, May 8, 2014 3:00 pm CDT

### Terms:

### Dateline City:

MIDLAND, Texas

## *418% Increase in Revenue for the Three Months to \$5.97 Million 221% Increase in Net Income for the Three Months to \$1.1 Million*

MIDLAND, Texas--(BUSINESS WIRE <sup>(1)</sup>)--Ring Energy, Inc. (NYSE MKT: REI) ("Ring")("Company") announced today record financial results for the first quarter ended March 31, 2014. For the three month period ended March 31, 2014, Ring had oil and gas revenues of \$5,970,452 compared to \$1,151,957 for the quarter ended March 31, 2013, a 418% increase and net income of \$1,163,689, or \$0.05 per diluted share, compared to net loss of \$965,280 or \$0.07 loss per diluted share, for the same period in 2013, a 221% increase.

The revenue increase was due to increases in production volumes, primarily due to development activity. For the three months ended March 31, 2014, oil sales volume increased to 63,944 barrels, compared to 14,245 barrels for the same period in 2013, a 349% increase and gas sales volume increased to 8,617 MCF (thousand cubic feet), compared to 5,757 MCF for the same period in 2013, a 50% increase. The remaining production that was not sold by March 31, 2014, was held in storage and sold in the second quarter. The average commodity prices received by Ring were \$92.71 per barrel of oil and \$4.88 per MCF of natural gas for the quarter ended March 31, 2014, compared to \$88.62 per barrel of oil and \$3.77 per MCF of natural gas for the quarter ended March 31, 2013.

Lease operating expenses for the three months ended March 31, 2014 were \$11.79 per barrel of oil equivalent ("BOE"). Depreciation, depletion and amortization costs were \$23.40 per BOE, and general and administrative costs, which included a \$659,468 charge for stock based compensation, were \$23.93 per BOE.

Net cash flow from operations for the three months ended March 31, 2014 was \$4,061,171, or \$0.16 per diluted share, compared to net cash flow of \$205,544, or \$0.01 per diluted share for the same period in 2013 (1).

Ring's Chief Executive Officer, Mr. Kelly Hoffman, stated, "We continue to ramp up our 2014 development program. Our first quarter resulted in 24 development wells drilled and one re-completion on an existing well on our Permian Basin properties, where we continue to have a 100% success rate on newly drilled development wells. We now have two rigs drilling full time in Texas. We currently have a third rig drilling in Kansas and hope to announce the results of the initial five wells drilled in Kansas by mid-June. We plan to drill as many as 35 new wells in Texas in the second quarter, while continuing the re-stimulation of selected existing wells. We have increased our credit facility to a maximum of \$50,000,000, with an immediate initial borrowing base of \$25,000,000. We are in a position to maintain an aggressive development program, while continuing to seek additional acquisitions."

(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. 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	
	<u>March 31,</u>	
	2014	2013
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>Oil and Gas Revenues</b>	\$5,970,452	\$1,151,957
<b>Costs and Operating Expenses</b>		
Oil and gas production costs	771,100	141,255
Oil and gas production taxes	275,961	53,217
Depreciation, depletion and amortization	1,530,196	343,608
Accretion expense	24,382	11,453
General and administrative expense	1,564,461	1,567,704
<b>Total Costs and Operating Expenses</b>	<u>4,166,100</u>	<u>2,117,237</u>
<b>Other Income (Expense)</b>		
Interest income	42,773	-
<b>Net Other Income</b>	<u>42,773</u>	<u>-</u>
<b>Income (Loss) Before Provision for Income Taxes</b>	1,847,125	(965,280)
<b>Income tax provision</b>	<u>(683,436)</u>	<u>-</u>
<b>Net Income (Loss)</b>	<u>\$1,163,689</u>	<u>(\$965,280)</u>
<b>Basic Net Income (Loss) Per Common Share</b>	\$0.05	(\$0.07)
<b>Diluted Net Income (Loss) Per Common Share</b>	\$0.05	(\$0.07)
<b>Basic Weighted-Average Common Shares Outstanding</b>	23,581,357	14,229,166
<b>Diluted Weighted-Average Common Shares Outstanding</b>	24,704,652	14,229,166

**RING ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEET**

	March 31,	December 31,
	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		

Cash	\$37,732,846	\$52,350,583
Accounts receivable	2,881,127	3,888,402
Prepaid expenses and retainers	47,213	66,051
<b>Total Current Assets</b>	<u>40,661,186</u>	<u>56,305,036</u>
<b>Property and Equipment</b> , Using Full cost Accounting		
Oil and gas properties subject to amortization	80,615,298	58,040,724
Office equipment	381,762	257,911
<b>Total Property and Equipment</b>	<u>80,997,060</u>	<u>58,298,635</u>
Less: Accumulated depreciation and amortization	(4,410,449)	(2,880,253)
<b>Net Property and Equipment</b>	<u>76,586,611</u>	<u>55,418,382</u>
<b>Total Assets</b>	<u>\$117,247,797</u>	<u>\$111,723,418</u>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current Liabilities

Accounts payable	\$7,346,378	\$6,229,490
Other accrued liabilities	2,323,456	1,002,153
<b>Total Current Liabilities</b>	<u>9,669,834</u>	<u>7,231,643</u>

##### Noncurrent Liabilities

Deferred income taxes	1,387,087	703,651
Asset retirement obligation	1,801,224	1,182,410
<b>Total Noncurrent Liabilities</b>	<u>3,188,311</u>	<u>1,886,061</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; 23,601,674 shares and 23,576,313 shares outstanding, respectively	23,601	23,576
Additional paid-in capital	109,638,389	109,018,165
Accumulated deficit	(5,272,338)	(6,436,027)
<b>Total Stockholders' Equity</b>	<u>104,389,652</u>	<u>102,605,714</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$117,247,797</u>	<u>\$111,723,418</u>

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

	Three Months Ended	
	March 31,	
	2014	2013
<b>Cash Flows From Operating Activities</b>		
Net income	\$1,163,689	(\$965,280)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,530,196	343,608
Accretion expense	24,382	11,453
Share-based compensation	659,468	815,763
Provision for income taxes	683,436	-

Changes in assets and liabilities:

Accounts receivable	1,007,275	(66,356)
Prepaid expenses	18,838	(2,635)
Accounts payable	2,438,191	(509,975)
<b>Net Cash Provided by Operating Activities</b>	<b>7,525,475</b>	<b>(373,422)</b>
<b>Cash Flows from Investing Activities</b>		
Payments to purchase oil and natural gas properties	(8,121,630)	(114,074)
Payments to develop oil and natural gas properties	(13,858,512)	(1,368,992)
Purchase of equipment and vehicles	(123,851)	-
<b>Net Cash Used in Investing Activities</b>	<b>(22,103,993)</b>	<b>(1,483,066)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from option exercise	22,500	-
Payment of offering costs	(61,719)	-
Proceeds from issuance of common stock	-	450,000
<b>Net Cash Provided by Financing Activities</b>	<b>(39,219)</b>	<b>450,000</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(14,617,737)</b>	<b>(1,406,488)</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>\$37,732,846</b>	<b>\$3,997,679</b>
<b>Noncash Investing and Financing Activities</b>		
Revision of asset retirement obligation estimate	\$ -	\$211,691
Asset retirement obligation acquired	294,772	-
Asset retirement obligation incurred during development	299,660	-

#### RECONCILIATION OF CASH FLOW FROM OPERATIONS

Net cash provided by operating activities	\$7,525,475	(\$373,422)
Change in operating assets and liabilities	(3,464,304)	578,966
Cash flow from operations	<u>\$4,061,171</u>	<u>\$205,544</u>

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>2014</u>	March 31, <u>2013</u>
<b>NET INCOME (LOSS)</b>	\$1,163,689	(\$965,280)
Interest expense (Income)	(42,773)	-
Income tax expense	683,436	-
Depreciation, depletion and amortization	1,530,196	343,608
Accretion expense	24,382	11,453

Share-based compensation	<u>659,468</u>	<u>815,763</u>
<b>ADJUSTED EBITDA</b>	<u>\$4,018,398</u>	<u>\$205,544</u>

**Language:**

English

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