

Ring Energy Inc. (NYSE MKT: REI) (“Ring”) (“Company”) announced today financial results for the three months and nine months ended September 30, 2016. For the three month period ended September 30, 2016, Ring had oil and gas revenues of \$7,822,543, compared to \$8,629,007 for the quarter ended September 30, 2015. For the nine month period ended September 30, 2016, the Company reported oil and gas revenues of \$21,019,540, compared to oil and gas revenues of \$23,651,498 for the nine month period ended September 30, 2015. For the third quarter of 2016, Ring reported a net loss of \$5,944,137, or \$0.14 per diluted share, which included a pre-tax non-cash impairment of \$9,648,942. Excluding the impairment, the net gain per diluted share would have been \$0.01. For the nine months ended September 30, 2016, the Company reported a net loss of \$37,160,681, or \$1.00 per diluted share, which included a pre-tax non-cash impairment of \$56,513,016. Excluding the impairment, the net loss per diluted share would have been \$0.04. This information compares to a net loss of \$1,138,268, or \$0.04 per fully diluted share, for the three months ended September 30, 2015, and a net loss for the nine month period ended September 30, 2015 of \$1,579,725, or \$0.06 per fully diluted share.

For the three months ended September 30, 2016, oil sales volume decreased to 174,707 barrels, compared to 181,069 barrels for the same period in 2015, a 4% decrease, and gas sales volume increased to 229,456 MCF (thousand cubic feet), compared to 165,942 MCF for the same period in 2015, a 38% increase. On a barrel of oil equivalent (“BOE”) basis for the three months ended September 30, 2016 production sales increased to 212,950 BOEs, compared to 208,726 BOEs for the same period in 2015, a 2% increase. For the nine months ended September 30, 2016, oil sales volume increased to 527,010 barrels, compared to 483,918 barrels for the same period in 2015, a 9% increase and gas sales volume increased to 688,196 MCF, compared to 280,307 MCF for the same period in 2015, a 146% increase. On a BOE basis for the nine months ended September 30, 2016 production sales increased to 641,709 BOEs, compared to 530,636 BOEs for the same period in 2015, a 21% increase.

The average commodity prices received by Ring were \$40.83 per barrel of oil and \$3.01 per MCF of natural gas for the quarter ended September 30, 2016, compared to \$45.24 per barrel of oil and \$2.63 per MCF of natural gas for the quarter ended September 30, 2015. The average prices received for the nine months ended September 30, 2016 were \$36.72 per barrel of oil and \$2.42 per MCF of natural gas, compared to \$47.31 per barrel of oil and \$2.70 per MCF of natural gas for the nine month period ended September 30, 2015.

Lease operating expenses, including production taxes, for the three months ended September 30, 2016 were \$12.77 per BOE, a 20% decrease from the prior year. Depreciation, depletion and amortization costs, including accretion, decreased 45% to \$12.65 per BOE. General and administrative costs, which included a \$555,587 charge for stock based compensation, were \$8.84 per BOE, an 8% decrease. For the nine months ended September 30, 2016, lease operating expenses, including production taxes, were \$12.55 per BOE, a 18% decrease. Depreciation, depletion and amortization costs, including accretion, were \$13.87 per BOE, a 38% decrease, and general and administrative costs, which included a \$1,647,554 charge for stock based compensation, were \$9.39 per BOE, a 14% decrease from 2015.

Cash provided by operating activities, before changes in working capital, for the three and nine months ended September 30, 2016 was \$3,687,847, or \$0.09 per fully diluted share, and \$8,077,511, or \$0.22 per fully diluted share, compared to \$3,600,788 and \$11,309,746, or \$0.12 and \$0.41 per fully diluted share for the same periods in 2015. Earnings before interest, taxes, depletion and other non-cash items (“Adjusted EBITDA”) for the three and nine months ended September 30, 2016 was \$3,777,294, or \$0.09 per fully diluted share, and \$8,591,950, or \$0.23 per fully diluted share, compared to \$3,949,694 and \$11,736,875, or \$0.13 and \$0.43 in 2015. (See accompanying table for a reconciliation of net income to adjusted EBITDA).

There was no outstanding debt on the Company’s \$500 million senior secured credit facility at September 30, 2016.

Ring’s Chief Executive Officer, Mr. Kelly Hoffman, stated, “In the third quarter we continued to work hard at cutting costs and maximizing efficiencies. On a BOE basis we reduced our operating costs over 7% while increasing our overall production by 9.5% compared to our second quarter this year. We drilled and completed three new vertical development wells — one on our Central Basin Property (“CBP”) and two on our Delaware Basin (“Delaware”) asset. We also completed one new vertical well on our Delaware that was drilled in the second quarter. That well was drilled through the Cherry Canyon formation to the Brushy Canyon for the purpose of obtaining new logs and core samples which are critical as we start to put together our 2017 capital expenditure budget. We also drilled our first three horizontal San Andres wells on our CBP which are in varying stages of completion. Based on the oil production we are currently seeing we are extremely encouraged and are hopeful we will see peak production towards the end of the fourth quarter. We reported in September that we have doubled our horizontal footprint in the CBP and are continuing to aggressively look for opportunities to continue that growth.”

Non-GAAP Financial Measures:

Net loss for the three months ended September 30, 2016 includes a non-cash charge for stock based compensation of \$555,587, and a ceiling test impairment charge of \$9,648,942. Excluding such items, the Company’s net earnings would have been \$0.01 per diluted share. Net loss for the nine months ended September 30, 2016 includes a non-cash charge for stock based compensation of \$1,647,554, and a ceiling test impairment charge of \$56,513,016. Excluding such items, the Company’s net loss would have been \$0.01 per diluted share. 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.

[Ring Energy Inc.](#) is an oil and gas exploration, development and production company with current operations in Texas and Kansas.
www.ringenergy.com

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, its Form 10-Q for the quarter ended September 30, 2016 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		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Oil and Gas Revenues	\$ 7,822,543	\$ 8,629,007	\$ 21,019,540	\$ 23,651,498
Costs and Operating Expenses				
Oil and gas production costs	2,329,228	2,917,296	7,019,771	6,991,148
Oil and gas production taxes	389,029	410,347	1,032,335	1,110,262
Depreciation, depletion and amortization	2,568,153	4,668,353	8,541,981	11,527,684
Ceiling test impairment	9,648,942	-	56,513,016	-
Accretion expense	125,813	103,887	360,167	250,266
General and administrative expense	1,882,579	2,002,638	6,023,038	5,775,355
Total Costs and Operating Expenses	16,943,744	10,102,521	79,490,308	25,654,715
Income (Loss) from Operations	(9,121,201)	(1,473,514)	(58,470,768)	(2,003,217)
Other Income				
Interest expense	(95,864)	(350,737)	(597,910)	(429,742)
Interest income	6,417	1,831	83,470	2,613
Net Other Income	(89,447)	(348,906)	(514,440)	(427,129)
Income (Loss) Before Provision for Income Taxes	(9,210,648)	(1,822,420)	(58,985,208)	(2,430,346)
(Provision For) Benefit From Income Taxes	3,266,511	684,152	21,824,527	850,621
Net Income (Loss)	(\$5,944,137)	(\$1,138,268)	(\$37,160,681)	(\$1,579,725)
Basic Net Income (Loss) Per Common Share	(\$0.14)	(\$0.04)	(\$1.00)	(\$0.06)
Diluted Net Income (Loss) Per Common Share	(\$0.14)	(\$0.04)	(\$1.00)	(\$0.06)
Basic Weighted-Average Common Shares Outstanding	41,917,061	30,372,701	36,996,932	27,430,624
Diluted Weighted-Average Common Shares Outstanding	41,917,061	30,372,701	36,996,932	27,430,624

COMPARATIVE OPERATING STATISTICS

	Three Months Ended September 30,			
	2016	2015	Change	
Net Sales - BOE per day	2,315	2,269	2	%
Per BOE:				
Average Sales Price	\$ 36.73	\$ 41.34	-11	%
Lease Operating Expenses	\$ 10.94	\$ 13.98	-22	%
Production Taxes	\$ 1.83	\$ 1.96	-7	%
DD&A	\$ 12.06	\$ 22.36	-46	%
Accretion	\$ 0.59	\$ 0.50	18	%
General & Administrative Expenses	\$ 8.84	\$ 9.59	-8	%
	Nine Months Ended September 30,			
	2016	2015	Change	

Net Sales - BOE per day	2,342	1,944	20	%
Per BOE:				
Average Sales price	\$ 32.76	\$ 44.57	-26	%
Lease Operating Expenses	\$ 10.94	\$ 13.18	-17	%
Production Taxes	\$ 1.61	\$ 2.09	-23	%
DD&A	\$ 13.31	\$ 21.73	-39	%
Accretion	\$ 0.56	\$ 0.47	19	%
General & Administrative Expenses	\$ 9.39	\$ 10.88	-14	%

RING ENERGY, INC.

CONSOLIDATED BALANCE SHEET

	September 30, 2016
ASSETS	
Current Assets	
Cash	\$ 2,249
Accounts receivable	2,965
Joint Interest billing receivable	611,2
Prepaid expenses and retainers	330,6
Total Current Assets	6,156
Property and Equipment, Using Full Cost Accounting	
Oil and natural gas properties subject to amortization	235,6
Office equipment and automobiles	1,549
Total Property and Equipment	237,2
Accumulated depreciation, depletion and amortization	(38,40
Net Property and Equipment	198,8
Deferred Income Taxes	21,88
Deferred Financing Costs	473,6
Total Assets	\$ 227,3
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	\$ 7,435
Other accrued liabilities	-
Total Current Liabilities	7,435
Long term debt	-
Asset retirement obligations	8,002
Total Liabilities	15,43
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; 41,917,061 shares and 30,391,942 shares outstanding, 41,917 respectively	
Additional paid-in capital	256,0
Retained Loss	(44,22
Total Stockholders' Equity	211,8
Total Liabilities and Stockholders' Equity	\$ 227,3

RING ENERGY, INC.

STATEMENTS OF CASH FLOW

	Nine Months Ended September 30,	
	2016	2015
Cash Flows From Operating Activities		
Net Loss	(\$37,160,681)	(\$1,579,725)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	8,541,981	11,527,684
Ceiling test impairment	56,513,016	-
Accretion expense	360,167	250,266
Share-based compensation	1,647,554	1,962,142
Deferred income tax benefit	(21,824,526)	(850,621)
Changes in assets and liabilities:		
Accounts receivable	560,467	916,843
Prepaid expenses	162,726	(904,052)

Accounts payable	(3,897,613)	(8,737,901)
Net Cash Provided by (Used in) Operating Activities	4,903,091	2,584,636
Cash Flows from Investing Activities		
Payments to purchase oil and natural gas properties	(6,154,997)	(77,191,925)
Payments to develop oil and natural gas properties	(16,190,471)	(21,449,757)
Purchase of equipment, vehicles and leasehold improvements	(9,320)	(330,182)
Plugging and abandonment cost incurred	(7,817)	(186,626)
Net Cash Used in Investing Activities	(22,362,605)	(99,158,490)
Cash Flows From Financing Activities		
Proceeds from issuance of common stock	61,064,671	50,039,853
Proceeds from issuance of notes payable	5,000,000	40,900,000
Principal payments on revolving line of credit	(50,900,000)	-
Proceeds from option exercise	112,500	130,000
Net Cash Provided by Financing Activities	15,277,171	91,069,853
Net Decrease in Cash	(2,182,343)	(5,504,001)
Cash at Beginning of Period	4,431,350	8,622,235
Cash at End of Period	\$ 2,249,007	\$ 3,118,234
Supplemental Cash flow Information		
Cash paid for interest	\$ 564,640	\$ 174,410
Non-Cash Investing and Financing Activities		
Asset retirement obligation acquired	-	\$ 2,177,110
Asset retirement obligation incurred during development	248,487	124,375
RECONCILIATION OF CASH FLOW FROM OPERATIONS		
Net cash provided by operating activities	\$ 4,903,091	\$ 2,584,636
Change in operating assets and liabilities	3,174,420	8,725,110
Cash flow from operations	\$ 8,077,511	\$ 11,309,746

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

	Nine Months Ended	
	September 30,	September 30,
	2016	2015
NET INCOME	(\$37,160,681)	(\$1,579,725)
Interest (income)	(83,470)	(2,613)
Interest expense	597,910	429,742
Income tax expense (benefit)	(21,824,527)	(850,621)
Depreciation, depletion and amortization	8,541,981	11,527,684
Accretion of discounted liabilities	360,167	250,266
Ceiling test impairment	56,513,016	-
Share-based compensation	1,647,554	1,962,142
ADJUSTED EBITDA	\$ 8,591,950	\$ 11,736,875

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Contact

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