

March 31, 2014



Torchlight Energy Reports Year End 2013 Earnings

Expect to Exit 2014 With 2000 to 2500 BOEPD

PLANO, TX -- (Marketwired) -- 03/31/14 -- [Torchlight Energy Resources, Inc.](#) (NASDAQ: TRCH) ("***Torchlight Energy***" or "***the Company***"), a rapidly growing mid-continent oil and gas company, today reported its full year results for the twelve months ended December 31, 2013. The Company filed a 10-K with the U.S. Securities and Exchange Commission for fiscal 2013.

Full Year 2013 Highlights

- Revenues increased 20% to \$1.2 million revenues for full year 2013
- 8 producing wells at December 31, 2013 with net 114 BOEPD
- 1,566,455 BOE net proved reserves at December 31, 2013 vs. 417,500 at December 31, 2012
- Completed drilling on Johnson #2H well in Marcelina Creek Project in Texas
- Signed agreement with Ring Energy to acquire 50% working interest on 17,000 acres of prospective oil fields in Kansas
- Purchased 15.3% to 25% working interest in 21,000+ acres in the Hunton Limestone AMI's operated by Husky Ventures with continued leasing in AMI's that total of 300,000 gross acres
- Began trading on NASDAQ Capital Markets on December 16, 2013

"I am pleased with the tremendous progress we have made over the past twelve months," began Tom Lapinski, Chief Executive Officer of Torchlight Energy. "We significantly increased our acreage and diversified our asset base by securing agreements with proven operators such as Husky Ventures and Ring Energy. We also improved our corporate governance and trading liquidity by adding three new independent board directors and successfully uplisting to the NASDAQ. Our strategy of expanding production and reserves by drilling lower risk wells with multiple pay zones in highly prospective locations should continue to deliver solid returns for our shareholders."

The Company had \$16.7 million of assets and \$9.2 million shareholders' equity at December 31, 2013 compared to \$4.5 million and \$3 million, respectively, at December 31, 2012.

Business Updates

Torchlight Energy commenced drilling in its initial 5-well program in Southwest Kansas in February 2014. This program, which is part of a joint venture agreement with Ring Energy, Inc., entails drilling vertical wells in Mississippian targets. The Company expects to announce results from the first five wells in April 2014.

On January 31, 2014, the Company completed two private placements with net proceeds of \$6.15 million. Torchlight sold 1,750,000 shares of restricted common stock and 437,541 warrants with an exercise price of \$6.00 per share expiring December 31, 2018.

Outlook

On a combined basis in the South Texas, Hunton, and two Kansas plays, Torchlight has the potential to drill 90+ wells in 2014 (seventeen wells of which are either already producing, being fracked, or being drilled). The Company is partnered with excellent operators and every project is reviewed by these respective operators in their areas thereby giving Torchlight access to their entire team, engineers, geologist, landman, etc. at no additional cost to Torchlight. This allows for the aggressive drilling strategy and with nearly 1000 drilling locations, there is no shortage of wells to drill with Due Diligence already completed.

The Company is going to need to raise an additional \$20 to \$25 million in order to meet drilling capital needs for all of the programs. Torchlight is actively engaged in the pursuit of this financing. Looking beyond 2014 all future drilling needs should be met out of cash flow from continuing operations and/or borrowing capability on a reserve based line of credit.

Conference Call

Management will host a conference call at 4:30 p.m. ET on March 31, 2014 to discuss its 2013 earnings results.

Date: Monday, March 31, 2014

Time: 4:30 pm ET

Dial-in (US): 877-941-1427

Dial-in (International): 480-629-9664

Conference ID: 4675987

Webcast: <http://public.viavid.com/index.php?id=108447>

A replay of the call will be available from 7:30 pm ET March 31, 2014 to 11:59 pm ET April 14, 2014. To access the replay, use 877-870-5176 for U.S. callers and 858-384-5517 for international callers. The PIN number is 4675987.

About Torchlight Energy

Torchlight Energy Resources, Inc. (NASDAQ: TRCH), based in Plano, Texas, is a high growth oil and gas Exploration and Production (E&P) company with a primary focus on acquisition and development of highly profitable domestic oil fields. The company currently holds interests in Texas, Kansas and Oklahoma where their targets are established plays such as the Eagle Ford Shale, Mississippi Limestone and Hunton Limestone trends. For additional information on the company, please visit www.torchlightenergy.com.

Forward Looking Statement

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements may involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. Such forward-looking statements involve known and unknown risks and uncertainties, including risks associated with the company's ability to obtain additional capital in the future to fund planned expansion, the demand for oil and natural gas, general economic factors, competition in the industry and other factors that may cause actual results to be materially different from those described herein as anticipated, believed, estimated or expected. The company is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

TORCHLIGHT ENERGY RESOURCES, INC. CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	\$ 1,811,713	\$ 63,252
Accounts receivable	429,699	92,897
Prepaid expenses	9,144	8,346
Total current assets	2,250,556	164,495
Investment in oil and gas properties, net	13,038,751	3,461,686
Office equipment	11,604	
Debt issuance costs, net	920,947	473,785
Goodwill	447,084	447,084
Other Assets	74,379	
TOTAL ASSETS	\$ 16,743,321	\$ 4,547,050
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 985,123	\$ 89,247
Accrued liabilities	-	62,055
Related party payables	90,000	768,648
Notes payable	753,904	51,000
Due to working interest owners	580,484	-
Interest payable	309,498	10,581
Total current liabilities	2,719,009	981,531
Convertible promissory notes, net of discount of \$5,500,462 and \$521,864 at December 31, 2013 and December 31, 2012, respectively	4,802,711	580,636

Asset retirement obligation	24,382	12,614
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, no par value, 5,000,000 shares authorized; no share	-	-
Common stock, par value \$0.001 per share; 70,000,000 shares authorized		
16,141,765 issued and outstanding at December 30, 2013	16,142	13,565
13,564,815 issued and outstanding at December 31, 2012		
Additional paid-in capital	21,978,616	8,381,001
Warrants outstanding	3,043,420	-
Accumulated deficit	(15,840,959)	(5,422,297)
Total stockholders' equity	<u>9,197,219</u>	<u>2,972,269</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 16,743,321</u>	<u>\$ 4,547,050</u>

TORCHLIGHT ENERGY RESOURCES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2013	YEAR ENDED DECEMBER 31, 2012
Revenue		
Oil and gas sales	\$ 1,243,998	\$ 1,037,247
Royalties	51,501	-
Cost of revenue	<u>(434,119)</u>	<u>(500,053)</u>
Gross income	861,380	537,194
Operating expenses:		
General and administrative	6,682,377	2,430,884
Depreciation, depletion and amortization	<u>652,179</u>	<u>551,890</u>
Total operating expenses	7,334,556	2,982,774
Other income (expense)		
Forgiveness of debt	660,000	-
Interest income	59	12
Interest and accretion expense	<u>(4,605,545)</u>	<u>(363,235)</u>
Total other income (expense)	(3,945,486)	(363,223)
Net loss before taxes	(10,418,662)	(2,808,803)

Provision for income taxes	-	-
Net (loss)	\$ (10,418,662)	\$ (2,808,803)
Loss per share:		
Basic and Diluted	\$ (0.74)	\$ (0.21)
Weighted average shares outstanding:		
Basic and Diluted	14,016,240	13,564,815

TORCHLIGHT ENERGY RESOURCES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

	YEAR ENDED December 31, 2013	YEAR ENDED December 31, 2012
Cash Flows From Operating Activities		
Net (loss)	\$ (10,418,662)	\$ (2,808,803)
Adjustments to reconcile net loss to net cash from operating activities:		
Stock based compensation	4,331,143	1,268,216
Accretion of convertible note discounts	3,894,389	313,963
Depreciation, depletion and amortization	652,179	551,890
Forgiveness of debt income	(660,000)	-
Change in:		
Accounts receivable	(336,803)	(75,623)
Prepaid expenses	(798)	7,921
Debt issuance costs	(967,020)	-
Other assets	(74,379)	-
Accounts payable and accrued liabilities	833,820	106,291
Related party payables	(18,648)	509,898
Due to working interest owners	255,484	-
ARO accretion	1,360	-
Interest payable	245,299	(4,027)
Net cash used in operating activities	(2,262,636)	(130,274)
Cash Flows From Investing Activities		
Investment in oil and gas properties	(9,663,504)	(905,326)
Proceeds from the sale of oil and gas properties	-	74,571
Proceeds from sale of leases	1,076,400	-
Net cash used in investing activities))

	(8,587,104)	(830,755)
Cash Flows From Financing Activities		
Proceeds from promissory notes	11,405,773	1,049,000
Repayment of promissory notes	(611,000)	(543,000)
Proceeds from promissory notes	750,000	-
Proceeds from warrant exercise	203,428	-
Issuance of common stock	850,000	-
Net cash provided by financing activities	12,598,201	506,000
Net increase (decrease) in cash	1,748,461	(455,029)
Cash - beginning of period	63,252	518,281
Cash - end of period	\$ 1,811,713	\$ 63,252
Supplemental disclosure of cash flow information:		
Cash paid for interest expense	\$ 468,841	\$ 105,488
Cash paid for income taxes	\$ -	\$ -
Non cash transactions:		
Common stock issued for leases	\$ 1,233,967	\$ -
Common stock issued in connection with promissory notes	\$ 1,695,100	\$ 67,725
Warrants issued in connection with promissory notes	\$ 2,531,321	\$ 791,376
Warrants issued in connection with common stock issuance	\$ 123,250	\$ -
Beneficial conversion feature on promissory notes	\$ 5,770,654	\$ 390,600
Exchange of promissory notes	\$ -	\$ 412,500
Retirement of common stock	\$ -	\$ 1,600
Asset retirement obligation	\$ 10,407	\$ 693
CV Note issued for debt issuance costs	\$ 40,000	\$ -
Liabilities assumed in purchase of oil and gas properties	\$ 1,809,572	\$ -
Sale of oil and gas properties in exchange for note receivable	\$ 990,000	\$ -
Capitalized interest cost	\$ 56,347	\$ -

Contact:
Derek Gradwell
MZ Group
SVP Natural Resources
Phone: 512-270-6990
Email: dgradwell@mzgroup.us
Web: www.mzgroup.us

Source: Torchlight Energy Resources, Inc.

