



August 28, 2014

Dear Shareholder,

2013 was a turn-around year for Royale Energy.

We returned to profitability and reported a net income of 8 cents per basic (and fully diluted) share for the year ended December 31, 2013. Oil and Natural Gas Revenue increased year over year 14% in 2013. We also drilled six wells adding to new production and reduced total expenses by 20% from 2012 to 2013.

In early 2014, Royale acquired 3D seismic survey over the western block in Alaska. We will be exploring for both conventional and unconventional oil and natural gas in a very prolific area of the North Slope.

In 2014 we drilled four out of the nine wells. California natural gas prices have climbed to a four-year high amid its drought. As the state faces a drought emergency, Pacific Gas and Electric Company has cut hydropower generation in efforts to save water which has increased the price of Natural Gas. We are committed to continuing to put new production as Natural Gas prices rise.

Royale Energy also acquired a new Corporate Headquarters in Rancho San Diego. This move has helped reduce overall administrative costs and adds a valuable asset for Royale Energy, locking in our lower cost for the foreseeable future.

This year marks a change of Royale Energy's Board of Directors. After 23 years, Mr. George Watters resigned. We are very thankful for his commitment and contributions in helping grow this company. We are very pleased to announce that Mr. Jonathan Gregory has joined the Board of Director's team. Mr. Gregory brings over 25 years of broad experience across important segments of the oil and gas industry and will be a valued contribution to the company.

We have already held two of our popular Energy Summits. In March, we held the meeting at the Kennedy Space Center where Robert Cabana- Astronaut and Director of the NASSA Space Center presented. In July, Michael Reagan was our Keynote speaker for the Reagan Ranch Summit. This October 26-28, 2014 we will be in Springfield, Illinois at the Abraham Lincoln Presidential Library and Museum where Ambassador John Bolton will be one of our guest speakers.

On behalf of the board of directors, management and employees of Royale Energy, we invite you to attend the annual meeting, which will take place on Friday October 10, 2014 at 10:00am (Pacific Daylight Time) at Royale Energy's new corporate headquarters in Rancho San Diego. It's an opportunity for the directors and management to meet with you. At the meeting we will report on Royale Energy's performance and our plans for the future.

We thank you for your interest and confidence in Royale Energy and urge you to exercise your right to vote.

Regards,

Donald H. Hosmer
Co-President/Co-CEO

Stephen M. Hosmer
Co-President/Co-CEO