



**RETURN ENERGY ANNOUNCES INDEPENDENT
2016 YEAR END RESERVES EVALUATION**

Calgary, Alberta, February 16, 2017 – Return Energy Inc. (“Return” or the “Company”) (TSX-V: “RTN”) announced today that Sproule Associates Limited. (“Sproule”) has completed its independent reserves evaluation of the Company’s oil and gas reserves, effective December 31, 2016 (the “Sproule Report”). The Sproule Report has been prepared by Sproule in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”). Additional reserve information, as required under NI 51-101, will be included in the Company's Form 51-101F1, which will be filed on SEDAR on or before April 28, 2017. The forecast cost and price assumptions used in the Sproule Report assume increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. Light crude oil, conventional natural gas and natural gas liquids benchmark reference pricing, inflation and exchange rates utilized by Sproule in the Sproule Report were Sproule’s forecast as at December 31, 2016. The net present values of reserves presented do not represent fair market values. Summary information from the Sproule Report is set out below.

Summary of Oil and Natural Gas Reserves

As at December 31, 2016

Forecast Prices and Costs

RESERVES CATEGORY	Light and Medium Oil		Solution and Natural Gas		Natural Gas Liquids		TOTAL	
	Gross (Mbbl) (1)	Net (Mbbl) (2)	Gross (MMcf) (1)	Net (MMcf) (2)	Gross (MBbl) (1)	Net (MBbl) (2)	Gross (Mboe) (1)	Net (Mboe) (2)
Proved Reserves								
Proved Developed Producing	94.2	92.7	2,546	2,373	27.7	19.1	546.2	507.3
Proved Developed Non-Producing	17.9	15.9	951	879	6.0	4.4	182.4	166.8
Proved Undeveloped	102.9	93.7	760	708	8.4	7.2	238.0	218.9
Total Proved	215.0	202.3	4,257	3,960	42.1	30.7	966.6	893.0
Probable	127.4	110.8	1,920	1,772	18.0	14.1	465.4	420.2
Total Proved Plus Probable Reserves	342.4	313.1	6,177	5,732	60.1	44.8	1,432.0	1,313.2

As at December 31, 2016

Forecast Prices and Costs

NET PRESENT VALUES OF FUTURE NET REVENUE

BEFORE INCOME TAXES

RESERVES CATEGORY	DISCOUNTED AT (% / YEAR)				
	0	5	10	15	20
	(in \$ thousands)				
Proved Reserves					
Proved Developed Producing	6,038	5,316	4,649	4,098	3,654
Proved Developed Non-Producing	1,159	1,122	1,051	971	892
Proved Undeveloped	3,162	2,301	1,668	1,207	866
Total Proved	10,359	8,739	7,368	6,276	5,412
Probable	7,168	5,110	3,751	2,842	2,210
Total Proved Plus Probable	17,527	13,849	11,119	9,118	7,622

- (1) Gross reserves means the total working interest share of remaining recoverable reserves before deductions of royalties payable to others.
- (2) Net reserves means the total working interest share of remaining recoverable reserves after deductions of royalties payable to others.

The tables summarize the data set out in the Sproule Report and, as such, the totals may not add due to rounding.

Based on Sproule's December 31, 2016, escalated price forecast.

The net present value of future net revenues attributable to the Company's reserves are stated prior to provision for interest, general and administrative expenses, and after deduction of royalties, operating costs, estimated future capital expenditures, and estimated well abandonment and reclamation costs of existing and future wells evaluated by Sproule and does not include abandonment costs for wells to which reserves have not been attributed, or the abandonment and reclamation costs of facilities and pipelines. Future net revenues have been presented on a before-tax basis. It should not be assumed that the present worth of estimated future net revenue presented in the tables above represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of Return's crude oil and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas, and natural gas liquids reserves may be greater than or less than the estimates provided herein.

"Mbbls" means thousand barrels.

"Mboe" means thousand barrels of oil equivalent.

"MMcf" means million cubic feet.

For further information

This news release is reproduced on Return's website at www.returnenergyinc.com. For this and further information about Return please visit the website(s) or contact Ken Tompson (President & CEO) at 403-265-8011 ext. 224.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Reader Advisories

Forward-Looking Statements. Certain statements contained in this news release may constitute forward-looking statements. These statements relate to future events or the Return's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan",

"continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Return believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon by investors. These statements speak only as of the date of this news release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this news release contains forward-looking statements, pertaining to the following: projections of market prices and costs, supply and demand for oil and natural gas, the quantity of reserves, oil and natural gas production levels, capital expenditure programs, treatment under governmental regulatory and taxation regimes, expectations regarding Return's ability to raise capital, projections of market prices and costs, timing of filing of Return's Form 51-101F1 for the year ended December 31, 2016.

With respect to forward-looking statements contained in this news release, Return has made assumptions regarding, among other things: prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; the legislative and regulatory environments of the jurisdictions where Return carries on business or has operations; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to market oil and natural gas successfully and Return's ability to obtain additional financing on satisfactory terms.

Although Return believes that the assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because no assurance can be given that they will prove to be correct. Return's actual results could differ materially from those anticipated in these forward-looking statements as a result of risk factors that may include, but are not limited to: volatility in the market prices for oil and natural gas; uncertainties associated with estimating reserves; uncertainties associated with Return's ability to obtain additional financing on satisfactory terms; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; incorrect assessments of the value of acquisitions; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel. Readers are cautioned that the foregoing list of factors is not exhaustive. Management has included the above summary of assumptions and risks related to forward-looking information provided in this news release in order to provide securityholders with a more complete perspective on Return's future operations and such information may not be appropriate for other purposes. Additional information on these and other factors that could affect Return's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

This forward-looking information represents Return's views as of the date of this document and such information should not be relied upon as representing its views as of any date subsequent to the date of this document. Return has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-

looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements.

Information Regarding Disclosure on Oil and Gas Reserves. The reserves data set forth above is based upon an independent reserves evaluation prepared by Sproule with an effective date of December 31, 2016 (the "Sproule Report"). The presentation summarizes the Company's crude oil, natural gas liquids and natural gas reserves and the net present values before income tax of future net revenue for the Company's reserves using forecast prices and costs based on the Sproule Report. All reserve references in this news release are "Company share reserves". Company share reserves are the Company's total working interest reserves before the deduction of any royalties and including any royalty interests of the Company. The Sproule Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101. All evaluations and reviews of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of the Company's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. All future net revenues are estimated using forecast prices, arising from the anticipated development and production of the Company's reserves, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value. The reserve data provided in this news release only represents a summary of the disclosure required under NI 51-101. Additional disclosure will be provided in the Company's Form 51-101F1 to be filed on www.sedar.com on or before April 28, 2017.

BOE Presentation. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.