



Annual Information Form

For the Year Ended December 31, 2016

September 12, 2017

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GLOSSARY

In this Annual Information Form (“AIF”), unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Certain other terms used in this AIF but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. For additional definitions relating to oil and gas information, see “Statement of Reserves Data and Other Oil and Gas Information - Notes and Definitions”. Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

“**AECO**” means Alberta Energy Company interconnect with the NOVA System;

“**COGEH**” means Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum, and any amendments thereto;

“**Common Shares**” means common voting shares in the capital of Return as presently constituted;

“**Company**” and “**Return**” means Return Energy Inc., a corporation incorporated pursuant to the ABCA and, when used in the context of describing the Company’s assets and business, may include its subsidiaries and predecessors;

“**development costs**”, when referring to oil and gas assets, means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;
- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems;

“**DualEx International**” means DualEx International Inc., a corporation which is wholly owned by Return and incorporated pursuant to the laws of Bahamas;

“**field**”, when referring to oil and gas properties, means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms “structural feature” and “stratigraphic condition” are intended to denote localized geological features, in contrast to broader terms such as “basin”, “trend”, “province”, “play” or “area of interest”;

“**forecast prices and costs**” means future prices and costs that are:

- (a) generally accepted as being a reasonable outlook on the future;
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a);

“**future income tax expense**” means future income tax expenses estimated (generally, year-by-year):

- (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
- (b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;
- (c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and
- (d) applying to the future pre-tax cash flows relating to the reporting issuer’s oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates substantively enacted;

“**future net revenue**” means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using constant prices and costs or forecast prices and costs;

“**Gross Acres**” means the total number of acres in which Return has an interest;

“**Gross Wells**” means the total number of wells in which Return has an interest;

“**IFRS**” means International Financial Reporting Standards;

“**natural gas**” means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen;

“**Natural gas liquids**” means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons;

“**net acres**” means the total number of Gross Acres multiplied by the Working Interest;

“**NI 51-101**” means National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities;

“**NI 51-102**” means National Instrument 51-102 – Continuous Disclosure Obligations;

“**oil**” means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids;

“**operating costs**” or “**production costs**”, when referring to oil and gas properties, means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities;

“**Series 1 Preferred Shares**” means non-interest bearing, non-voting series I preferred shares of Return;

“**Shareholder**” means a holder of record of one or more Common Shares;

“**solution gas**” means natural gas dissolved in crude oil;

“**Sproule**” means Sproule Associates Limited independent petroleum consultants, Calgary, Alberta;

“**Sproule Report**” means the independent reserve report evaluating the light and medium oil, solution and natural gas and natural gas liquids reserves of Return prepared by Sproule dated February 13, 2017 with an effective date of December 31, 2016;

“**total proved reserves**” means the aggregate of all proved reserves which includes both producing and non-producing developed reserves and undeveloped reserves;

“**TSXV**” means the TSX Venture Exchange Inc.;

“**Warrants**” mean the Common Share purchase warrants issued by Return pursuant to private placements, acquisitions, and or prospectus offerings;

“**Winslow**” means Winslow Resources Inc., a corporation which is wholly owned by Return and subsisting under the ABCA; and

“**working interest**” means the net interest held in an oil and natural gas property which normally bears its proportionate share of the costs of exploration, development and operations as well as any royalties or other production burdens.

SPECIAL NOTES TO READER

In this Annual Information Form, unless otherwise specified or if the context otherwise requires, references to “we”, “us”, “our”, “its”, “the Company” or “Return” mean Return Energy Inc. The information in this AIF is stated as at December 31, 2016 unless otherwise indicated. For additional information and details, readers are referred to the audited consolidated financial statements for the year ended December 31, 2016 and notes that follow, as well as the accompanying annual Management’s Discussion and Analysis (“MD&A”) which are available on the Canadian Securities Administrators’ SEDAR System at www.sedar.com.

Regarding Forward Looking Statements

This AIF contains forward-looking information and statements (collectively, “**forward-looking statements**”). These forward-looking statements relate to Return’s current expectations, estimates and projections as to future events or Return’s future performance and are provided to allow readers a better understanding of Return’s business and prospects and may not be suitable for other purposes. All statements, other than statements of historical fact, may be considered 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. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in, or suggested by, such forward-looking statements. Return believes the expectations reflected in the forward-looking statements included in this AIF are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this AIF and are expressly qualified, in their entirety, by this cautionary statement. Return assumes no obligation to revise or update these statements except as required pursuant to applicable securities laws.

In particular, this AIF contains forward-looking statements pertaining to the following:

- the Company’s capital expenditure and investment program and the timing and results therefrom;

- drilling inventory, drilling plans and timing of drilling, completion and tie-in of wells;
- plans for facilities construction and completion and the timing and method of funding such activities;
- results of various projects of the Company;
- ability to lower cost structure in certain projects of the Company;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- the impact of changes in oil and natural gas prices on cash flow;
- expectations regarding the ability to raise capital and to add to reserves;
- oil and natural gas production levels and sources of their growth;
- the estimated volumes and future net revenues related to the Company's crude oil, natural gas and NGL (as defined herein) reserves;
- the performance characteristics of the Company's oil and natural gas properties;
- timing of the development of undeveloped reserves;
- the Company's business, disposition and acquisition strategy, the criteria to be considered in connection therewith, and the benefits to be derived therefrom;
- the impact of Canadian federal and provincial governmental regulation on the Company relative to other oil and gas issuers of similar size;
- future development and growth prospects;
- expected levels of royalties, operating costs, general administrative costs, costs of services and other costs and expenses;
- determination of future quantities of oil and natural gas reserves and the size of and future net revenues therefrom;
- ability to meet current and future obligations;
- the tax horizon and taxability of the Company;
- treatment under governmental regulatory regimes and tax laws;
- projections of market prices and costs;
- weighting of production between different commodities;
- supply and demand for oil and natural gas;
- the ability to obtain equipment, services and supplies in a timely manner to carry out its activities;
- the ability to market oil and natural gas successfully to current and new customers;
- the timing and costs of pipeline, terminal and storage facility construction and expansion and the ability to secure adequate product transportation;
- the ability to obtain financing on acceptable terms or at all;
- currency, exchange and interest rates;
- potential dispositions and acquisitions;
- the timely receipt of governmental approvals; and
- realization of the anticipated benefits of acquisitions and dispositions.

With respect to forward-looking statements contained in this AIF, the Company has made assumptions regarding, among other things:

- the success of the Company's operations, including exploration and development activities;
- the legislative and regulatory environments of the jurisdictions where the Company carries on business or has operations;
- ongoing and future operating costs, general administrative costs, costs of services and other costs and expenses;

- future commodity prices;
- changes in royalty regimes and rates;
- the impact of increasing competition;
- availability of skilled labour;
- timing and amount of capital expenditures;
- future exchange rates;
- general economic conditions;
- conditions in the financial markets;
- availability of drilling and related equipment; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF:

- changes in the general economic, market and business conditions in Canada and globally;
- the occurrence of unexpected events such as war, terrorist threats and the instability resulting therefrom;
- the ability of management to execute its business plan;
- volatility of and assumptions regarding the price of oil and natural gas;
- fluctuations of interest and exchange rates;
- world market forces and political and economic conditions that impact global prices for oil and natural gas, including the ability of the Organization of Petroleum Exporting Countries ("OPEC") to influence oil supply levels;
- the risks of the oil and gas industry both domestically and internationally, including operational risks in exploring for, developing and producing crude oil and natural gas and the market demand for such commodities;
- governmental regulation of the oil and natural gas industries, including environmental regulation and royalty regimes;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- geological, technical, drilling and processing problems;
- risks and uncertainties involving geology of oil and natural gas deposits;
- risks inherent in marketing operations, including credit risk;
- inflationary pressures on operating costs, including labour, natural gas and other energy sources used in the Company's operations;
- the ability to enter into or renew leases;
- the uncertainty of reserves estimates and reserves life;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- availability of sufficient financial resources to fund the Company's capital expenditures;
- uncertainty of finding reserves, and developing and marketing those reserves;
- unanticipated operating events or extreme weather conditions which could reduce production or cause production to be shut-in or delayed;
- incorrect assessments of the value of acquisitions or dispositions as well as possible failure to realize the anticipated benefits of such acquisitions or dispositions;
- ability to locate satisfactory properties for acquisition or participation;

- ability to secure adequate and cost-effective product transportation and storage facilities, including there being insufficient storage or transportation capacity;
- hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property, the environment or personal injury;
- encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations;
- the ability to add production and reserves through development and exploration activities;
- the possibility that government policies or laws, including laws and regulations related to the environment, may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- uncertainties inherent in estimating quantities of oil and natural gas reserves and cash flows to be derived therefrom;
- failure to obtain industry partner and other third party consents and approvals, as and when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;
- the availability of capital on acceptable terms or at all; and
- the other factors considered under “Risk Factors” in the AIF and other filings with Canadian securities authorities.

Statements relating to “reserves” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves exist in quantities predicted or estimated and that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Annual Information Form and the documents incorporated by reference, including factors discussed under “Management’s Discussion and Analysis” herein are expressly qualified by this cautionary statement and are available on SEDAR at www.sedar.com. Readers should also carefully consider the matters discussed under the heading “Risk Factors” in this Annual Information Form.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on Return’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements.

The Company has included the above summary of assumptions and risks related to forward-looking statements provided in this AIF in order to provide investors with a more complete perspective on the Company’s current and future operations and such information may not be appropriate for other purposes. **Additional information on these and other factors is available in the reports filed by the Company with Canadian securities regulators. The forward-looking statements and information contained in this AIF are made as of the date hereof.**

Readers are cautioned that the preparation of financial statements in accordance with IFRS in Canada requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available and as the economic environment changes. The information contained in this AIF, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Company. Readers are encouraged to carefully consider those factors.

Readers are also cautioned against placing undue reliance on forward-looking statements, which are given as of the date expressed in this AIF, or the MD&A disclosure incorporated by reference herein, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company undertakes no obligation to publicly update or revise any forward-looking statements in this AIF or the MD&A disclosure incorporated by reference herein, whether as a result of new information, future events or otherwise, except as required by law.

Conversion of Natural Gas to Barrels of Oil Equivalent

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil ("BOE"). Return uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 Bbl). A BOE conversion ratio of 6Mcf:1Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. A barrel of oil equivalent (BOE) may be misleading, particularly if used in isolation. **Given 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 Mcf:1 Bbl, utilizing a conversion ratio at 6 Mcf:1 Bbl may be misleading as an indication of value.**

Statement of Reserves Data and Other Oil and Gas Information - Notes and Definitions

Presentation of Oil and Natural Gas Reserves and Production Information

All crude oil, natural gas and NGL reserves and other information with respect to the properties in this AIF have been prepared and are presented in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

In the tables set forth below under "Statement of Reserves Data and Other Oil and Gas Information" and elsewhere in this AIF, the following notes and definitions are applicable.

The determination of heavy crude oil, medium crude oil and light crude oil, conventional natural gas and NGL reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods are required to properly use and apply reserves definitions.

Reserves are estimated remaining quantities of heavy crude oil, medium crude oil and light crude oil, conventional natural gas and NGL and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- (a) analysis of drilling, geological, geophysical and engineering data;
- (b) the use of established technology; and
- (c) specified economic conditions, specifically the forecast prices and costs.

Reserves are classified according to the degree of certainty associated with the estimates.

- **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

- **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Other criteria that must also be met for the categorization of reserves are provided in COGEH.

Each of the reserve categories (proved and probable) may be divided into developed and undeveloped categories:

- (a) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
 - (i) **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - (ii) **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- (b) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserve entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserve estimates are prepared. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- (a) at least a 90 percent (90%) probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- (b) at least a 50 percent (50%) probability that the quantities actually recovered will equal or exceed the estimated proved plus probable reserves; and
- (c) at least a 10 percent (10%) probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in COGEH.

Forecast Costs and Pricing Assumptions

The forecast cost and price assumptions assume increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. Medium crude oil and light crude oil, conventional natural gas and NGL benchmark reference pricing, inflation and exchange rates utilized by Sproule in the Sproule Report were Sproule's forecast as at December 31, 2016.

Non-GAAP Measures

Within this AIF, references are made to terms commonly used in the oil and natural gas industry. The term "netback" in this AIF is not a recognized measure under IFRS in Canada. The term "netback" is used as a key performance indicator and it is used by the Company to evaluate the operating performance of our petroleum and natural gas assets and is determined by deducting royalties and operating expenses from petroleum and natural gas revenue and adjusted for any realized hedging gain (loss). Readers are cautioned, however, that this measure should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with IFRS in Canada as an indication of the Company's performance. The term "net debt", which represents current liabilities (excluding derivative financial instruments) and bank debt less current assets (excluding derivative financial instruments), are used to assess efficiency, liquidity and the Company's general financial strength. No IFRS measure is reasonably comparable to net debt.

Monetary References

All monetary references contained in this AIF are in Canadian dollars unless otherwise specified. All monetary references contained in the reserves data are in Canadian dollars unless otherwise specified.

Abbreviations and Conversions

In this AIF, the following abbreviations have the meanings set forth below consistent with Appendix B of COGEH, where applicable:

Crude Oils and Natural Gas Liquids

API	American Petroleum Institute
Bbl	Barrel
Bbls	Barrels
Bbls/d	Barrels per day
BOPD	Barrels of oil per day
MBbls	Thousand barrels
MMBbls	Million barrels
BOE	Barrels of oil equivalent
BOE/d	Barrels of oil equivalent per day
MBOE	Thousand of barrels of oil equivalent
MMBOE	Million of barrels of oil equivalent
NGLs	Natural gas liquids
MMbtu	Million British thermal units
WTI	West Texas Intermediate

Natural Gas

Mcf	Thousand cubic ft
MMcf	Million cubic ft
Mcf/d	Thousand cubic ft per day
MMcf/d	Million cubic ft per day
Gj	Gigajoules

Other

M	1,000
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The following table sets forth certain factors for converting metric measurements into imperial equivalents.

To convert from	To	Multiply by
BOE	Mcf	6.00
Mcf	Cubic metres ("m3")	28.17
Cubic metres	Cubic ft	35.49
Bbls	Cubic metres ("m3")	0.16
Cubic metres ("m3")	Bbls	6.29
Feet ("ft")	Metres	0.31
Metres	Feet ("ft")	3.28
Miles	Kilometres ("Km")	1.61
Kilometres ("Km")	Miles	0.62
Acres	Hectares ("Ha")	0.41

NAME AND INCORPORATION

The Company was incorporated under the ABCA on March 20, 2006. The Company is engaged in the exploration for and development and production of petroleum and natural gas properties in the Western Canadian Sedimentary Basin with a focus on the Peace River Arch area in northwest Alberta.

The Company is a reporting issuer in the Provinces of Alberta, British Columbia, Saskatchewan, Ontario and Quebec. The Common Shares are listed on the TSXV under the trading symbol “RTN”.

The Company’s head office is located at Suite 1220, 407 – 2nd Street S.W., Calgary, Alberta T2P 2Y3. The registered office of the Company is located at 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1.

Inter-corporate Relationships

Return has two wholly-owned subsidiaries; DualEx International, which is incorporated pursuant to the laws of Bahamas; and Winslow, a corporation subsisting under the ABCA. The head office and registered office of DualEx International, is located at Unit 220, Island Lane, Olde Town, Sandy Port PO Box N7115, Nassau, Bahamas. The head and registered office of Winslow is located at Suite 1220, 407 – 2nd Street S.W., Calgary, Alberta T2P 2Y3.

DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS

Return is engaged in the exploration for and development and production of petroleum and natural gas properties in the Western Canadian Sedimentary Basin. The Company is focused on the Peace River Arch area in northwest Alberta. The following is a description of the Company’s principal properties and developments over the last three completed financial years.

Share Consolidation And Name Change

On December 20, 2016 the Company consolidated its outstanding common shares on a 10 for 1 basis. The share consolidation was approved by shareholders at the annual general and special meeting of the Company’s shareholders held on December 15, 2016. The Company had 250,088,939 common shares issued and outstanding prior to the share consolidation. After giving effect to the share consolidation, 25,008,894 Common Shares were issued and outstanding. The exercise price and number of Common Shares issuable pursuant to all outstanding stock options and warrants were adjusted in accordance with the consolidation ratio. Concurrent with the share consolidation the Company changed its name from DualEx Energy International Inc. to Return Energy Inc.

All references to common shares and per share amounts have been retroactively restated to reflect the share consolidation. All references to the Company name have been retroactively changed to reflect the name change.

October 2016 Acquisitions And Private Placement

Return entered into an asset purchase and sale agreement executed on September 28, 2016 to acquire producing oil and gas assets in the Peace River Arch area of northwest Alberta (the “**Asset Acquisition**”) from a private company (the “**Vendor**”). The Asset Acquisition was completed on October 20, 2016. The consideration paid to the Vendor consisted of \$285,000 cash and the issuance of two million Series 1 Preferred Shares. See “Significant Acquisitions”.

The oil and gas assets acquired consisted of 330 BOE/day (20% light oil and liquids), from Cretaceous and Triassic reservoirs predominantly in the Rycroft, Valhalla and Gordondale areas of northwest Alberta, and include associated gathering systems and a 50% owned and operated natural gas processing plant. The assets include approximately 37,000 net acres of land, 12,000 net acres of which are undeveloped.

The Vendor may, at any time and at its option, convert all or part of the Series 1 Preferred Shares into units (“**Asset Acquisition Units**”) of Return. Each such Asset Acquisition Unit is comprised of one (1) Common Share and one-half (1/2) of a Common Share purchase warrant (each whole such warrant, an “**Asset Acquisition Warrant**”). The number of Asset Acquisition Units issuable upon the conversion of the Series 1 Preferred Shares is equal to the number of Series 1 Preferred Shares to be converted multiplied by \$1.00 and divided by the volume weighted average of the trading price of the Common Shares on the TSXV during the immediately prior twenty (20) consecutive day period

prior to conversion, subject to TSXV minimum pricing rules (the “**Market Price**”). Each whole Asset Acquisition Warrant entitles the holder to purchase one (1) Common Share during the period expiring on the five year anniversary of closing date of the Asset Acquisition upon payment of the Asset Acquisition Warrant exercise price which shall equal the Market Price. No conversions of Series 1 Preferred Shares may occur within 30 days of a prior conversion, and no conversion of Series 1 Preferred Shares may occur when, after such conversion into Asset Acquisition Units, the Vendor would own (including shares owned prior to the conversion) 10% or more of the outstanding Common Shares after conversion. In addition, the terms of the Series 1 Preferred Shares allow Return to redeem, at any time from the date of issuance, the whole of the then outstanding Series 1 Preferred Shares on payment for each Series 1 Preferred Share to be redeemed of (a) \$1.00 plus (b) that number of Asset Acquisition Warrants equal to the quotient of the number of Series 1 Preferred Shares to be redeemed multiplied by \$1.00 divided by the Market Price divided by two. The exercise price for such Asset Acquisition Warrants issued on the redemption of the Series 1 Preferred Shares shall be the Market Price and such Asset Acquisition Warrants will expire on the five year anniversary of the closing date of the Asset Acquisition.

Concurrent with the above described Asset Acquisition, Return entered into share purchase agreements executed on September 28, 2016 (the “**Share Purchase Agreements**”) to purchase two private oil and gas companies for the collective consideration of \$550,000 paid by the issuance of 5,500,000 units of the Company (each a “**Private Company Acquisition Unit**”) at a deemed value of \$0.10 per Private Company Acquisition Unit (collectively, the “**Private Company Acquisitions**”). The Private Company Acquisitions were completed on October 20, 2016. Each Private Company Acquisition Unit consisted of one (1) Common Share and one-half (1/2) of a Common Share purchase warrant (each such whole warrant, a “**Private Company Acquisition Warrant**”). Each whole Private Company Acquisition Warrant is convertible into one (1) Common Share at the exercise price of \$0.15 per Common Share for a period of two years from the closing date. Collectively, at the time of the completion of the Private Company Acquisitions these two private companies had assets consisting of approximately 7 barrels per day of light oil production in central Alberta, \$500,000 of cash, approximately \$336,000 of restricted cash (AER deposits) and approximately \$336,000 of future abandonment liabilities. These private companies had no other material assets or liabilities.

In conjunction with the Asset Acquisition and the Private Company Acquisitions discussed above, Return completed a non-brokered private placement of 8,105,000 units (each an “**Offering Unit**”) at a price of \$0.10 for gross proceeds of \$810,500 (the “**Offering**”). Each Offering Unit consisted of one (1) Common Share and one-half of a (1/2) Common Share purchase warrant (each such whole warrant, an “**Offering Warrant**”). Each whole Offering Warrant is exercisable into one (1) Common Share at a price of \$0.15 per Common Share for a period of two years from the issuance of such Offering Warrant.

March 2017 Private Placement

On March 14, 2017 Return completed a non-brokered private placement comprised of Common Share units (the “**Units**”) and Canadian exploration expense flow-through Common Shares (“**CEE FTS**”) (collectively, the “**Offering**”).

Under this Offering, Return issued 16,700,399 Units at a price of \$0.12 per Unit for aggregate gross proceeds of \$2,004,047.88, as well as 715,000 CEE FTS at a price of \$0.14 per CEE FTS for aggregate gross proceeds of \$100,000 for total gross proceeds under this tranche of the Offering of \$2,104,147.88.

Each Unit issued consisted of one Common Share and one full Warrant. Each Warrant is exercisable by the holder to purchase one Common Share for a period of 12 months from the Closing Date (“**Warrant Exercise Period**”) at a price of \$0.15 (“**Warrant Exercise Price**”). These Warrants are subject to an Accelerated Warrant Expiry (defined below). The CEE FTS were issued pursuant to the *Income Tax Act (Canada)* in respect of Canadian exploration expenses.

Each Warrant entitles the holder thereof to purchase one Common Share at any time prior to 5:00 p.m. (Calgary Time) on or before the earlier of the date that is: (a) one year from the completion of the Offering; and (b) 30 days after the giving of notice of early termination by Return (the “**Accelerated Warrant Expiry**”). Such notice may be given by the Company, in its sole discretion, if the volume-weighted average price of the Common Shares on the TSXV exceeds

the Warrant Exercise Price by at least 200% for a minimum of 10 consecutive trading days (whether or not trading of Common Shares occurs on all such days, provided that the Common Shares trade on at least five of such trading days).

Rycroft Plant And Production Acquisition.

On April 21, 2017, Return acquired, through its wholly-owned subsidiary Winslow, certain partner interests in its core area of Rycroft, north of Grande Prairie, Alberta, for cash consideration of \$715,000 in cash (subject to final adjustments), effective February 1, 2017.

The interests acquired include production of approximately 60 BOE/day (80% natural gas), and the non-operated 50% interest in the Company's operated Rycroft gathering system and gas plant (Return's ownership is now 100%). All of the acquired production is processed through the Rycroft gas plant. Based on the Company's current Sproule Report, the acquisition includes prorated proved developed producing reserves of 171,600 BOE and proved plus probable reserves of 228,400 BOE. Before tax net present value of future net revenue discounted at 10% equals \$989,000 for proved developed producing reserves and \$1,266,000 for proved plus probable reserves.

Other Acquisitions And Dispositions

In the second quarter 2017 the Company further consolidated its interest in Rycroft by acquiring an additional 12 boe/d from non-operated joint interest partners for total consideration of \$140,000. Return also added to its acreage position by purchasing five sections of prospective land in the Rycroft area.

During the second quarter 2017 the Company disposed of certain non-core land and oil assets for gross proceeds of \$169,000.

Discontinued Hungarian Operations

The Company had a 70% interest in a subsidiary PetroHungaria kft which in turn held a 100% interest in a Peneszlek mining plot in Hungary. Petroleum and natural gas sales from Hungary Operations amounted to \$963,000 for the year ended December 31, 2014 and \$96,000 for the six months ended June 30, 2015. The Company sold its interest in PetroHungaria kft for total proceeds of \$49,000 and recorded a loss on disposition of \$26,000 (including a cumulative foreign exchange loss of \$18,000) in June 2015.

Discontinued Tunisian Exploration Interests

In 2009 the Company and Tunisian authorities signed the Bouhajla Production Sharing Contract ("PSC") and associated Convention for the Bouhajla Permit (the "Permit"). The Bouhajla Permit originally encompassed 416 square kilometres (105,000 acres), and is located onshore in the Pelagian Basin of east central Tunisia. The Company subsequently farmed out 47.5% of its interest in 2011. The Company met its final commitment under the PSC in 2014 with the recompletion and subsequent plugging and abandoning of the BHN-1 well. In 2015 the Company's partner in the block forfeited their interest in the PSC and the Company had regained its 100% interest. The Company relinquished its interest in the Permit in 2016 as it was unable to find a suitable partner to participate in the project.

Other

In May 2014 the Company issued 538,420 units at a price of \$1.90 for gross proceeds of \$1,023,017. Each unit consisted of one common share of the Company and one Common Share purchase warrant. Each Common Share purchase warrant entitled the holder thereof to purchase one Common Share on or before the earlier of: (a) one year after issue and (b) 30 days after the giving of notice of early termination by the Company, which may be given by the Company, in its sole discretion, if the volume-weighted average price of the Common Shares on the TSX Venture Exchange is at least \$8.40 for a minimum of 10 consecutive trading days. The exercise price of the Warrants is \$2.80 per Common Share. The Common Share purchase warrants expired unexercised in 2015.

As previously described, in October 2016, the Company completed a non-brokered private placement for net proceeds of \$801,477 (\$810,500 gross) and in March 2017, the Company closed a non-brokered private placement for gross proceeds of \$2,104,148.

The Company holds minority interests in four natural gas well located in the Chigwell area of Alberta. These wells do not have any material oil and gas reserves and these interests are not material to the Company.

Significant Acquisitions

Other than the Asset Acquisition, the Company did not complete any significant acquisitions during the financial year ended December 31, 2016 for which disclosure is required under Part 8 of NI 51-102. The Company filed a business acquisition report dated January 23, 2017 in respect of the Asset Acquisition, a copy of which is available on SEDAR.

THE ONGOING BUSINESS OF THE COMPANY

General

The business plan of the Company is to explore, develop and produce petroleum and natural gas from properties in the Western Canadian Sedimentary Basin, with a primary focus on Lower Cretaceous (Bluesky and Gething formations) and Triassic (Charlie Lake and Halfway formations) reservoirs within the Peace River Arch area, approximately sixty kilometres north of Grande Prairie, Alberta. . The Company aims initially to pursue conventional Charlie Lake development drilling opportunities on its wholly-owned acreage at Rycroft in addition to undertaking Gething recompletions in certain wells tied into it's Rycroft gas plant. In addition to the foregoing, the Company intends to continue with the disposition of non-core assets with the view to concentrating efforts on the Rycroft property. The Company intends to execute its business plan through any one or combination of the following; the issuance of shares for cash by way of a public offering, debt, or bringing in a partner by way of farmout.

Competitive Conditions

There is strong competition relating to all aspects of the oil and natural gas industry. Return competes for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than the Company. Some of those organizations not only explore for, develop, and produce oil and natural gas, but also carry-on refining operations and market petroleum and other products on a world-wide basis and, as such, have greater and more diverse resources on which to draw.

Return's larger competitors may be able to better absorb the impact of changes to applicable laws and regulations and may be able to more easily handle longer periods of volatile oil and gas prices. Competitive conditions may be significantly affected by factors beyond Return's control, including international political stability, overall levels of supply and demand for oil and gas, market prices for oil and natural gas and the markets for synthetic fuels and alternative energy sources.

Revenue Sources

In the first half of 2017, the sale of crude oil and NGLs accounted for 42% of revenue before royalties, the sale of natural gas accounted for 50% of revenue before royalties, and other revenue, primarily made up of treating and processing income, accounted for 8% of revenue.

For the year ended December 31, 2016, the sale of crude oil and NGLs accounted for 40% of revenue before royalties, the sale of natural gas accounted for 54% of revenue before royalties, and other revenue, primarily made up of treating and processing income, accounted for 6% of revenue.

For the year ended December 31, 2015, the sale of natural gas accounted for 99% of revenue before royalties, other revenue accounted for 1% of revenue.

For the year ended December 31, 2014, the sale of natural gas accounted for 94% of revenue before royalties, other revenue accounted for 6% of revenue

Cyclical and Seasonal Factors

The Company's operational results and financial condition are highly dependent on the market price of crude oil, natural gas liquids and natural gas. Prices for these commodities have fluctuated widely during recent years and are determined by supply and demand factors, weather, general economic conditions and political environments, as well as conditions in other oil- and natural gas-producing regions. The prices for oil and natural gas are likely to continue to be volatile, and depressed or declining prices for these commodities could have an adverse effect on the Company's financial condition and operations. The Company actively seeks to mitigate such price risks through its price risk management program.

The exploration and development of oil and natural gas reserves is dependent on access to areas where production is to be conducted. In Alberta, access is affected by seasonal weather conditions, including freeze-up and break-up.

Reorganizations and Potential Acquisitions

With the completion of the Asset Acquisition in 2016, the Company completed the transition of its focus to the exploration for and development and production of petroleum and natural gas properties in the Western Canadian Sedimentary Basin from projects located internationally. The Company is now focused on the Peace River Arch area in northwest Alberta. See "Description and General Development of the Business - October 2016 Acquisitions And Private Placement". Other than the foregoing, there were no material reorganizations of Return during the year ended December 31, 2016, and no such transactions have been proposed for the current financial year.

Environmental Policies

The Company is committed to managing and operating in a safe, efficient, environmentally responsible manner and to continually improving our environmental, health, safety and social performance. To fulfill this commitment, our operating practices and procedures are consistent with the requirements established for the oil and gas industry. Key environmental considerations include spill- and waste-management plans, lease and right-of-way management, natural and historic resource protection, water conservation and liability management (including site assessment and remediation). These practices and procedures apply to the Company's employees and consultants.

The Company believes that it meets all existing environmental standards and regulations and sufficient amounts are included in the Company's capital expenditure budget to continue to meet current environmental protection requirements.

It is expected that the Company will incur abandonment and reclamation costs as existing oil and gas properties are abandoned. In 2016, expenditures for normal compliance with environmental regulations as well as expenditures for above-normal compliance were not material to the Company.

Employees/Consultants

As at December 31, 2016, the Company had 2 employees and 9 full-time and part-time consultants whose services were, and continue to be, used on a regular basis for day-to-day operations. As of the date hereof, the Company has no employees and 11 full-time and part-time consultants whose services continue to be used on a regular basis for day-to-day operations.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

DISCLOSURE OF RESERVES DATA

Reserves Data (Forecast Prices and Costs)

The reserves data set forth below (the "**Reserves Data**") is based upon the Sproule Report. The Reserves Data summarizes the light and medium oil, solution and natural gas and natural gas liquids of the Company and the net present values of future net revenue for these reserves using forecast prices and costs. The Sproule Report has been prepared in accordance with the standards contained in COGEH and the reserve definitions contained in NI 51-101 and COGEH. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which Return believes is important to the readers of this information. The Company engaged Sproule to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

The net present value of future net revenue attributable to the Company's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by Sproule. It should not be assumed that the estimates of future net revenues presented in the tables below represent 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 reserve estimates of the Company's light and medium oil, solution and natural gas and natural gas liquids provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual light and medium oil, solution and natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. Readers should note that the totals in the following tables may not add due to rounding.

All properties evaluated are located in the Province of Alberta, Canada. All monetary values are expressed in Canadian dollars, unless stated otherwise.

Reserves Data

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 (Mbbbl)	Net (Mbbbl)	Gross (MMcft)	Net (MMcft)	Gross (MBbl)	Net (MBbl)	Gross (Mboe)	Net (Mboe)
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

Net Present Value of Future Net Revenue

As at December 31, 2016

Forecast Prices and Costs

NET PRESENT VALUES OF FUTURE NET REVENUE

RESERVES CATEGORY	BEFORE INCOME TAXES					AFTER INCOME TAXES				
	DISCOUNTED AT (% / YEAR)					DISCOUNTED AT (% / YEAR)				
	0	5	10	15	20	0	5	10	15	20
	(in \$ thousands)					(in \$ thousands)				
Proved Reserves										
Proved Developed Producing	6,038	5,316	4,649	4,098	3,654	6,038	5,316	4,649	4,098	3,654
Proved Developed Non-Producing	1,159	1,122	1,051	971	892	1,159	1,122	1,051	971	892
Proved Undeveloped	3,162	2,301	1,668	1,207	866	3,162	2,301	1,668	1,207	866
Total Proved	10,359	8,739	7,368	6,276	5,412	10,359	8,739	7,368	6,276	5,412
Probable	7,168	5,110	3,751	2,842	2,210	5,450	3,944	2,934	2,253	1,776
Total Proved Plus Probable	17,527	13,849	11,119	9,118	7,622	15,809	12,683	10,302	8,529	7,188

Additional Information Concerning Future Net Revenue (Forecast prices and costs)

Total Future Revenue (Undiscounted in \$ thousands)

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
Total Proved	35,863	2,415	18,285	3,141	1,665	10,359	-	10,359
Total Proved plus Probable	56,087	4,410	27,460	4,741	1,949	17,527	1,718	15,809

Future Net Revenue By Production Group Before Income Taxes
As at December 31, 2016
Forecast Prices and Costs (In Thousands discounted at 10%)

RESERVES CATEGORY	Light and Medium Oil	Solution and Natural Gas	Natural Gas Liquids
Proved Developed Producing	2,740.0	1,909.0	-
Proved Developed Non-Producing	555.0	496.0	-
Proved Undeveloped	1,522.0	146.0	-
Total Proved	4,817.0	2,551.0	-
Probable	2,921.0	830.0	-
Total Proved Plus Probable	7,738.0	3,381.0	-

Future Net Revenue By Production Group on a Unit Basis Before Income Taxes
As at December 31, 2016
Forecast Prices and Costs (Discounted at 10% net reserves)

RESERVES CATEGORY	Light and Medium Oil	Solution and Natural Gas	Natural Gas Liquids
	\$/BBL	\$/MCF	\$/BBL
Proved Developed Producing	29.6	0.8	-
Proved Developed Non-Producing	34.9	0.6	-
Proved Undeveloped	16.2	0.2	-
Total Proved	23.8	0.6	-
Probable	26.4	0.5	-
Total Proved Plus Probable	24.7	0.6	-

PRICING ASSUMPTIONS

Forecast Prices Used in Estimates

Year	Canadian Light Sweet Crude 40 ° API (\$Cdn/bbl)	Western Canada Select 20.5 API (\$Cdn/bbl)	Alberta AECO-C Spot (\$Cdn/MMBTU)	Edmonton Pentanes Plus (\$Cdn/bbl)	Edmonton Butane (\$Cdn/bbl)	Edmonton Propane (\$Cdn/bbl)
2017	65.58	53.12	3.44	67.95	47.60	22.74
2018	74.51	61.85	3.27	75.61	55.49	28.04
2019	78.24	64.94	3.22	78.82	57.65	30.64
2020	80.64	66.93	3.91	80.47	58.80	32.27
2021	82.25	68.27	4.00	82.15	59.98	33.95
2022	83.90	69.64	4.10	83.86	61.18	35.68
2023	85.58	71.03	4.19	85.61	62.40	37.46
2024	87.29	72.45	4.29	87.39	63.65	39.30
2025	89.03	73.90	4.40	89.21	64.92	41.19
2026	90.81	75.38	4.50	91.07	66.22	43.13
2027	92.63	76.88	4.61	92.96	67.54	45.14
Thereafter				Escalation rate of 2%		

RECONCILIATION OF CHANGES IN RESERVES

Reserves Reconciliation

Factors	Light and Medium Oil			Solution and Natural Gas			Natural Gas Liquids			Total		
	Proved (mbl)	Probable (mbl)	Proved and Probable (mbl)	Proved (mmcf)	Probable (mmcf)	Proved and Probable (mmcf)	Proved (mbl)	Probable (mbl)	Proved and Probable (mbl)	Proved (mmcf)	Probable (mmcf)	Proved and Probable (mmcf)
December 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	218.4	127.4	345.8	4,276.5	1,920.0	6,196.5	43.3	18.0	61.3	974.5	465.4	1,439.9
Production	(3.4)	-	(3.4)	(19.5)	-	(19.5)	(1.2)	-	(1.2)	(7.9)	-	(7.9)
December 31, 2016	215.0	127.4	342.4	4,257.0	1,920.0	6,177.0	42.1	18.0	60.1	966.6	465.4	1,432.0

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

Undeveloped reserves are attributed by Sproule in accordance with the standards and procedures contained COGEH. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved undeveloped reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production.

The Company's proved and probable undeveloped reserves are planned to be developed within the next two years. In some cases, it may take longer than two years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals).

Proved Undeveloped Reserves

Proved Gross Undeveloped Reserves

Year	Light and Medium Oil (Mbbbl)		Solution and Natural Gas (MMcf)		Natural Gas Liquids (Mbbbl)	
	First Attributed	Cumulative at	First Attributed	Cumulative at	First Attributed	Cumulative at
		Year End		Year End		Year End
Prior to 2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	102.9	102.9	760	760	8.4	8.4

No Proved Undeveloped reserves were attributed for or prior to the year ended December 31, 2015.

Proved undeveloped reserves comprise approximately 25% of Return's total proved reserves on a Boe basis. Proved undeveloped reserves of 238 Mboe were assigned by Sproule in accordance with NI 51-101. In general, proved undeveloped reserves were assigned to certain properties as a result of the Company's capital program. Return plans to convert the undeveloped reserves to proved developed producing reserves over the next three years through future capital spending.

Probable undeveloped reserves

Probable Gross Undeveloped Reserves

Year	Light and Medium Oil (Mbbbl)		Solution and Natural Gas (MMcf)		Natural Gas Liquids (Mbbbl)	
	First Attributed	Cumulative at	First Attributed	Cumulative at	First Attributed	Cumulative at
		Year End		Year End		Year End
Prior to 2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	93	93.0	865	865	8.2	8.2

Probable undeveloped reserves were assigned by Sproule in accordance with NI 51-101 requirements and standards. Return's probable undeveloped reserves amount to 245.4 MBoe and represent about 51% of the total proved plus probable undeveloped reserves. Probable undeveloped reserves are assigned for similar reasons and generally to the same properties as proved undeveloped reserves, but also meet the requirements of the reserve classification to which they belong. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations. Return plans to convert the probable undeveloped reserves to proved developed producing reserves over the next five years as a result of future capital spending.

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering or economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on forecast prices, production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing

environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can either be positive or negative.

Future Development Costs

The following table shows the development costs anticipated in the next 5 years, which have been deducted in the estimation of the Company's future net revenues of the reserves evaluated in the Sproule report for the year end December 31, 2016.

Forecast Prices and Cost (Undiscounted)		
(In \$ thousands)		
Year	Proved Reserves	Proved Plus Probable
2017	210.0	219.4
2018	2,930.6	4,521.2
2019	-	-
2020	-	-
2021	-	-
	<u>3,140.6</u>	<u>4,740.6</u>

The Company has been successful in raising some of the required capital through equity financings and plans to continue to do so for those development costs specified above which cannot be financed via cash flow from operations. The effect of the costs of the expected funding would have no impact on the revenue or reserves currently being reported.

OTHER OIL AND GAS INFORMATION

Oil and Natural Gas Wells and Properties

The following table sets forth the number of wells in which the Company held a working interest as at December 31, 2016, all of which are in the Province of Alberta.

Alberta area	Category	Oil Well		Natural Gas Wells	
		Gross	Net	Gross	Net
Valhalla/Rycroft	Producing	55.00	5.40	15.00	8.22
	Non-Producing	20.00	3.07	17.00	8.68
Gordondale	Producing	-	-	9.00	6.42
	Non-Producing	7.00	3.81	15.00	5.61
Rainbow	Producing	2.00	0.25	2.00	0.83
	Non-Producing	3.00	0.75	-	-
Other	Producing	3.00	2.95	4.00	1.32
	Non-Producing	2.00	0.90	37.00	21.39
Total	Producing	60.00	8.60	30.00	16.79
	Non-Producing	32.00	8.53	69.00	35.68

The following is a description of the important producing properties, plants, facilities and installations of the Company:

Valhalla/Rycroft, Alberta

In October 2016, the Company acquired various working interests in 54 gross (6.32 net) oil wells and 23 gross (12.93 net) gas wells in the Valhalla/Rycroft area of Alberta. Combined with these assets is ownership in several gathering systems. The Company also operates and owns 100% of the Rycroft Gas Plant located at 15-11-76-6W6.

The Company also holds a 0.0654% working interest in the Saddle Hills Doe Creek Unit #1, plus a 0.14375% working interest in the Valhalla Gas Plant at 1-29-75-9W6.

Net production from the Valhalla/Rycroft area averaged 42 bbls of oil and NGL per day and 1087 mcf per day of gas, or 223 boe per day from October 1 to December 31, 2016.

Gordondale, Alberta

In October 2016, the Company acquired various working interests in 2.0 gross (1.5 net) oil wells and 16.0 gross (7.21 net) gas wells in the Gordondale area of Alberta. Combined with these assets is an operated gas compression facility located at 8-16-79-10W6 in which the Company owns a 62.5% working interest.

Net production from the Gordondale area averaged 0.1 bbl of oil and NGL per day and 185 mcf per day of gas, or 31.1 boe per day from October 1 to December 31, 2016.

Rainbow, Alberta

In October 2016, the Company acquired various working interests in 5.0 gross (1.0 net) oil wells and 2 gross (0.83 net) gas wells in the Rainbow area of Alberta. Net production from the Rainbow area averaged 8 bbl of oil and NGL per day and 72 mcf per day of gas, or 20 boe per day from October 1 to December 31, 2016.

Properties with No Attributed Reserves

The following table sets out the Company's undeveloped land holdings as at December 31, 2016.

Province	Gross Acres	Net Acres	Net Acres Expiring Within One Year
Alberta	<u>25,000</u>	<u>11,000</u>	<u>1,545</u>

Undeveloped acres are lands that have not been assigned reserves. The Company has no material work commitments related to our undeveloped acreage in 2017.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

There are several economic factors and significant uncertainties that affect the anticipated development of Return's properties with no attributed reserves. Return will be required to make capital expenditures in order to prove, exploit, develop and produce oil and natural gas from these properties in the future. If Return's cash flow from operations or current cash balance is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to Return. Failure to obtain such financing on a timely basis could cause Return to forfeit its interest in certain properties, miss certain opportunities and reduce or terminate its operations. The inability of Return to access sufficient capital for its exploration and development purposes could have a material adverse effect on Return's ability to execute its business strategy to develop these prospects.

Return estimates abandonment and reclamation costs for surface leases, wells and facilities based on its previous experience, current regulations, costs, technology, and industry standards. Return has estimated the net present value of its total decommissioning liabilities to be \$2.8 million (discounted at 10%) as at December 31, 2016 based on a total undiscounted future liability of \$9.2 million. In the Sproule Report, reasonable estimated future abandonment and reclamation costs for wells assigned reserves were deducted in determining the aggregate future net revenue. This is summarized below without discount and using a discount rate of 10%:

	Forecast pricing in (M\$)			
	Proved		Proved plus Probable	
	Discount rate 0%	Discount rate 10%	Discount rate 0%	Discount rate 10%
Total decommissioning liability	1,665	379	1,949	333
Portion forecast to be paid during next three years	-	-	-	-

Forward Contracts

The Company does not have any forward sales contracts.

Tax Horizon

The Company is unable to estimate when income taxes may become payable as it is dependent on the level of future commercial exploration and development success.

Costs Incurred

The following table summarizes the capital expenditures related to the Company's activities for the year ended December 31, 2016:

Alberta	Acquisition Costs		Exploration Costs	Development Costs
	Proved properties	Unproved properties		
Alberta, Canada	\$ 2,335,000	\$ -	\$ -	\$ -

Exploration and Development Activities

The Company did not drill any exploratory and development wells in 2016.

The Company did not take part in any exploration or development activities in 2016. Current development projects are focused around vertical well development drilling and recompletions for conventional oil and gas recovery in the Rycroft area of Alberta.

Production Estimates

The following table discloses the total volume of production estimated by the Sproule Report for the year 2017 reflected in the estimates of the Company's gross proved reserves and gross probable reserves disclosed above.

RESERVES CATEGORY	Light and Medium Oil	Solution and Natural Gas	Natural Gas Liquids	Total
	bbl/d	MCF/d	bbl/d	boe/d
Valhalla/Rycroft				
Proved	33.7	893	9.9	192.4
Probable	0.5	19	-	3.7
Total Proved Plus Probable Reserves	34.2	912	9.9	196.2
Other				
Proved	11.2	454.8	2.7	89.8
Probable	0.3	71.2	0.8	13.0
Total Proved Plus Probable Reserves	11.5	526.0	3.6	102.7
Total				
Proved	44.9	1,348	12.6	282.2
Probable	0.8	90	0.8	16.7
Total Proved Plus Probable Reserves	45.8	1,438	13.4	298.9

Production History

The following table sets forth the Company's average daily production volume, on a company interest basis, and the average netback received for each fiscal quarter in 2016 and for the entire year. Netbacks are calculated on the basis of prices received, less related royalty and production costs.

	Three Months Ended, 2016				Year Ended
	31-Mar	30-Jun	30-Sep	31-Dec	31-Dec-16
Average Daily Production					
Light and Medium Oil (bbl/d)	-	-	-	27	7
Solution and Natural Gas (mcf/d)	40	37	19	1,033	283
Natural Gas Liquids (bbl/d)	-	-	-	10	2
Total (boe/d)	7	6	3	209	56
Aggregate Sales	\$ 5,670	\$ 2,895	\$ 3,783	\$ 517,025	\$ 529,373
Average Price per boe	\$ 9.36	\$ 5.16	\$ 12.92	\$ 26.91	\$ 25.61
Royalty per boe	(0.90)	(0.30)	(0.89)	(1.33)	(1.28)
Operating Expenses per boe	(8.70)	(7.50)	(18.86)	(25.75)	(24.66)
Netback per mcfe	\$ (0.24)	\$ (2.64)	\$ (6.83)	\$ (0.17)	\$ (0.33)

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of preferred shares (the "Preferred Shares"), issuable in series, and 2,000,000 Series 1 Preferred Shares. As of June 30, 2017, 42,424,293 Common Shares and 2,000,000 Series 1 Preferred Shares were issued and outstanding.

Common Shares

Holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders of Return. The Common Shares carry one vote per Common Share. Subject to the prior rights of holders of preferred shares, holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors of Return, and, in the event of the liquidation, dissolution or winding up of Return or other distribution of its assets, to receive on a pro rata basis all of the remaining property of Return.

Preferred Shares

The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Board of Directors of the Company, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. As at the date hereof, there are no Preferred Shares issued and outstanding. The Preferred Shares of each series shall, with respect to dividends, liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given such other preferences and priorities over the Common Shares and any other shares of the Company ranking junior to such series of Preferred Shares.

Series 1 Preferred Shares

The holder may, at any time and at its option, convert all or part of the Series 1 Preferred Shares into units (“Units”) of Return. Each Unit is comprised of one (1) Common Share and one-half (1/2) of a Common Share purchase warrant. The number of Units issuable upon the conversion of the Series 1 Preferred Shares is equal to the number of Series 1 Preferred Shares to be converted multiplied by \$1.00 and divided by the average of the trading price of the common shares on the TSXV during the immediately prior twenty (20) consecutive day period prior to conversion (the “Market Price”). Each whole Common Share purchase warrant entitles the holder to purchase one (1) Common Share until October 21, 2021 upon payment of the Common Share purchase warrant exercise price which is equal to the Market Price. The Company may at its sole discretion redeem the Series 1 Preferred Shares at any time upon cash payment of one dollar per Series 1 Preferred Share.

Stock Options

The Company has a stock option plan under which options to purchase common shares may be granted to officers, directors, employees and consultants. The Board has approved a policy of reserving up to 10% of the outstanding common shares for issuance to eligible participants. Under the plan, all options have a maximum term of five years.

Warrants

The Company has issued Warrants as part of the previously described Asset Acquisition, Private Company Acquisitions’ and non-brokered private placements (see “DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS” in this Annual Information Form). The Warrants have an exercise price of \$0.15 and vary in term from one to two years from the date of issuance.

DIVIDEND RECORD AND POLICY

Since incorporation, Return has not paid any dividends on its outstanding Common Shares. The Company has no dividend policy. Any decision to pay dividends on the Common Shares in the future will be dependent upon the financial requirements of Return to finance future growth, the financial condition of Return, and other factors which the board of directors of Return may consider appropriate in the circumstances.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSXV and trade under the symbol “RTN”. The Common Shares commenced trading on the TSXV on May 31, 2006. The following table sets out the price range for and trading volume of the Common Shares for the periods indicated.

Period	High	Low	Volume
January 2016	\$0.05	\$0.05	87,200
February 2016	\$0.05	\$0.05	12,200
March 2016	\$0.10	\$0.05	161,700
April 2016	\$0.10	\$0.05	235,400
May 2016	\$0.10	\$0.05	255,800
June 2016	\$0.10	\$0.05	740,200
July 2016	\$0.10	\$0.05	141,100
August 2016	\$0.10	\$0.05	184,600
September 2016	\$0.10	\$0.05	101,100
October 2016	\$0.20	\$0.10	889,300
November 2016	\$0.20	\$0.15	405,200
December 2016	\$0.25	\$0.15	453,100
January 2017	\$0.185	\$0.12	384,850
February 2017	\$0.175	\$0.105	359,078
March 2017	\$0.135	\$0.09	141,957
April 2017	\$0.16	\$0.09	174,718
May 2017	\$0.12	\$0.095	100,689
June 2017	\$0.10	\$0.065	79,774
July 2017	\$0.10	\$0.065	236,351
August 2017	\$0.12	\$0.065	650,828
September 2017 (through September 12, 2017)	\$0.095	\$0.085	12,530

PRIOR SALES

As partial consideration for the Asset Acquisition, 2,000,000 Series 1 Preferred Shares were issued to the Vendor on October 20, 2017, all of which remain outstanding. See “Description and General Development of the Business - October 2016 Acquisitions And Private Placement” and “Description of Capital Structure - Series 1 Preferred Shares”.

DIRECTORS AND OFFICERS

The following table provides the names, municipalities of residence, position, principal occupations and security holdings of the directors and officers of Return.

Name and Municipality of Residence	Director/Officer Since	Principal Occupations	Number and Percentage of Common Shares Held
Kenneth M. Tompson ⁽³⁾ Calgary, Alberta, Canada	President and CEO since October 1, 2016 and Director since March 20, 2006 (Former Executive Vice President and COO)	President and CEO of the Company effective October 1, 2016. Prior thereto, Mr. Tompson was the Executive Vice-President and COO from March 20, 2006 to September 28, 2016. Mr. Tompson has in excess of 35 years of experience in oil and gas exploration and development both domestically and internationally. He is a member of the Canadian Society of Petroleum Geologists and the Association of Professional Engineers and Geoscientists of Alberta.	390,471 (less than 1%)

Name and Municipality of Residence	Director/Officer Since	Principal Occupations	Number and Percentage of Common Shares Held
Garry T. Hides Chestermere, Alberta, Canada	Executive Vice President since April 1, 2017 and Director since March 20, 2006 (Former President and Chief Executive Officer)	Executive Vice President of the Company effective April 1, 2017. Prior thereto, Mr. Hides was the President and CEO from March 20, 2006 to September 28, 2016. Mr. Hides is a professional landman with over 30 years of diversified land, negotiations, business development and senior corporate executive experience, both domestically and internationally. He is a member of both the Canadian Association of Petroleum Landmen and the Association of International Petroleum Negotiators.	139,311 (less than 1%)
Lorne A. Morozoff Calgary, AB	Vice-President Finance and Chief Financial Officer since September 1, 2006	A Chartered Accountant with over 20 years experience, VP Finance and CFO of Return since September 1, 2006.	366,333 (less than 1%)
Jason Schoenfeld Calgary, AB	Chief Operating Officer since October 20, 2016	Mr. Schoenfeld is a professional engineer with 19 years experience in operations and production engineering. In addition to managing drilling and completion operations, in both conventional and horizontal/multi-stage frac situations, he has been involved in several acquisition and divestiture evaluations. Prior to establishing his consulting practice in 2012, Mr. Schoenfeld served as the Operations Manager for Westfire Energy Ltd. He is a member of the Association of Professional Engineers and Geoscientists of Alberta.	100,000 (less than 1%)
Roy H. Hudson ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta, Canada	Director since May 30, 2006	Partner of DLA Piper (Canada) LLP (formerly Davis LLP) since September 2004. Mr. Hudson has practiced securities and corporate law since 1984 and has served as a director and officer of a number of private and public corporations in the energy, energy services, and mining industries.	2,000 (less than 1%)
Bradley B. Porter ⁽¹⁾⁽²⁾⁽³⁾ Okotoks, Alberta, Canada	Director since May 1, 2012	Mr. Porter is an independent businessman with more than 25 years of diverse oil and gas experience and has been a founder, director and senior executive of several Calgary based private and public oil and gas companies, including Granite Oil Corp. and Boulder Energy Ltd. From 1996 to July 2005, he was Executive Vice President and Director of Devlan Exploration Inc. Mr. Porter has been an independent businessman serving as a board member for a number of private and public corporations in both the service and producing sectors of the oil and gas industry.	1,101,635 (2.6%)
Robb D. Thompson ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada	Director since September 2, 2014	Mr. Thompson is a Chartered Accountant and holds the position of Chief Financial Officer and Corporate Secretary of Bonterra Energy Corp.	50,000 (less than 1%)

Notes:

- (1) Denotes Audit Committee members.
- (2) Denotes Corporate Governance and Compensation Committee members.
- (3) Denotes Reserves Committee member.

Each director will hold office until the next annual general meeting of Shareholders of Return or until his successor is elected or appointed.

As at the date hereof, the directors and executive officers of Return, as a group beneficially own, directly or indirectly, approximately 5% of the outstanding Common Shares, and 7% on a fully diluted basis. Directors and executive officers as a group hold Options and Warrants, with the rights to purchase or acquire an aggregate of an additional 2,818,333 Common Shares.

Cease Trade Orders or Bankruptcies

Except as noted below or otherwise herein, none of the above directors, as at the date of this Annual Information Form, or within 10 years before the date of this Annual Information Form, has been, a director, chief executive officer or chief financial officer of any company, that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trader order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer cease to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Except as noted below or otherwise herein, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is:

- (a) as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within the 10 years before the date of the Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Robb D. Thompson was the Chief Financial Officer of Sonde Resources Corp. (Sonde, formerly Canadian Superior Energy Inc.) when the issuer sought creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). All executive positions at Sonde, other than the Chief Financial Officer and Vice President, Western Canada, were vacated in connection with the application for CCAA protection. Mr. Thompson maintained his employment with the company throughout the CCAA process. Ultimately, Sonde was able to repay its creditors in full, with interest, and it exited CCAA protection in October 2009.

Penalties and Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in making an investment decision.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

At no time since the beginning of the most recently completed financial period has there been any indebtedness of any director or officer, or any associate of any such director or officer, to the Company or to any other entity which is, or at any time since the beginning of the most recently completed financial period has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are MNP LLP, 1500-640 5 Ave SW, 1500, Calgary, AB T2P 3G4. MNP LLP is independent within the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by the Company within the last financial year, or before the last financial year but which are still in effect is the agreement providing for Asset Acquisition as described under “Description And General Development of the Business - October 2016 Acquisitions And Private Placement” in this Annual Information Form.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below, there are no material interests, direct or indirect, of directors or executive officers of Return, any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares of Return, or any known associate or affiliate of such persons, in any transaction since commencement of operations of Return which has materially affected Return or in any proposed transaction which would materially affect Return.

Approximately 20% of the shares of both private companies acquired pursuant to the Private Company Acquisitions were held or controlled, directly or indirectly, by Brad Porter, a director of the Company. An aggregate of 110,000 Acquisition Units were issued in exchange for such shares.

Robb Thompson, Lorne Morozoff, Jason Schoenfeld, each either a director or officer of the Company, respectively purchased 50,000 Offering Units, 100,000 Offering Units and 100,000 Offering Units under the private placement completed in October 2017 in conjunction with the completion of the Asset Acquisition and the Private Company Acquisitions.

Lorne Morozoff, the Chief Financial Officer of the Company, purchased 208,333 Units under the Offering completed in March 2017.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or related to, the Company's most recently completed financial year other than Sproule, the Company's independent engineering evaluators and MNP LLP, the Company's auditors.

As at the date of hereof, the principal reserve evaluators of Sproule, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

MNP LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant bodies in Canada and any applicable legislation or regulations.

Roy H. Hudson, a director of the Company, is a lawyer at DLA Piper (Canada) LLP, which law firm provides legal services to the Company. As of the date hereof, the associates and partners of DLA Piper (Canada) LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, there are no legal proceedings or regulatory actions material to the Company to which the Company is a party, or was a party to in 2016, or of which any of its properties is the subject matter, or was the subject matter of in 2016, nor are there any such proceedings known to the Company to be contemplated. There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority and the Company has not entered into any settlement agreements with a court or securities regulatory authority.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of Return may be subject to in connection with the operations of Return. Some of the directors have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of, interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors will be in direct competition with Return. No assurances can be given that opportunities identified by such board members will be provided to Return.

In the event of such conflicts, decisions will be made on a basis consistent with the objectives and financial resources of each group of interested parties, the time limitations on investment of such financial resources, and on the basis of operating efficiencies having regard to the then current holdings of properties of each group of interested parties consistent with the duties of Return to each such group of persons. All reasonable efforts will be used to resolve such conflicts of interest in a manner which will treat Return and the other interested party fairly taking into account all of the circumstances of Return and such interested party and to act honestly and in good faith in resolving such matters. Conflicts, if any, will be subject to the procedures and remedies under the ABCA.

RISK FACTORS

The Company's operations are exposed to a number of risks, some that impact the oil and natural gas industry as a whole and others that are unique to the Company. The impact of any risk or a combination of risks may adversely affect the Company's business, financial condition, results of operations, prospects, cash flows and reputation, which may reduce and may materially affect the market price of the Company's securities.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Company's business and the oil and natural gas business generally.

Financial Risks and Risks Relating to Economic Conditions

Stage of Development

An investment in Return is subject to certain risks related to the nature of Return's business and its stage of development. There are numerous factors which may affect the success of Return's business which are beyond Return's control including local, national and international economic and political conditions. Return's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. There can be no assurance that Return's business will be successful or profitable. Return has not paid any dividends and it is unlikely to pay dividends in the immediate or foreseeable future.

Commodity Price Volatility

The Company's revenues, operating results, financial condition and ability to borrow funds or obtain additional capital depend substantially on prevailing prices for oil and natural gas. Prices for oil and natural gas are subject to wide fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond the Company's control. These factors include but are not limited to the following:

- global energy supply and demand, production and policies, including (without limitation) the ability of OPEC to set, maintain and reduce production levels in order to influence prices for crude oil;
- political conditions, instability and hostilities;
- domestic and foreign supplies of crude oil, NGLs and natural gas;
- the level of consumer demand, including demand for different qualities and types of crude oil and liquids;
- the production and storage levels of North American natural gas and crude oil and the supply and price of imported oil;
- the ability, considering regulation, taxation, and market demand, to export oil and liquefied natural gas and NGLs from North America;
- the availability, proximity and capacity of gathering, transportation, processing and/or refining facilities in regional or localized areas that may affect the realized price for oil and natural gas;
- weather conditions;
- government regulations, including existing and proposed changes to such regulations;
- the effect of world-wide environmental regulations and energy conservation and GHG reduction measures;
- the price and availability of alternative energy supplies; and
- global and domestic economic conditions, including currency fluctuations.

Oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and demand of these commodities due to the current state of the world economy, OPEC actions, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile oil, NGLs and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

A material decline in oil and natural gas prices could result in a reduction of the Company's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas. The Company might also elect not to produce from certain wells at lower prices. In addition, any prolonged period of low crude oil or natural gas prices could result in a decision by the Company to suspend or slow exploration and development activities or the construction or expansion of new or existing facilities or reduce its production levels. Any substantial and prolonged decline in the price of oil and natural gas would have an adverse effect on the carrying value of the Company's assets, revenues, profitability and cash flow from operations and may have a material adverse effect on the Company's business, financial condition, results of operations, prospects, and ultimately on the market prices of the Company's securities.

The Company's financial performance also depends on revenues from the sale of commodities which differ in quality and location from underlying commodity prices quoted on financial exchanges. Of particular importance are the price

differentials between the Company's realized prices for light/medium oil and natural gas and quoted market prices. Not only are these discounts influenced by regional supply and demand factors, they are also influenced by other factors such as transportation costs, capacity and interruptions and the quality of the oil and natural gas produced, all of which are beyond the Company's control. Oil and natural gas producers in North America currently receive significantly discounted prices for some of their production due to regional constraints on the ability to transport and sell such production to international markets. Additionally, limited natural gas and NGLs processing capacity may result in producers not realizing the full price for liquids associated with their natural gas production. A failure to resolve such constraints may result in continued reduced commodity prices received by oil and natural gas producers such as the Company.

The Company's reserves at December 31, 2016 are estimated using forecast prices and costs. These prices are above current crude oil and natural gas prices. If crude oil and natural gas prices stay at current levels, the Company's reserves may be substantially reduced as economic limits of developed reserves are reached earlier and undeveloped reserves become uneconomic at such prices. Even if some reserves remain economic at lower price levels, sustained low prices may compel the Company to re-evaluate its development plans and reduce or eliminate various projects with marginal economics. In addition, lower commodity prices have restricted, and are anticipated to continue to restrict, the Company's cash flow. The Company's capital expenditure plans are impacted by the Company's cash flow. If commodity prices deteriorate and the Company reduces its capital expenditures, the Company may not be able to replace its production with additional reserves and both its production and reserves could be reduced on a year-over-year basis.

Return conducts an assessment of the carrying value of its assets to the extent required by International Financial Reporting Standards. If forecasted oil or natural gas prices decline, the carrying value of the Company's assets could be subject to downward revision, and the Company's earnings could be adversely affected by any reduction in such carrying value.

Weakness in the Oil and Gas Industry

Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by OPEC, slowing growth in China and other emerging economies, market volatility and disruptions in Asia, sovereign debt levels and political upheavals in various countries have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. Recent changes in the Canadian federal government and, in the case of Alberta, at the provincial level have resulted in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation that have been announced or may be implemented. In addition, the difficulty or inability to obtain the necessary approvals and other delays to build pipelines and other facilities to provide better access to markets for the oil and gas industry in western Canada has led to additional downward price pressure on crude oil and natural gas produced in western Canada and uncertainty and reduced confidence in the oil and gas industry in western Canada. Given the current market conditions and the lack of confidence in the Canadian oil and gas industry, the Company may have difficulty raising additional funds or if it is able to do so, it may be on unfavourable and/or highly dilutive terms.

Additional Financing

The Company's future capital requirements on its existing assets may exceed existing cash resources, which may require Return to raise additional funds. The ability of Return to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of Return. This in turn could limit growth prospects in the short run or may even require Return to dedicate cash flow, dispose of properties or raise new equity to continue operations under circumstances of declining energy prices, disappointing drilling results, or economic or political dislocation in foreign countries. There can be no assurance that Return will be successful in its efforts to arrange additional financing on terms satisfactory to Return. This may be further complicated by the limited market liquidity for shares of smaller companies, restricting access to some institutional investors. If additional financing is raised by the issuance of shares from the treasury of Return, control of Return may change and shareholders may suffer additional dilution.

From time to time Return may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may temporarily increase Return's debt levels above industry standards

Credit Risk

The Company may be exposed to third-party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In addition, the Company may be exposed to third party credit risk from operators of properties in which the Company has a working or royalty interest. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may affect a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Company being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Company's financial and operational results.

Conversely, the Company's counterparties may deem the Company to be at risk of defaulting on its contractual obligations. These counterparties may require that the Company provide additional credit assurances by prepaying anticipated expenses or posting letters of credit, which would decrease the Company's available liquidity.

Variations in Foreign Exchange Rates

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar may negatively affect the Company's production revenues. Future Canadian/United States exchange rates could also impact the future value of the Company's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Company receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used for the Company's operations, which may have a negative impact on the Company's financial results.

Business and Operational Risks

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production therefrom, will decline over time as such existing reserves are produced. A future increase in the Company's reserves will depend on both the ability of the Company to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Company will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Company may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that the Company will discover or acquire further commercial quantities of oil and natural gas. In addition, the success of the Company's business is highly dependent on its ability to acquire or discover new reserves in a cost efficient manner as substantially all of the Company's cash flow is derived from the sale of the petroleum and natural gas reserves that it accumulates and develops

Future oil and natural gas exploration may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completion, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment and personal injury. Particularly, the Company may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Company.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company also remains subject to the risk that the production rate of a significant well may decrease in an unpredictable and uncontrollable manner, which could result in a decrease in the Company's overall production and associated cash flows. As is standard industry practice, the Company is not fully insured against all risks, nor are all risks insurable. Although the Company maintains liability insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Company could incur significant costs.

Project Risks

The Company manages a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Company's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Company's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing at a reasonable cost and in accordance with applicable environmental regulations;
- the Company's ability to dispose of water used or removed from strata;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Company could be unable to execute projects on time, on budget, or at all, and may be unable to effectively market the oil and natural gas that it produces.

Gathering and Processing Facilities and Pipeline Systems

The Company primarily delivers its products through gathering and processing facilities and pipeline systems, some of which it does not own. The amount of oil and natural gas that the Company can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities and pipeline systems. A lack of availability of capacity in any of the gathering and processing facilities and pipeline systems could result in the Company's inability to realize the full economic potential of its production or in a reduction of the price offered for the Company's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and market oil and natural gas production. In addition, the pro-rationing of capacity on pipeline systems within Alberta continues to affect the ability to export oil and natural gas. Unexpected shut downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Company's production, operations and financial results. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Company's business and, in turn, the Company's financial condition, results of operations and cash flows. The federal government has signaled that it plans to review the National Energy Board approval process for large projects. This may cause the timeframe for project approvals to increase for current and future applications.

The Company's production passes through Return owned or third party infrastructure prior to it being ready for sale. There is a risk that should this infrastructure fail causing a significant portion of the Company's production to be shut-in and unable to be sold, this could have a material adverse effect on the Company's available cash flow. With respect to facilities owned by third parties and over which the Company has no control, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Company's ability to process its production and deliver the same for sale.

Uncertainty of Reserves

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future net revenue attributed to such reserves, including many factors beyond the control of the Company. The reserves and associated future net revenue information set forth in this Annual Information Form are estimates only. In general, estimates of economically recoverable oil, natural gas and NGLs reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate reserves recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil, natural gas and NGLs reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary substantially. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves, which may be substantial.

In accordance with applicable securities laws in Canada, the Company's independent qualified reserves evaluators have used forecast prices and costs in estimating the reserves and future net revenue as summarized herein. Actual future net revenue will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulations or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Company's reserves will vary from the estimates contained in the Consolidated Reserves Report and such variations could be material. The Consolidated Reserves Report is based in

part on the expected success of the Company's forecast operations. The reserves and estimated future net revenue to be derived therefrom and contained in the Consolidated Reserves Report may be reduced to the extent that such activities do not achieve the expected level of success.

Costs and Availability of Equipment and Services

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) and skilled personnel trained to use such equipment in the areas where such activities will be conducted. Demand for such limited equipment and skilled personnel, or access restrictions, may affect the availability of such equipment and skilled personnel to the Company and may delay exploration and development activities.

During times of high commodity prices for oil and natural gas, there is a risk of substantially increased costs of operations, which impacts both the amount of capital required to perform operations and the netback the Company achieves from its production sales. Although the Company strives for continuous improvement in its planning, operations and procurement of materials, unexpected changes in the market for such equipment and services could negatively affect the Company's business, financial condition, results of operations and prospects.

Hydraulic Fracturing

Some of the Company's operations use hydraulic fracturing. Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from reservoirs that were previously unproductive. While hydraulic fracturing has been in use and improved upon for many years, there has been increased focus on environmental aspects of hydraulic fracturing practices in recent years. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition (including litigation) to oil and natural gas production activities using hydraulic fracturing techniques. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims, and could increase the Company's costs of compliance and doing business as well as delay the development of oil and natural gas resources from certain formations which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that the Company is ultimately able to produce from its reserves.

Potential Future Drilling Locations

The Company's identified potential future drilling locations represent a significant part of the Company's future growth. Return's ability to drill and develop these locations and the drilling locations on which Return actually drills wells depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained, production rate recovery, gathering system and transportation constraints, net prices received for commodities produced, regulatory approvals and regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations that the Company has identified will ever be drilled or if Return will be able to produce oil, NGLs or natural gas from these or any other potential drilling locations. As such, Return's actual drilling activities may differ materially from those presently identified, which could adversely affect Return's business.

Operational Dependence

Other companies operate some of the assets in which the Company has an interest. The Company has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Company's business, financial condition, results of operations and prospects. The Company's return on assets operated by others depends upon a number of factors that may be outside of the Company's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to the current low and volatile commodity prices, many companies, including companies that may operate some of the assets in which the Company has an interest, may be in financial difficulty, which could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Company has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Company may be required to satisfy such obligations and to seek recourse from such companies. To the extent that any of such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Company potentially becoming subject to additional liabilities relating to such assets and the Company having difficulty collecting revenue due to it from such operators. Any of these factors could materially adversely affect the Company's financial and operational results.

Cost of New Technologies

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Company. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Company implements such technologies, there is no assurance that the Company will do so successfully. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. In such case, the Company's business, financial condition, results of operations and prospects could be affected adversely and materially. If the Company is unable to utilize the most advanced commercially available technology, its business, financial condition, results of operations and prospects could also be adversely affected in a material way.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for oil, natural gas and other liquid hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Health, Safety and Environment

Health, safety and environmental risks influence the workforce, operating costs and the establishment of regulatory standards. These risks include, but are not limited to, encountering unexpected formations or pressures; premature declines of reservoirs; blow-outs; equipment failures; human error or wilful misconduct by field workers; other accidents such as, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluid spills; adverse weather conditions; pollution; fires; and other environmental risks. The Company provides staff with the training and resources they need to complete work safely and effectively; incorporates hazard assessment and risk management as an integral part of everyday operations; monitors performance to ensure its operations comply with legal obligations and internal standards; and identifies and manages environmental liabilities associated with its existing asset base. The Company has a site inspection program and a corrosion risk management program designed to ensure compliance with environmental laws and regulations. The Company carries insurance to cover a portion of property losses, liability to third parties and business interruption resulting from unusual events.

The Company is subject to the risk that the unexpected failure of its equipment used in drilling, completing or producing wells or in transporting production could result in release of fluid substances that pollute or contaminate lands at or near its facilities, which could result in significant liability to the Company for costs of clean up, remediation and reclamation of contaminated lands. The Company conducts its operations with due regard for the potential impact on the environment. This includes hiring skilled personnel, providing adequate training to all staff involved with operations, and by retaining expert advice and assistance to deal with environmental remediation and reclamation work where such expertise is needed.

Seasonality

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable and municipalities and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, all of which may result in limited access and a reduction in or cessation of operations. In addition, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. In addition, extreme cold weather and heavy snowfall and rainfall may restrict the Company's ability to access its properties and cause operational difficulties. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and also to volatility in commodity prices as the demand for natural gas rises during cold winter months and hot summer months.

Expiration of Licences and Leases

The Company's properties are held in the form of licences and leases and working interests in licences and leases held by others. If the Company or the holder of the licence or lease fails to meet the specific requirements of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of licences or leases may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company. To mitigate this risk, the Company carefully monitors its undeveloped land position and plans operations in order to keep key licences and leases from terminating or expiring.

Competition

Competition could adversely affect Return's performance. The oil and natural gas industry is characterized by intense competition and Return competes directly with other companies that have greater technical and financial resources. Many of these competitors not only explore for and produce oil and natural gas but also carry on refining operations and market petroleum and other products. The industry also competes with other industries who supply non-petroleum energy products.

Asset Concentration

The majority of the Company's producing properties are geographically concentrated in the Peace River Arch area of Alberta. As a result of this concentration, the Company may be disproportionately exposed to the impact of delays or interruptions of production from that area caused by significant governmental regulation in Alberta, transportation capacity constraints, curtailment of production, natural disasters, availability of equipment, facilities or services, adverse weather conditions or other events which impact that area. Due to the concentrated nature of the Company's portfolio of properties, a number of the Company's properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on the Company's results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on the Company's financial condition and results of operations.

Expansion into New Activities

The operations and expertise of the Company's management are currently focused primarily on oil and natural gas production, exploration and development in Peace River Arch area of Alberta. In the future, the Company may acquire or move into new industry related activities or new geographical areas or may acquire different energy related assets, and as a result may face unexpected risks or alternatively, significantly increase the Company's exposure to one or more existing risk factors, which may in turn result in the Company's future operational and financial conditions being adversely affected.

Information Security and Cybersecurity

The Company relies heavily on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event the Company is unable to regularly deploy software and hardware,

effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on Return's business, financial condition, results of operations and cash flows.

In the ordinary course of business, the Company collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of Return's employees and third parties. Despite Return's security measures, Return's information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on the Company's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to Return's operations and damage to Return's reputation, which could have a material adverse effect on Return's business, financial condition, results of operations and cash flows.

Although to date the Company has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future.

Environmental, Regulatory and Political Risks

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental legislation, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Political and economic events may significantly affect the scope and timing of climate change measures that are put in place. Some of the Company's facilities may be subject to existing or future provincial or federal climate change regulations to manage emissions and there can be no assurance that the compliance costs will be immaterial. The implementation of new environmental regulations or the modification of existing environmental regulations affecting the oil and natural gas industry generally could reduce demand for oil and natural gas and increase costs.

Regulatory

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (including exploration, development, production, pricing, marketing and transportation). Governments may regulate or intervene

with respect to exploration and production activities, prices, taxes, royalties and the exportation of oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase the Company's costs, either of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In order to conduct oil and natural gas operations, the Company will require regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities. There can be no assurance that the Company will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake.

Royalties

The Government of Alberta receives royalties on the production of hydrocarbons from lands in which they own the mineral rights. On January 29, 2016, the Government of Alberta announced a new modernized royalty framework (the "MRF") based on recommendations of the Royalty Review Advisory Panel. The MRF will apply to all conventional wells spud on or after January 1, 2017. Wells spud prior to January 1, 2017 will continue to operate under the previous royalty framework (the "Previous Framework"). Wells spud between July 13, 2016 and December 31, 2016 may elect to opt-in to the MRF if certain criteria are met. After December 31, 2026, all wells will be subject to the MRF.

Under the MRF, royalties are determined on a "revenue-minus-costs" basis, with the cost component based on a drilling and completion cost allowance formula for each well, which is dependent on the true vertical depth of the well, total lateral length of the well and the total proppant placed. The formula is based on the industry's average drilling and completion costs as determined by the Alberta Department of Energy ("ADOE") on an annual basis. Producers pay a flat royalty rate of 5% of gross revenue from each well that is subject to the MRF until the well reaches payout. Payout for a well is the point at which cumulative revenues from the well equals the drilling and completion cost allowance for the well set by the ADOE. After payout, producers pay an increased post-payout royalty on revenues determined by reference to the then current commodity prices of the various hydrocarbons. Once production in a mature well drops below a threshold level where the rate of production is too low to sustain the full royalty burden, its royalty rate will move to a sliding scale (based on volume and commodity prices) with a minimum royalty rate of 5%.

There can be no assurance that the Government of Alberta will not adopt a new royalty framework or modify the existing royalty framework, which may have an impact on the economics of the Company's projects. Further changes to the royalty framework in Alberta, changes to how the existing royalty framework is interpreted and applied by the Government of Alberta or an increase in disclosure obligations for the Company could have a significant impact on the Company's financial condition, results of operations, prospects and cash flows. An increase in the royalty rates in Alberta would reduce the Company's earnings and could make future capital expenditures or existing operations less economic or uneconomic.

Climate Change Regulation

The Company's exploration and production facilities and other operations and activities emit Greenhouse Gas ("GHG"). Various federal and provincial governments have announced intentions to regulate GHG emissions and other air pollutants. Some of these regulations are in effect while others remain in various phases of review, discussion or implementation, as discussed in further detail below. Uncertainties exist relating to the timing and effects of these regulations. Additionally, lack of certainty regarding how any future federal legislation will harmonize with provincial regulations makes it difficult to accurately determine the cost estimate of climate change legislation compliance with certainty.

Alberta

As part of its efforts to reduce GHG emissions, the Government of Alberta introduced legislation to address GHG emissions: the Climate Change and Emissions Management Act (Alberta) enacted on December 4, 2003 and amended through the Climate Change and Emissions Management Amendment Act (Alberta), which received royal assent on November 4, 2008. The accompanying regulations include the Specified Gas Emitters Regulation ("SGER"), which imposes GHG limits, and the Specified Gas Reporting Regulation, which imposes GHG emissions reporting requirements. SGER applies to facilities emitting more than 100,000 tonnes of GHG emissions in 2003 or any

subsequent year (“Regulated Emitters”) and requires reductions in GHG emissions intensity (e.g. the quantity of GHG emissions per unit of production) from emissions intensity baselines established in accordance with SGER.

On June 25, 2015, the Government of Alberta renewed SGER for a period of two years with significant amendments while Alberta’s newly formed Climate Advisory Panel conducted a comprehensive review of the province’s climate change policy. Regulated Emitters are required to reduce their emissions intensity by 2% from their baseline in the fourth year of commercial operation, 4% of their baseline in the fifth year, 6% of their baseline in the sixth year, 8% of their baseline in the seventh year, 10% of their baseline in the eighth year, and, as of January 1, 2017, 20% of their baseline in the ninth or subsequent years. A Regulated Emitter can meet its emissions intensity targets through a combination of the following: (i) producing its products with lower carbon inputs; (ii) purchasing emissions offset credits from non-regulated emitters; (iii) purchasing emissions performance credits from other Regulated Emitters that earned credits through the reduction of their emissions below the 100,000 tonne threshold; (iv) cogeneration compliance adjustments; and (v) by contributing to the Climate Change and Emissions Management Fund at a rate of \$30 per tonne of GHG emissions.

On November 22, 2015, as a result of the Climate Advisory Panel’s Climate Leadership report, the Government of Alberta announced its Climate Leadership Plan. The Climate Leadership Plan includes certain initiatives that the Government will implement to address climate change, including: (i) the complete phase-out of coal-fired sources of electricity by 2030; (ii) implementing an Alberta economy-wide price on GHG emissions of \$30 per tonne; (iii) reducing oil sands emissions to a province-wide total of 100 megatonnes per year, with certain exceptions for cogeneration power sources and new upgrading capacity; and (iv) reducing methane emissions from oil and gas activities by 45% by 2025. On June 7, 2016, the Climate Leadership Implementation Act (Alberta) (the “CLIA”) was passed into law. The CLIA enacted the Climate Leadership Act (Alberta) (the “CLA”) introducing a carbon tax on all sources of GHG emissions, subject to certain exemptions. The CLA came into force on January 1, 2017. The Climate Leadership Regulation (“CL Regulation”), which provides further detail in respect of the carbon levy regime set out in the CLA, was released on November 3, 2016, and also came into force on January 1, 2017.

The CLA and the CL Regulation impose registration, payment, remittance, reporting and administrative obligations on applicable persons throughout the fuel supply chain. Pursuant to the CLA, an initial economy-wide carbon levy of \$20 per tonne of GHG emissions was implemented on January 1, 2017, increasing to \$30 per tonne in January of 2018. The application of the carbon levy depends on the type and quantity of fuel purchased and how such fuel is used by the purchaser. With certain exemptions, all fuel consumption, including gasoline and natural gas, will be subject to the carbon levy. Activities integral to oil and gas production processes are exempt until 2023. The Company currently expects that its operations will have minimal direct carbon levy exposure until 2023. It is not known what will occur in 2023 when the current exemptions are expected to end. In addition, under the CLA and the CL Regulation, facilities subject to SGER are exempt from the carbon levy. Regulated Emitters will remain subject to the SGER framework until the end of 2017 and are exempt from paying the carbon levy on fuels used in operations until this time. Upon the expiry of SGER, the Government of Alberta intends to transition to a proposed Carbon Competitiveness Regulation, in which sector specific output-based carbon allocations will be used to ensure competitiveness. Details of such proposed regulation have not yet been released.

Federal

As a signatory to the United Nations Framework Convention on Climate Change (the “UNFCCC”) the Government of Canada announced on January 29, 2010 that it would seek a 17% reduction in GHG emissions from 2005 levels by 2020; however, these GHG emission reduction targets were not binding. Canada and 193 other countries that are members of the UNFCCC met in Paris, France in December, 2015, and signed the Paris Agreement on climate change. The stated objective of the Paris Agreement is to hold “the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius”. Signatory countries agreed to meet every five years to review their individual progress on GHG emissions reductions and to consider amendments to individual country targets, which are not legally binding. Canada is required to report and monitor its GHG emissions, though details of how such reporting and monitoring will take place have yet to be determined. Additionally, the Paris Agreement contemplates that, by 2020, the parties will develop a new market-based mechanism related to carbon trading. As a result of the UNFCCC adopting the Paris Agreement on December 12, 2015, which Canada ratified on October 3, 2016, the Government of Canada implemented new GHG emission reduction targets of a 30% reduction from 2005 levels by 2030.

In addition, on December 9, 2016, the Government of Canada formally announced the Pan-Canadian Framework on Clean Growth and Climate Change. As a result, the federal government will implement a Canada-wide carbon pricing scheme beginning in 2018. This may be implemented through either a cap and trade system or a carbon tax regime at the option of each province or territory. The federal government will impose a price on carbon of \$10 per tonne on any province or territory which fails to implement its own system by 2018. This amount will increase by \$10 annually until it reaches \$50 per tonne in 2022, at which time the program will be reviewed. For those provinces, including Alberta, which have already established a carbon tax or a cap and trade regime, or both, the national price on carbon will likely have little additional impact in the short-term.

Impact on the Company

Adverse impacts to the Company's business as a result of comprehensive GHG legislation or regulations may include, but are not limited to: increased compliance costs; permitting delays; increased operating costs and capital expenditures; and reduced demand for the oil, natural gas and NGLs that the Company produces.

The Company is not currently considered a Regulated Emitter under SGER in respect of any of its facilities. However, should any of the Company's facilities emit 100,000 tonnes or more of GHG per year, such facilities will be subject to the GHG reduction targets and reporting requirements under SGER.

Beyond existing legal requirements, the extent and magnitude of any adverse impacts of any additional programs or additional regulations cannot be reliably or accurately estimated at this time because specific legislative and regulatory requirements have not been finalized and uncertainty exists with respect to the additional measures being considered and the time frames for compliance. Additional changes to climate change legislation may adversely affect the Company's business, financial condition, results of operations and cash flows which cannot be reliably or accurately estimated at this time.

Liability Management Programs

In Alberta, the AER administers the Licensee Liability Rating Program (the "LLR Program") which is a liability management program governing most conventional upstream oil and gas wells, facilities and pipelines. The Oil and Gas Conservation Act (Alberta) (the "OGCA") establishes an orphan fund (the "Orphan Fund") to pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in the LLR Program if a licensee or working interest participant becomes defunct or is unable to meet its obligations. The Orphan Fund is administered by the Orphan Well Association (the "OWA") and is funded by licensees in the LLR Program (including Return) through a levy administered by the AER. The LLR Program is designed to minimize the risk to the Orphan Fund posed by unfunded liability of licensees and to prevent the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, facilities or pipelines.

The LLR Program requires a licensee whose deemed liabilities exceed its deemed assets to provide the AER with a security deposit. The ratio of deemed liabilities to deemed assets is assessed once each month and failure to post the required security deposit may result in the initiation of enforcement action by the AER. Although the Company does not have to currently post security under the existing LLR Program, changes to the ratio of the Company's deemed assets to deemed liabilities or changes to the requirements of the LLR Program may result in the requirement for security to be posted in the future.

In May 2016, the Alberta Court of Queen's Bench issued a decision in the case of Redwater Energy Company ("Redwater"). The Court found that there was an operational conflict between the abandonment and reclamation provisions of the OGCA and the Bankruptcy and Insolvency Act (Canada) and that receivers and trustees of insolvent parties have the right to disclaim or renounce uneconomic oil and gas assets within insolvency proceedings. Accordingly, these wells and facilities become "orphans" to be remediated by the OWA. The Alberta Court of Appeal heard the appeal of the Redwater decision on October 11, 2016, with the Court reserving its decision.

In response to the Redwater decision, the AER issued Bulletin 2016-16: Licensee Eligibility—Alberta Energy Regulator Measures to Limit Environmental Impacts Pending Regulatory Changes to Address the Redwater Decision

(“Bulletin 16”) on June 20, 2016, which provided that the following interim measures will govern pending the earlier of the outcome of Redwater or the implementation of appropriate regulatory measures:

- (a) The AER will consider and process all applications for licence eligibility under Directive 067: Applying for Approval to Hold EUB Licences as non-routine and may exercise its discretion to refuse an application or impose terms and conditions on a licensee eligibility approval if appropriate in the circumstances.
- (b) For holders of existing but previously unused licence eligibility approvals, prior to approval of any application (including licence transfer applications), the AER may require evidence that there have been no material changes since approving the licence eligibility. This may include evidence that the holder continues to maintain adequate insurance and that the directors, officers, and/or shareholders are substantially the same as when licence eligibility was originally granted.
- (c) As a condition of transferring existing AER licences, approvals, and permits, the AER will require all transferees to demonstrate that they have an LMR, being the ratio of a licensee’s deemed assets to deemed liabilities, of 2.0 or higher immediately following the transfer.

The AER subsequently issued Bulletin 2016-21: Revision and Clarification on Alberta Energy Regulator’s Measures to Limit Environmental Impacts Pending Regulatory Changes to Address the Redwater Decision (“Bulletin 21”) on July 8, 2016. In Bulletin 21, the AER stated that an LMR of 1.0 is not sufficient to ensure that licensees will be able to address their obligations throughout the life cycle of energy development; therefore transferees must either demonstrate an LMR of 2.0 or higher or provide other evidence that the transferee will be able to meet with obligations with an LMR of less than 2.0. Bulletin 21 did provide the AER with additional flexibility to permit licensees to acquire additional AER-licensed assets if:

- (a) the licensee already has an LMR of 2.0 or higher;
- (b) the acquisition will improve the licensee’s LMR to 2.0 or higher; or
- (c) the licensee is able to satisfy the AER by other means that they will be able to meet their obligations throughout the life cycle of energy development with an LMR of less than 2.0.

Under AER Bulletin 2017-13 “Changes to Process for Transfer Application Decisions”, effective August 21, 2017, all AER transfer applications for well and facility licences will be subject to a 30 day review period after submission, to group all transfers together and will be published on the AER website to allow interested parties to file statements of concern.

The LLR Program may prevent or interfere with the Company’s ability to acquire or dispose of assets as both the vendor and the purchaser of oil and gas assets must be in compliance with the LLR Program (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets. While the impact on Return of any legislative, regulatory or policy decisions as a result of the Redwater decision and its pending appeal cannot be reliably or accurately estimated, any cost recovery or other measures taken by applicable regulatory bodies may impact Return and materially and adversely affect, among other things, Return’s business, financial condition, results of operations and cash flows. There remains a great deal of uncertainty as to what new regulatory measures will be developed.

In addition, because of the current economic environment, the number of orphaned wells in Alberta has increased significantly and, accordingly, the aggregate value of the abandonment and reclamation liabilities assumed by the OWA has increased and may continue to increase. The OWA may seek funding for such liabilities from industry participants, including the Company, through an increase in its annual levy, further changes to regulations or other means.

Political Uncertainty

Political events throughout the world that cause disruptions in the supply of oil continuously affect the marketability and price of oil and natural gas acquired or discovered by the Company. Conflicts, or conversely peaceful developments, arising outside of Canada, including changes in political regimes or the parties in power, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and result in a reduction of the Company's net production revenue.

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. During the recent presidential campaign in the United States a number of election promises were made and the new American administration has begun taking steps to implement certain of these promises. Included in the actions that the administration has discussed and/or pursued are the renegotiation of the terms of the North American Free Trade Agreement, withdrawal of the United States from the Trans-Pacific Partnership, imposition of a tax on the importation of goods into the United States, reduction of regulation and taxation in the United States, and introduction of laws to reduce immigration and restrict access into the United States for citizens of certain countries. It is presently unclear exactly what actions the new administration in the United States will implement, and if implemented, how these actions may impact Canada and in particular the oil and gas industry. Any actions taken by the United States administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and gas companies, including the Company.

In addition to the political disruption in the United States, in 2016 the citizens of the United Kingdom voted to withdraw from the European Union and the Government of the United Kingdom has begun taken steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on the Company's ability to market its products internationally, increase costs for goods and services required for the Company's operations, reduce access to skilled labour and negatively impact the Company's business, operations, financial conditions and ultimately the market value of the Company's securities.

Other Risks

Volatility of Market Price of Securities

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. The market price of the Company's securities may be volatile, which may affect the ability of holders to sell such securities at an advantageous price. In addition, the market price for securities in the stock markets, including the TSXV, has recently experienced significant price and trading fluctuations. These broad market fluctuations may adversely affect the market prices of the Company's securities, and, as such, the price at which the Company's securities will trade cannot be accurately predicted.

Key Personnel

The competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Return will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Return, as the case may be.

Title to Properties and Assets

Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of Return which could result in a reduction of

the revenue received by Return. This process can take time, as a result, it is common business practice for commercial parties to proceed with the completion of a purchase and sale transaction, notwithstanding the fact that governmental approval may take years to properly reflect these business dealings. In these cases, title review due diligence involves ensuring that the current title holder has started the different authorization procedures, and also involves an update as to the status of the required authorizations.

Insurance

The Company obtains insurance in accordance with industry standards to address business risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, certain risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on its business, financial condition, results of operations or prospects.

Litigation

In the normal course of the Company's operations, it may become involved in, be named as a party to, or be the subject of various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, access rights, the environment and lease and contractual disputes. The outcome of future proceedings cannot be predicted with certainty and may be determined adversely to the Company and, as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceeding, the proceeding could be costly and time-consuming and may divert the attention of management and key personnel from the Company's business operations, which may adversely affect the Company.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. If the Company or its independent auditor discovers a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and harm the trading prices of the Company's securities.

Income Taxes

The Company files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Company. Furthermore, tax authorities having jurisdiction over the Company may disagree with how the Company calculates its income for tax purposes or could change administrative practices to the Company's detriment.

Breaches of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business.

Issuances of Securities

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive. If the Company issues additional securities, the percentage ownership of existing shareholders will be reduced and diluted and the price of the Company's securities could decrease.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Company's forward looking information. By its nature, forward-looking information involves numerous assumptions and known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

ADDITIONAL FINANCIAL AND OTHER INFORMATION

Additional information relating to Return may be found on SEDAR at www.sedar.com.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Common Shares, securities authorized for issuance under equity compensation plans and interests of insiders in material transactions, if applicable, is contained in the Management Information Circular and Proxy dated May 11, 2017 in respect of the meeting of shareholders of Return held on June 14, 2017.

Additional financial information is contained in the Company's annual audited consolidated financial statements for the year ended December 31, 2016 and the associated management's discussion and analysis, which are also available on SEDAR at www.sedar.com.

Any document referred to in this Annual Information and described as being filed on SEDAR at www.sedar.com (including those documents referred to as being incorporated by reference in this Annual Information Form) may be obtained free of charge from Return at 1220, 407 – 2nd Street S.W., Calgary, Alberta, T2P 2Y3.

Form 51-101F2
Report on Reserves Data
by Independent Qualified Reserves Evaluator or Auditor

To the Board of Directors of Return Energy Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2016. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2016, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook"), maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2016, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date	Location of Reserves (Country)	Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)			
			Audited (M\$)	Evaluated (M\$)	Reviewed (M\$)	Total (M\$)
Sproule	December 31, 2016	Canada				
Total			Nil	11,119	Nil	11,119

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report, entitled "Evaluation of the P&NG Reserves of Return Energy Inc. (As of December 31, 2016)".
8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule Associates Limited
Calgary, Alberta
February 13, 2017



Douglas McNichol, P.Eng.
Senior Petroleum Engineer



Ian Kirkland, P.Geol.
Senior Petroleum Geologist



Alec Kovaltchouk, P.Geo.
Vice President, Geoscience



for Nora T. Stewart, P.Eng.
Senior Vice President, Reserves Certification

SCHEDULE B

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION (FORM 51-101F3)

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.
2. The report referred to in item 3 of section 2.1 of *NI 51-101* must in all material respects be as follows:

Management of Return Energy Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2016 estimated using forecast prices and costs.

Independent qualified reserves evaluators have evaluated the Company's reserves data. The report of the independent qualified reserves evaluators will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluators;
- (b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluators.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluators on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

(signed) "Kenneth Tompson"
Kenneth Tompson, President and Chief
Executive Officer

(signed) "Roy Hudson"
Roy Hudson
Director

(signed) "Bradley Porter"
Bradley Porter
Director

(signed) "Lorne Morozoff"
Lorne Morozoff
VP Finance and Chief Financial Officer

April 25, 2017