



For Immediate Release

Return Energy Announces Close of \$5 Million Private Placement

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CALGARY, Alberta. December 27, 2017 /CNW/ - Return Energy Inc. ("**Return**" or the "**Company**") (TSX-V: "RTN") is pleased to announce that it has closed its previously announced non-brokered private placement (the "**Unit Offering**") of 66,666,666 units of the Company ("**Units**") at a price of \$0.075 per Unit for aggregate gross proceeds of \$4,999,999.95 with Vertex Managed Value Portfolio ("**VMVP**"), a fund managed by Vertex One Asset Management Inc. ("**Vertex**"). Additionally, the Company has issued 1,460,689 common shares ("**FT Shares**") on a flow-through basis at a price of \$0.10 per FT Share for aggregate gross proceeds of \$146,068.90 pursuant to its previously announced non-brokered private placement of Canadian exploration expense flow-through shares (the "**FT Offering**") and together with the Unit Offering, the "**Offerings**").

The proceeds of the Offerings will be used by Return to further its development activities in the Rycroft, Gordondale and Valhalla areas of Alberta. The completion of the Offerings is subject to the Company receiving all necessary regulatory approvals, including final approval from the TSX Venture Exchange (the "**TSXV**"). All securities issued under the Offerings, including securities issuable on exercise thereof, are subject to a hold period expiring four months and one day from the date hereof.

Unit Offering

Further to the Company's news release dated December 27, 2017, the shareholders of the Company approved an ordinary resolution authorizing the Unit Offering and the creation of VMVP as a "control person" of the Company, as such term is defined by the policies of the TSXV.

Upon completion of the Unit Offering, VMVP acquired ownership of 66,666,666 Units. Each Unit issued under the Unit Offering consisted of one common share in the capital of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.10 per Common Share (the "**Warrant Exercise Price**") at any time up to 5:00 p.m. (Calgary time) on or before the earlier of the date that is: (a) five years from the closing date of the Offering, and (b) 30 days after the giving of the Early Termination Notice (as defined herein) by the Company. If the volume-weighted average price of the Common Shares on the TSX Venture Exchange (the "**TSXV**") exceeds the Warrant Exercise Price by at least 200% for a minimum of 20 consecutive trading days (whether or not trading of the Common Shares occurs on such days, provided that the Common Shares trade on at least fifteen of such trading days and the total value of Common Shares traded during such periods is greater than \$1,500,000), the Warrants will be subject to, at the

option of the Company, an accelerated expiry date that is 30 days after the date on which the Company provides notice to holders of Warrants of such accelerated expiry date (the “**Early Termination Notice**”).

As a result of the completion of the Unit Offering, VMVP acquired 66,666,666 common shares of the Company (“**Common Shares**”), representing 60.30% of the issued and outstanding Common Shares. Prior to the completion of the Unit Offering, VMVP did not hold any securities of the Company. Under the Unit Offering, VMVP acquired 66,666,666 Warrants. If all Warrants held by VMVP were exercised, VMVP would own 133,333,332 Common Shares, representing 75.24% of the outstanding Common Shares.

VMVP is an affiliate of another fund managed by Vertex called Vertex Value Fund (“**VVF**”). VVF currently owns 8,333,400 Common Shares and 8,333,400 warrants to purchase Common Shares. As the fund manager of both VMVP and the VVF, Vertex has control over the securities of the Company held by VMVP and VVF. Prior to the completion of the Offerings, Vertex exercised control over 19.64% of the outstanding Common Shares. As a result of the completion of the Offerings, Vertex now exercises control over 75,000,066 Common Shares, representing 67.84% of the outstanding Common Shares, and representing a change of 48.20% in the number Common Shares controlled by Vertex. If all warrants to purchase Commons Shares held by VMVP and VVF were exercised, Vertex would exercise control over 150,000,132 Common Shares, representing 80.84% of the outstanding Common Shares.

VMVP’s participation in the Offering resulted in VMVP becoming a “control person” of the Company and constituted a “related party transaction” under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) and TSXV Policy 5.9. The Unit Offering and VMVP’s participation in such offering were approved by 91.05% of disinterested shareholders and 91.05% of minority shareholders at the special meeting of shareholders of the Company held on December 27, 2017 (the “**Special Meeting**”). For more details on the results of the Special Meeting, please see the news release of the Company dated December 27, 2017.

The registered address of VMVP, VVF and Vertex is Suite 3200, 1021 West Hastings Street, Vancouver, BC, V6E 0C3. VMVP, VVF and Vertex intend to review and evaluate their investment in the securities of the Company on an ongoing basis and may, depending upon their evaluation of the business and prospectus of Return, or such other considerations as they may deem relevant, determine to increase, decrease or dispose of their holdings.

For further information

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

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

Reader Advisories

Forward-Looking Statements. This news release contains forward-looking statements and information. More particularly, this document contains statements and information concerning the closing of the Offering and the use of proceeds. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “will”, “believe”, “anticipate”, “estimate”, “scheduled”, “potential”, or other similar words, or statements that certain events or conditions “may”, “should” or “could” occur. The forward-looking statements and information are based on certain key expectations

and assumptions made by Return, including expectations and assumptions concerning timing of receipt of required regulatory approval and the use of proceeds from the Offerings. Although Return believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Return can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks that required regulatory approvals are not obtained. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by the Company at the time of preparation, may prove to be incorrect and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to forward-looking information contained herein to reflect events or circumstances that occur after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in the United States or in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under securities laws of any such province, state or jurisdiction. The securities referenced herein may not be offered or sold in the United States except in transaction exempt from or not subject to the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws. This news release is not to be disseminated in the United States.