RETURN ENERGY INC.

Annual Information Form

Financial Year Ended December 31, 2018

Dated December 31, 2019

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CONVENTIONS

Unless otherwise indicated, references herein to "$" or "dollars" are to Canadian dollars. All financial information with respect to the Corporation has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada. The information in this annual information form ("**Annual Information Form**") is stated as at December 31, 2018, unless otherwise indicated. For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the section of this Annual Information Form titled "*Definitions*".

ABBREVIATIONS

	Oil and Natural Gas Liquids		**Natural Gas**
Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	Mmcf	million cubic feet
BOPD	barrel of oil per day	Mcf/d	thousand cubic feet per day
Mbbl	thousand barrels	Mmcf/d	million cubic feet per day
Bbls/d	barrels per day		
NGLs	natural gas liquids		
LNG	liquified natural gas		

Other

°C	degree Celsius
API	an indication of the specific gravity of crude oil measured on the American Petroleum Institute gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)
BOE/d	barrel of oil equivalent per day
CO_2e	carbon dioxide equivalent
GHG	greenhouse gas
m^3	cubic metres
Mt	megaton
OPEC	Organization of Petroleum Exporting Countries
WCS	Western Canadian Select, the reference price paid in Canadian dollars at Hardisty, Alberta for crude oil of standard grade
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

DEFINITIONS

Wherever used in this Annual Information Form, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"**2019 Private Placement**" has the meaning specified in "*General Development of the Business – Three Year History – Recapitalization and Reorganization*";

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**AER**" means the Alberta Energy Regulator;

"**Asset Acquisition**" has the meaning specified in "*General Development of the Business – Three Year History – Financial Year Ended December 31, 2016*";

"**Bill C-69**" means Bill C-69, *An Act to enact the Impact Assessment Act and the Canadian Energy Regulator Act, to amend the Navigation Protection Act and to make consequential amendments to other Acts*, issued by the Canadian federal government;

"**Board**" means the board of directors of Return;

"**CER**" means the Canadian Energy Regulator;

"**CER Act**" means the *Canadian Energy Regulator Act* (Canada), S.C. 2019, c.28;

"**Common Share**" or "**Common Shares**" means, respectively, one or more common shares in the capital of Return;

"**Consolidation**" as defined in "The Corporation";

"**Corporation**" or "**Return**" means Return Energy Inc.;

"**CPTPP**" means the Comprehensive and Progressive Agreement for Trans-Pacific Partnership;

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

"**Initial Investors**" has the meaning specified in "*General Development of the Business – Three Year History – Recapitalization and Reorganization*";

"**LLR Program**" has the meaning specified in "*Narrative Description of the Business – Industry Conditions – Liability Management Rating Programs*";

"**NAFTA**" means the North American Free Trade Agreement;

"**NEB**" means the National Energy Board;

"**New Board**" has the meaning specified in "*General Development of the Business – Three Year History – Recapitalization and Reorganization*";

"**New Management Team**" has the meaning specified in "*General Development of the Business – Three Year History – Recapitalization and Reorganization*";

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

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*;

"**NP 58-201**" means National Policy 58-201 – *Corporate Governance Guidelines*;

"**OGCA**" has the meaning specified in "*Narrative Description of the Business – Industry Conditions – Environmental Regulation – Alberta*";

"**Options**" means stock options to purchase Common Shares granted pursuant to the Corporation's stock option plan;

"**Orphan Well Fund**" has the meaning specified in "*Narrative Description of the Business – Industry Conditions – Liability Management Rating Programs*";

"**Preferred Shares**" means preferred shares in the capital of Return;

"**Private Corporation Acquisitions**" has the meaning specified in "*General Development of the Business – Three Year History – Financial Year Ended December 31, 2016*";

"**Recapitalization Transaction**" has the meaning specified in "*General Development of the Business – Three Year History – Recapitalization and Reorganization*";

"**Recap Warrant**" has the meaning specified in "*General Development of the Business – Three Year History – Recapitalization and Reorganization*";

"**Redwater**" has the meaning specified in "*Narrative Description of the Business – Industry Conditions – Liability Management Rating Programs*";

"**Series I Preferred Shares**" means non-interest bearing, non-voting series I Preferred Shares;

"**Shareholders**" means holders of Common Shares;

"**Special Shares**" means non-voting, redeemable, retractable special preferred shares in the capital of Return;

"**Sproule**" means Sproule Associates Limited;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended;

"**TSXV**" means the TSX Venture Exchange;

"**U.S.**", "**US**" or "**United States**" means the United States of America;

"**USMCA**" means the United States-Mexico-Canada Agreement;

"**Vertex Offering**" has the meaning specified in "*General Development of Business – Three Year History – Financial Year Ended December 31, 2017*";

"**Warrants**" means Common Share purchase warrants issued by Return pursuant to private placements, acquisitions and prospectus offerings; and

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

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Annual Information Form may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Return believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon by investors. These statements speak only as of the date of this Annual Information Form and are expressly qualified, in their entirety, by this cautionary statement.

Forward-looking statements or information in this Annual Information Form include, but are not limited to, the characteristics of the Corporation's oil and natural gas interests, reserve quantities and the discounted present value of future net cash flows from such reserves, net revenue, future production levels, projection of market prices, capital expenditures, exploration plans, development plans, growth prospects, acquisition and disposition plans and

the timing thereof, operating and other costs, worldwide supply and demand for petroleum products, royalty rates, treatment under governmental regulatory regimes and tax laws, future revenues and costs (including royalties) and revenues and costs per commodity unit, oil and natural gas production levels, ability to meet current and future obligations, future tax liabilities and future use of tax pools and losses, future decommissioning costs, the ability to obtain financing on acceptable terms or at all and currency, exchange and interest rates. In addition, this Annual Information Form may contain forward-looking statements attributed to third party industry sources.

With respect to forward-looking statements contained in this Annual Information Form, the Corporation has made assumptions regarding, among other things:

- the legislative and regulatory environments of the jurisdictions where the Corporation carries on business or has operations;
- commodity prices and royalty regimes;
- the impact of increasing competition;
- availability of skilled labour;
- timing and amount of capital expenditures;
- the price of oil and natural gas;
- conditions in general economic and financial markets;
- royalty rates and future operating costs; and
- the Corporation's ability to obtain additional financing on satisfactory terms.

Return's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- general economic conditions in Canada and globally;
- the ability of management to execute its business plan;
- fluctuations in the price of oil and natural gas, interest and exchange rates;
- risks inherent in the oil and gas industry, such as operational risks and market demand;
- governmental regulation of the oil and gas industry, including environmental regulation;
- uncertainty in amounts and timing of royalty payments;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- geological, technical, drilling and processing problems;
- exploration and development activities are capital intensive and involve a high degree of risk;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in marketing operations, including credit risk;
- 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 Corporation's capital expenditures;
- unanticipated operating events which could reduce production or cause production to be shut-in or delayed;
- hazards such as fire, explosion, blowouts, cratering and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in 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;
- general economic and business conditions;
- 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;
- failure to realize the anticipated benefits of acquisitions and dispositions; and
- the other factors considered under "Risk Factors" below.

Statements relating to "reserves" are deemed to be forward-looking statements or information, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future. There are numerous uncertainties inherent in estimating quantities of proved reserves, including many factors beyond the control of the Corporation. The reserve data incorporated by reference herein represents estimates only. In general, estimates of economically recoverable oil and gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and gas reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. The actual production, revenues, taxes and development and operating expenditures of the Corporation with respect to these reserves will vary from such estimates, and such variances could be material.

Return has included the above summary of assumptions and risks related to forward-looking information provided herein in order to provide investors with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained herein, and the documents incorporated by reference herein, are expressly qualified by this cautionary statement. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" below.

The forward-looking statements or information contained herein are made as of the date hereof and the Corporation undertakes no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

Caution Respecting BOE

In this Annual Information Form, the abbreviation BOE means a barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas when converting natural gas to BOEs. **BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency conversion ratio of 6 Mcf to 1 BOE, utilizing a conversion ratio of 6 Mcf to 1 BOE may be misleading as an indication of value.**

THE CORPORATION

General

The Corporation was incorporated under the ABCA as "Dualex Energy International Inc." on March 20, 2006. On May 24, 2006, the Corporation's share structure was amended by way of a court-approved plan of arrangement (the "**Arrangement**") under section 193 of the ABCA. Under the Arrangement, the articles of the Corporation were amended to: (a) remove all share transfer restrictions in the articles of the Corporation; and (b) create and authorize the Corporation to issue an unlimited number of Special Shares. On December 20, 2016, the Corporation consolidated its issued and outstanding Common Shares on the basis of ten (10) pre-consolidation Common Shares for one (1) post-consolidation Common Share (the "**Consolidation**") and changed its name to "Return Energy Inc.".

The Corporation 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.

As of the date hereof, the Corporation is a reporting issuer in the Provinces of Alberta, British Columbia, Manitoba, Saskatchewan, Ontario and Quebec, and the Common Shares are listed on the TSXV under the trading symbol "RTN".

The Corporation's head office is located at 202, 1201 – 5th Street S.W., Calgary, Alberta T2R 0Y6. The registered office of the Corporation is located at 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

Inter-corporate Relationships

As at December 31, 2018 and the date hereof, Return has two wholly-owned subsidiaries: DualEx International, which is incorporated pursuant to the laws of the 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 office of Winslow is located at 202, 1201 – 5th Street S.W., Calgary, Alberta T2R 0Y6 and the registered office of Winslow is located at 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Financial Year Ended December 31, 2016

On June 13, 2016, the Corporation relinquished its interest in the Bouhaijla block in Tunisia and discontinued its operations in Tunisia.

On October 20, 2016, the Corporation acquired producing oil and gas assets in the Peace River Arch area of northwest Alberta (the "**Asset Acquisition**") from a private company (the "**Vendor**"). The consideration paid to the Vendor consisted of $285,000.00 in cash and the issuance of two million Series I Preferred Shares. Such Series I Preferred Shares were repurchased by the Corporation and cancelled on December 19, 2019 in connection with the Recapitalization Transaction. For more information, see "*Recapitalization and Reorganization*", below. The oil and gas assets acquired pursuant to the Asset Acquisition consisted of 330 BOE/d (20% light oil and liquids), from Cretaceous and Triassic reservoirs predominantly in the Rycroft, Valhalla and Gordondale areas of northwest Alberta, and included associated gathering systems and a 50% owned and operated natural gas processing plant.

On October 20, 2016, concurrent with the above described Asset Acquisition, the Corporation purchased two private oil and gas companies for the collective consideration of $550,000.00 paid by the issuance of 5,500,000 units of the Corporation (each, a "**Private Corporation Acquisition Unit**") at a deemed value of $0.10 per Private Corporation Acquisition Unit (collectively, the "**Private Corporation Acquisitions**"). Each Private Corporation Acquisition Unit consisted of one (1) Common Share and one-half (1/2) of a Warrant (each such whole Warrant, a "**Private Corporation Acquisition Warrant**"). Each whole Private Corporation Acquisition Warrant was convertible into one (1) Common Share at the exercise price of $0.15 per Common Share for a period of two years from the issuance of such Private Corporation Acquisition Warrant. At the time of the completion of the Private Corporation Acquisitions, the two private companies had assets consisting of approximately 7 BOPD of light oil production in central Alberta, $500,000.00 of cash, approximately $336,000.00 of restricted cash (AER deposits) and approximately $336,000.00 of future abandonment liabilities. These private companies had no other material assets or liabilities.

Concurrently with the Asset Acquisition and the Private Corporation Acquisitions discussed above, Return completed a non-brokered private placement of 8,105,000 units (each, a "**2016 Offering Unit**") at a price of $0.10 for gross proceeds of $810,500.00. Each 2016 Offering Unit consisted of one (1) Common Share and one-half (1/2) of a Warrant (each such whole Warrant, a "**2016 Offering Warrant**"). Each whole 2016 Offering Warrant was

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 2016 Offering Warrant.

On October 1, 2016, Kenneth Tompson replaced Garry Hides as President and Chief Executive Officer of Return, and, on October 20, 2016, Jason Schoenfeld joined Return as Vice President, Engineering, and Chief Operating Officer.

On December 20, 2016, the Corporation completed the Consolidation. The Corporation had 250,088,939 Common Shares issued and outstanding prior to the Consolidation, and 25,008,894 Common Shares issued and outstanding after giving effect to the Consolidation. 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 Consolidation, the Corporation changed its name from "DualEx Energy International Inc." to "Return Energy Inc.".

Financial Year Ended December 31, 2017

On January 5, 2017, the Corporation granted 2,070,000 Options to certain of its directors, officers, employees and consultants pursuant to the Corporation's stock option plan. The Options had an exercise price of $0.185 per Common Share, expired on January 5, 2022 and vested on a one-third (1/3) basis on each of the first, second and third anniversaries of January 5, 2017. Such Options were voluntarily surrendered to the Corporation for cancellation on December 19, 2019 in connection with the Recapitalization Transaction. For more information, see "*Recapitalization and Reorganization*", below.

On March 14, 2017, Return completed a non-brokered private placement of 16,700,399 units (the "**2017 Offering Units**") at a price of $0.12 per 2017 Offering Unit and 715,000 Canadian exploration expense flow-through Common Shares (the "**Flow-Through Shares**") at a price of $0.14 per Flow-Through Share for gross proceeds of $2,004,047.88 and $100,000.00, respectively (collectively, the "**2017 Offering**"). Total gross proceeds from the 2017 Offering were $2,104,147.88. Each 2017 Offering Unit consisted of one (1) Common Share and one (1) full Warrant (each such whole Warrant, a "**2017 Offering Warrant**"). Each whole 2017 Offering Warrant was exercisable into one (1) Common Share at a price of $0.15 for a period of one year from the issuance of such 2017 Offering Warrant. The 2017 Offering Warrants were subject to an accelerated warrant expiry upon the Corporation giving 30 days notice of early termination, which could be given if the volume-weighted average price of the Common Shares on the TSXV exceeded $0.15 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). The Flow-Through Shares were issued pursuant to the Tax Act in respect of Canadian exploration expenses.

On April 1, 2017, Garry Hides was appointed as Executive Vice President of Return.

On April 21, 2017, the Corporation 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 $715,000.00, effective February 1, 2017. The interests acquired included production of approximately 60 BOE/d (80% natural gas), and the remaining 50% non-operating interest in the Rycroft gathering system and gas plant, in which the Corporation bought its initial 50% operating interest in September 2016 as part of the Asset Acquisition. In the second quarter of 2017, the Corporation further consolidated its interest in Rycroft by acquiring an addition 12 BOE/d from non-operated joint interest partners for total consideration of $140,000.00. Return also added to its acreage position by purchasing five section of prospective lands in the Rycroft area. The Corporation also disposed of certain non-core land and oil assets for gross proceeds of $169,000.00 during the second quarter of 2017.

On December 27, 2017, the Corporation closed a non-brokered private placement (the "**Vertex Offering**") of 66,666,666 units of the Corporation (the "**Vertex Units**") at a price of $0.075 per Vertex Unit, all of which were issued to Vertex Managed Value Portfolio ("**VMVP**"), a fund managed by Vertex One Asset Management Inc. ("**Vertex**"), for aggregate gross proceeds of $4,999,999.95. Each Vertex Unit consisted of one (1) Common Share and one Warrant (each, a "**Vertex Warrant**"). Each Vertex Warrant entitled Vertex to purchase one Common Share at a price of $0.10 per Common Share for five years from the closing date of the Vertex Offering (subject to early termination by the Corporation). The Vertex Warrants were voluntarily surrendered to the Corporation for

cancellation on December 19, 2019 in connection with the Recapitalization Transaction. For more information, see "*Recapitalization and Reorganization*", below. Prior to closing the Vertex Offering, the Shareholders voted in favour of: (a) an ordinary resolution (the "**Control Person Resolution**") to approve the Vertex Offering and VMVP becoming a new "Control Person" (as such term is defined in the policies of the TSXV) of the Corporation as a result of the Vertex Offering; and (b) an ordinary resolution authorizing Vertex Value Fund ("**VVF**"), another fund managed by Vertex, to exercise Warrants it purchased pursuant to the 2017 Offering that could have resulted in VVF becoming a "Control Person" of the Corporation if the Control Person Resolution had not passed. The Corporation also received disinterested Shareholder approval of the Control Person Resolution as required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transaction*.

Concurrently with the Vertex Offering, the Corporation issued 1,460,689 Common Shares on a flow-through basis at a price of $0.10 per Common Share for aggregate gross proceeds of $146,068.90.

Financial Year Ended December 31, 2018

On January 11, 2018, the Corporation granted 5,000,000 Options to certain of its directors, officers, employees and consultants. The Options had an exercise price of $0.10 per Common Share, expired on January 10, 2023 and vested on a one-half (1/2) basis on each of the first and second anniversaries of January 10, 2018. Such Options were voluntarily surrendered to the Corporation for cancellation on December 19, 2019 in connection with the Recapitalization Transaction. For more information, see "*Recapitalization and Reorganization*", below.

On February 12, 2018, through its wholly-owned subsidiary, Winslow, the Corporation commenced drilling operations at its Rycroft property north of Grande Prairie, Alberta, to test a northwest extension of the Rycroft Charlie Lake "S" pool from one of the Corporation's then producing oil wells. On April 9, 2018, the Corporation announced completion of the initial drilling and completion program with the successful northerly extension of the Braeburn dolomite of the Charlie Lake 'S' pool, as evidenced with the drilling of an initial test well, in addition to confirming the presence of commercial light oil in the overlying Charlie Lake dolomitic siltstone encountered through the drilling of a second test well.

Period After December 31, 2018

On March 25, 2019, the Corporation appointed an independent committee to undertake a broad review of potential alternatives to enhance shareholder value (the "**Review**") and engaged Sayer Energy Advisors as its exclusive financial advisors in connection with the Review.

During the first half of 2019, the Corporation disposed of certain non-core land and oil assets for gross proceeds of $214,793.00.

Recapitalization and Reorganization

On November 21, 2019, the Corporation entered into a definitive reorganization and investment agreement with Fotis Kalantzis and Richard F. McHardy (the "**Initial Investors**") which provided for: (a) a non-brokered private placement for gross proceeds of up to $25.0 million (the "**2019 Private Placement**"); and (b) the appointment of a new management team (the "**New Management Team**") and new board of directors (the "**New Board**") of Return (collectively, the "**Recapitalization Transaction**"). The New Management Team is led by Richard F. McHardy as Executive Chairman and Fotis Kalantzis as President and Chief Executive Officer, Geri Greenall as Chief Financial Officer, Thanos Natras as Vice President, Exploration, Craig Martin as Vice President, Operations, Mark Hodgson as Vice President, Corporate Development, Brendan Paton as Manager, Engineering and Ashley Hohm as Controller. The New Board is comprised of Richard F. McHardy, Fotis Kalantzis, Donald Archibald, Reginald Greenslade, Kevin Overstrom and Tamara MacDonald. Sanjib (Sony) Gill was appointed as Corporate Secretary. See *"Directors and Officers – Directors and Officers as at the Date Hereof*" below.

The closing in respect of the 2019 Private Placement was completed on December 19, 2019 (the "**Closing**") with the Corporation issuing a total of 879,650,000 Common Shares and 1,620,350,000 units (the "**Recap Units**") of the Corporation at a price of $0.01 per Common Share and Recap Unit, as applicable, for aggregate gross proceeds of

$25.0 million. The Recap Units issued under the 2019 Private Placement were issued to the New Management Team, the New Board and certain additional subscribers identified by such persons. Each Recap Unit was comprised of one Common Share and one Warrant (each, a "**Recap Warrant**"). Each Recap Warrant entitles the holder to purchase one Common Share at a price of $0.01 (the "**Exercise Price**") for a period of five years. The Recap Warrants will vest and become exercisable as to one third upon the 10-day weighted average trading price of the Common Shares (the "**Market Price**") equaling or exceeding 100% of the Exercise Price, an additional one-third upon the Market Price equaling or exceeding 150% of the Exercise Price and a final one-third upon the Market Price equaling or exceeding 200% of the Exercise Price. Following the Closing, the appointment of the New Management Team and the New Board was completed.

Significant Acquisition and Dispositions

During the fiscal year ended December 31, 2018, the Corporation did not complete any significant acquisitions as defined in NI 51-102.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Business Objectives and Strategy

Return is predominantly focused on light oil opportunities in Alberta, growing through a targeted acquisition and consolidation strategy complemented by development and exploration drilling. The recapitalized corporate structure will allow for the exploitation of high-quality drilling locations targeting Upper Charlie Lake dolomitic siltstones in Rycroft, and the expansion of Return's opportunity suite through internally generated prospects and strategic acquisitions. The New Management Team is actively evaluating numerous acquisition opportunities.

As part of its per share growth strategy, Return intends to focus on maintaining a clean balance sheet while targeting high quality, oil weighted assets with sustainable cash flow under current commodity prices. Return expects to acquire and develop underexploited, undercapitalized and distressed assets and corporations. In addition, Return intends to implement cost reduction strategies and focus on efficient capital allocation to enhance investor returns.

Return will selectively evaluate international opportunities to augment the recapitalized Corporation's Canadian business plan. Return will target international assets with existing operations and meaningful conventional and unconventional oil and gas resources in stable jurisdictions. Focusing on a base portfolio in Canada while augmenting its domestic operations with select international opportunities will allow Return to benefit from higher netbacks, global commodity price exposure and project diversification, providing Return with the flexibility to tailor the allocation of capital to different projects depending on the prevailing economic and political environments across various jurisdictions. In reviewing potential opportunities in markets outside of Canada, a number of factors will be considered, including: the scale of existing operations; sustainability of cash flow under current commodity prices; the proved producing, total proved and proved plus probable reserves; the potential for additional reservoir development; sufficient existing infrastructure to provide for scaled activity and product egress to market; the cost of any potential development; the ability to enhance the value of acquired properties through additional exploitation efforts and development drilling; and the political, fiscal and regulatory regimes in the region.

In each of Return's core areas, Return's growth strategy is to:

- target high quality, oil weighted assets;
- focus on sustainable cash flow and operations under current commodity prices;
- invest in highest tier inventory while generating free cash flow for acquisitions and dividends;
- look for high quality diversification opportunities in stable jurisdictions; and

- apply the highest standards of safety and environmental protections.

Specialized Skill and Knowledge

It is the belief of management of Return that Return's officers and employees, who have significant technical and operational oil and gas experience, hold the necessary skill sets to successfully execute Return's business strategy in order to achieve its corporate objectives. The New Management Team has an established track record of creating value across multiple business cycles in high-growth oil and gas companies through an integrated strategy of acquiring, exploiting and exploring assets.

Personnel

The Corporation had four salaried employees and Winslow had two contractors, whose services were used on a regular basis for day-to-day operations as at December 31, 2018 and immediately prior to the Recapitalization Transaction.

As at the date hereof, the Corporation does not have any full-time employees and Winslow has four contractors, whose services are being used on a regular basis for day-to-day operations.

Industry Conditions

Legislation and Regulation

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the governments of Canada and Alberta, all of which should be carefully considered by investors in the oil and natural gas industry. It is not expected that any of these controls or regulations will affect the operations of the Corporation in a manner materially different than they would affect other oil and natural gas producers of similar size. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted. Some of the principal aspects of legislation, regulations and agreements governing the oil and natural gas industry are described further below.

Pricing and Marketing in Canada

Crude Oil

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance, and contractual terms of sale. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the CER. Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the CER and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

In February 2018, the federal government issued Bill C-69. Bill C-69 and related legislation came into force on August 28, 2019, creating a new regulatory regime pursuant to the CER Act, *the Canadian Navigable Waters Act* and the *Impact Assessment Act*. Bill C-69 does not materially alter the current requirements around oil exports; however, at this stage, it is not certain whether or when the federal government might issue new or revised regulations that might impact the oil export regime currently in place.

On December 2, 2018, the Government of Alberta announced that, commencing January 1, 2019, it would mandate an 8.7% short-term reduction in provincial crude oil and crude bitumen production. As contemplated in the Curtailment Rules, the Government of Alberta will, on a monthly basis, direct oil producers producing more than

10,000 Bbls/d to curtail their production according to a pre-determined formula that apportions production limits proportionately amongst those operators subject to a curtailment order. The first curtailment order took effect on January 1, 2019, limiting province-wide production of crude oil and crude bitumen to 3.56 million Bbls/d – a reduction of approximately 8.7% from the total daily average oil production in Alberta during December 2018. On August 20, 2019 the Government of Alberta announced that the curtailment end date will be December 31, 2020, with possible earlier termination and increased the base reduction from 10,000 Bbls/d to 20,000 Bbls/d. On October 28, 2019, the Government of Alberta announced a special production allowance whereby operators are allowed to produce above their curtailment order, as long as such extra production is shipped out of Alberta through additional rail capacity. Beginning December 1, 2019, and through at least January 2020, the production cap is a maximum output of 3.81 million Bbls/d.

Natural Gas

Alberta's natural gas market has been deregulated since 1985. Supply and demand determine the price of natural gas and price is calculated at the sale point, being the wellhead, the outlet of a gas processing plant, on a gas transmission system such as the Alberta "NIT" (Nova Inventory Transfer), at a storage facility, at the inlet to a utility system or at the point of receipt by the consumer. Accordingly, the price for natural gas is dependent upon such producer's own arrangements (whether long or short term contracts and the specific point of sale). As natural gas is also traded on trading platforms such as the Natural Gas Exchange (NGX), Intercontinental Exchange or the New York Mercantile Exchange (NYMEX) in the United States, spot and future prices can also be influenced by supply and demand fundamentals on these platforms.

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the CER and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the CER and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 cubic metres/day), must be made pursuant to an CER order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 40 years for natural gas and 25 years for NGLs) or for a larger quantity requires an exporter to obtain an export license from the CER subject to approval of the Governor in Council.

The Government of Alberta also regulates the volume of natural gas that may be removed from the province for consumption elsewhere based on such factors as reserve availability, transportation arrangements, and market considerations. Natural gas prices in Alberta have been constrained in recent years due to increasing supply in North America, limited access to markets and limited storage capacity.

Process for Exports from Canada

Crude oil, natural gas and NGLs exports from Canada are subject to the CER Act and the *National Energy Board Act Part VI (Oil and Gas) Regulation* (the "**Part VI Regulation**") until these regulations are replaced under the CER Act. The CER Act and the Part VI Regulation authorize crude oil, natural gas and NGLs exports under either short-term orders or long-term licences.

To obtain a long-term crude oil export licence, a mandatory public hearing with the CER is required, which is no longer the case for natural gas and NGLs. For natural gas and NGLs, the CER uses a written process that includes a public comment period for impacted persons. Following the comment period, the CER completes its assessment of the application and either approves or denies the application. For natural gas, the maximum duration of an export licence is 40 years and, for crude oil and other gas substances (e.g. NGLs), the maximum term is 25 years. All crude oil, natural gas and NGLs licences require the approval of the cabinet of the Canadian federal government.

Orders from the CER provide a short-term alternative to export licences and may be issued more expediently, since they do not require a public hearing (in the case of crude oil) or approval from the cabinet of the Canadian federal government. Orders are issued pursuant to the Part VI Regulation for up to one or two years depending on the substance, with the exception of natural gas (other than NGLs) for which an order may be issued for up to twenty years for quantities not exceeding 30,000 m^3 per day.

As to price, exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts continue to meet certain other criteria prescribed by the CER and the federal government.

As discussed in more detail below, one major constraint to the export of crude oil, natural gas and NGLs outside of Canada is the deficit of overall pipeline and other transportation capacity to transport production from Alberta to the United States and other international markets. Although certain pipeline or other transportation projects are underway, many contemplated projects have been cancelled or are delayed due to regulatory hurdles, court challenges and economic and political factors. The transportation capacity deficit is not likely to be resolved quickly given the significant length of time required to complete major pipeline or other transportation projects once all regulatory and other hurdles have been cleared. In addition, production of crude oil, natural gas and NGLs in Canada is expected to continue to increase, which may further exacerbate the transportation capacity deficit.

Transportation Constraints and Market Access

Alberta has seen significant growth in crude production volumes over recent years. This has resulted in pressure on the pipeline takeaway capacity, leading to apportionment on the main lines and, in turn, backed up local feeder pipelines. This has contributed to a widening of, and increased volatility in, the light oil pricing differential between West Texas Intermediate ("**WTI**") and Canadian Light Sweet Edmonton and the medium/heavy oil pricing differential between WTI and Cromer/WCS/Hardisty/Edmonton. Although pipeline expansions are ongoing and producers are increasingly turning to rail as an alternative means of transportation, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market production. In addition, the prorationing of capacity on the interprovincial systems also continues to affect the ability to export oil and natural gas.

Under the Canadian Constitution, inter-provincial and international pipelines fall within the federal government's jurisdiction and require approval by both the CER and the cabinet of the federal government. On August 28, 2019, Bill C-69 and related legislation came into force, creating a new regulatory regime pursuant to the CER Act; the *Canadian Navigable Waters Act*; and the *Impact Assessment Act*. The CER Act replaced the NEB with the CER. The CER has similar oversight over federal energy infrastructure projects as the NEB had. However, approvals for projects requiring an impact assessment will now be conducted by a review panel established under the *Impact Assessment Act* instead of the CER. Its process for implementing this oversight are intended to be more inclusive of the Canadian public and Indigenous peoples and are to consider a broader range of impacts beyond environmental effects. Under the CER Act, if the review panel established under the *Impact Assessment Act* recommends that a project not be approved, the cabinet of the Canadian federal government may only reject the application or ask that the recommendation be reconsidered. As this regulatory regime is new, it is uncertain how it will play out in practice. Even when projects are approved on a federal level, such projects may face further delays due to interference by provincial and municipal governments as well as court challenges on various issues such as indigenous title, the government's duty to consult and accommodate indigenous peoples and the sufficiency of environmental review processes, which creates further uncertainty. Export pipelines from Canada to the United States face additional uncertainty as such pipelines also require approvals of several levels of government in the United States.

In the face of this regulatory uncertainty, the Canadian crude oil and natural gas industry has experienced significant difficulty expanding the existing network of transportation infrastructure for crude oil, natural gas and NGLs, including pipelines, rail, trucks and marine transport. Improved access to global markets, including the United States, and export shipping terminals on the west coast of Canada, could help to alleviate the downward pressures affecting commodity prices. Several proposals have been announced to increase pipeline capacity out of Alberta to reach Eastern Canada, the United States and international markets via export terminals. While certain projects are proceeding, the regulatory approval process and other economic and socio-political factors related to transportation and export infrastructure has led to the delay, suspension or cancellation of many pipeline projects.

The proposed Trans Mountain Pipeline expansion received Cabinet approval in November 2016. Following a period of sustained political opposition in British Columbia, the federal government entered into an agreement with Kinder Morgan Cochin ULC in May 2018 to purchase the shares and units of the entities that own and operate the Trans Mountain Pipeline system. The shareholders subsequently voted to approve the transaction in August 2018. However, in August 2018, the Federal Court of Appeal identified deficiencies in the NEB's environmental

assessment of the Trans Mountain Pipeline expansion and the federal government's indigenous consultations. The Federal Court of Appeal quashed the accompanying certificate of public convenience and necessity and directed Cabinet to correct these deficiencies. Following the Federal Court of Appeal's direction, Cabinet ordered the NEB to reconsider its recommendation in light of the Federal Court of Appeal decision, including the environmental effects of project-related marine shipping. On February 22, 2019, the NEB delivered an updated report to Cabinet, recommending that Cabinet approve the pipeline expansion, subject to 156 conditions and 16 new recommendations, notwithstanding the fact that project-related marine shipping may have a significant adverse effect on the marine environment. On June 18, 2019, Cabinet approved the pipeline expansion, and on July 25, 2019, the NEB (now the CER) outlined how the regulatory process for the pipeline expansion would resume. On September 4, 2019, the Federal Court of Appeal announced it would be reviewing legal challenges to the most recent approval of the project from six different parties. Construction on the pipeline expansion began in December 2019.

While it was expected that construction on the Keystone XL Pipeline would commence in the first half of 2019, preconstruction work was halted in late 2018 when a U.S. Federal Court Judge determined the underlying environmental review was inadequate. This decision has been appealed; however, in March 2019, a new permit was issued by the U.S. Government effectively lifting the injunction blocking construction. In August 2019, the Nebraska Supreme Court affirmed the approval of the Keystone XL Pipeline application and in October 2019, the State Department began soliciting comments on its draft environmental impact statement. On December 21, 2019, the same U.S. Federal Court Judge denied requests for a preliminary injunction in light of the U.S. Government's permit on the grounds that TC Energy, the owner of the pipeline, has voluntarily agreed to stop pre-construction activities until the second quarter of 2020. It is still uncertain when construction on the pipeline will begin.

Additionally, Bill C-48, the *Oil Tanker Moratorium Act* (the "**OTMA**"), came into force on June 21, 2019. The OTMA imposes a moratorium on tanker traffic transporting certain crude oil and NGLs products from British Columbia's north coast. The OTMA is subject to a review after five (5) years.

The Government of Alberta sought to alleviate these transportation constraints by pursuing different transportation modalities and creating new markets. On November 28, 2018, the Government of Alberta announced that Alberta had started negotiations for investment in new rail capacity to address the historically high price differential. On February 19, 2019, the Government of Alberta announced that it would lease 4,400 rail cars capable of transporting 120,000 Bbls/d of crude oil out of the province; however, following the provincial election on April 16, 2019, the Government of Alberta announced it was in negotiations to transfer the rail car leases to the private sector.

On December 11, 2018, the Government of Alberta also announced a Request for Expressions of Interest to create new refining capacity or expand existing capacity. The deadline for interested parties to submit Expressions of Interest was February 8, 2019; however, this Request for Expression of Interest was discontinued on October 23, 2019 as the Government of Alberta announced a $1.1 billion commitment to the Petrochemical Diversification Program which supports privately funded large-scale projects by providing royalty credits to companies that build facilities to turn ethane, methane and propane feedstocks into products such as plastics, fabrics and fertilizers.

Natural gas prices in Alberta have also been constrained in recent years due to increasing North American supply, limited access to markets and limited storage capacity. While companies that secure firm access to transport their natural gas production out of Alberta may be able to access more markets and obtain better pricing, other companies may be forced to accept spot pricing in Alberta for their natural gas, which in the last several years has generally been depressed (at times producers have received negative pricing for their natural gas production). Required repairs or upgrades to existing pipeline systems have also led to further reduced capacity and apportionment of firm access, which in Alberta may be further exacerbated by natural gas storage limitations. Additionally, while a number of LNG export plants have been proposed for the west coast of Canada, government decision-making, regulatory uncertainty, opposition from environmental and indigenous groups, and changing market conditions have resulted in the cancellation or delay of many of these projects. In October 2018, the proponents of the LNG Canada liquefied natural gas export terminal announced a positive final investment decision to proceed with the project.

The North American Free Trade Agreement

NAFTA, among the governments of Canada, the United States and Mexico became effective on January 1, 1994. NAFTA carries forward most of the material energy terms that are contained in the Canada U.S. Free Trade Agreement. Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (a) reduce the proportion of energy resources exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period); (b) impose an export price higher than the domestic price; or (c) disrupt normal channels of supply. All three countries are prohibited from imposing minimum or maximum export or import price requirements.

NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. The agreement also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports.

On November 30, 2018, U.S. President Trump, Prime Minister Trudeau, and former Mexican President Enrique Pena Nieto signed an authorization for a new trade deal that will replace NAFTA, referred to as the USMCA. On December 10, 2019, the three countries formally agreed to the USMCA. However, NAFTA remains the North American trade agreement currently in force until the legislative bodies of the three signatory countries ratify the USMCA. Amid political uncertainty in Canada, Mexico, and the United States it is unclear when and if the USMCA will be ratified.

As the United States remains Canada's largest trade partner and the largest international market for the export of crude oil, natural gas and NGLs from Canada, the implementation of the final ratified version of the USMCA could have an impact on Alberta's crude oil and natural gas industry, including the Corporation's business.

Other Trade Agreements

Canada and ten other countries recently concluded discussions and agreed on the draft text of the CPTPP, which is intended to allow for preferential market access among the countries that are parties to the CPTPP. On December 30, 2018 the CPTPP came into force for the first six countries to ratify the agreement: Canada, Australia, Japan, Mexico, New Zealand, and Singapore. On January 14, 2019, the CPTPP came into force for Vietnam.

Canada has also pursued a number of other international free trade agreements with countries around the world. Canada and the European Union recently agreed to the Comprehensive Economic and Trade Agreement ("**CETA**"), which provides for duty-free, quota-free market access for Canadian oil and gas products to the European Union. Although CETA remains subject to ratification by certain national legislatures in the European Union, provisional application of CETA commenced on September 21, 2017.

While it is uncertain what effect CETA, CPTPP or any other trade agreements will have on the oil and gas industry in Canada, the lack of available infrastructure for the offshore export of oil and gas may limit the ability of Canadian oil and gas producers to benefit from such trade agreements.

Extractive Sector Transparency Measures Act

The *Extractive Sector Transparency Measures Act* ("**ESTMA**"), a federal regime for the mandatory reporting of payments to government, came into force on June 1, 2015. ESTMA contains broad reporting obligations with respect to payments to governments and state-owned entities, including employees and public office holders, made by Canadian businesses involved in resource extraction. Under ESTMA, all payments made to payees (broadly defined to include any government or state-owned enterprise) must be reported annually if the aggregate of all payments in a particular category to a particular payee exceeds $100,000.00 per financial year. The categories of payments include taxes, royalties, fees, bonuses, dividends and infrastructure improvement payments. Payments to aboriginal governments are exempt from reporting obligations until 2017. Failure to comply with the reporting obligations under ESTMA are punishable upon summary conviction with a fine of up to $250,000.00.

In addition, each day that passes prior to a non-compliant report being corrected forms a new offence, and therefore, a payment that goes unreported for a year could result in over $90.0 million in total liability.

Competition

The oil and gas industry is competitive in all of its phases. Return competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Return's competitors include resource companies which have much greater financial resources, staff and facilities than those of Return. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. Return believes that its competitive position is similar to that of other oil and gas issuers of similar size and at a similar stage of development.

Provincial Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations that govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas, natural gas liquids and sulphur production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is also subject to certain provincial taxes and royalties. Operations not on Crown lands and subject to the provisions of specific agreements are also usually subject to royalties negotiated between the mineral owner and the lessee. These royalties are not eligible for incentive programs sponsored by various governments as discussed below. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are from time to time carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests or net carried interests.

From time to time the governments of the western Canadian provinces have established incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. The programs are designed to encourage exploration and development activity. In addition, such programs may be introduced to encourage producers to undertake initiatives using new technologies that may enhance or improve recovery of oil, natural gas and NGLs.

Producers and working interest owners of oil and natural gas rights may also carve out additional royalties or royalty-like interests through non-public transactions, which include the creation of instruments such as overriding royalties, net profits interests and net carried interests.

Alberta

On March 3, 2009, the Government of Alberta announced a three-point incentive program to stimulate new and continued economic activity in Alberta which included a drilling royalty credit for new conventional oil and natural gas wells and a new well royalty incentive program. Under the drilling royalty credit program, a $200.00 per metre royalty credit was available on new conventional oil and natural gas wells drilled between April 1, 2009 and March 31, 2011, subject to certain maximum amounts. The maximum credits available were determined by a company's production level in 2008 and its drilling activity between April 1, 2009 and March 31, 2011. The new well incentive program applies to certain wells beginning production of conventional oil and natural gas after April 1, 2009 and provides for a maximum 5% royalty rate for the first 12 months of production, up to a maximum volume including all products of 7,949 cubic metres equivalent for oil wells and 14,100 cubic metres equivalent for gas wells.

On May 27, 2010, the Government of Alberta announced changes to the existing royalty framework under the *Petroleum Royalty Regulation, 2009* and the *Natural Gas Royalty Regulation, 2009* which became effective January

1, 2011 (the "**Alberta Royalty Framework**"). Changes include making the Natural Gas Deep Drilling Program, which adjusts the royalties for deep gas wells, a permanent initiative under the Alberta Royalty Framework. Qualifying wells under the Natural Gas Deep Drilling Program include natural gas wells with gas-oil ratios of greater than 1,800:1 which have been spud or deepened on or after May 1, 2010 and have a true vertical depth greater than 2,000 metres. An Emerging Resources and Technologies Initiative has also been created to encourage new exploration and development from higher cost and more technically challenging resources, such as shale gas, coal seams and horizontal oil and gas wells. In particular, pursuant to the Emerging Resource and Technologies Initiative: (a) coalbed methane wells will receive a maximum royalty rate of 5 percent for 36 producing months on up to 750 Mmcf of production, retroactive to wells that began producing on or after May 1, 2010; (b) shale gas wells will receive a maximum royalty rate of 5 percent for 36 producing months with no limitation on production volume, retroactive to wells that began producing on or after May 1, 2010; (c) horizontal gas wells will receive a maximum royalty rate of 5 percent for 18 producing months on up to 500 Mmcf of production, retroactive to wells that commenced drilling on or after May 1, 2010; and (d) horizontal oil wells and horizontal non-project oil sands wells will receive a maximum royalty rate of 5 percent with volume and production month limits set according to the depth (including the horizontal distance) of the well, retroactive to wells that commenced drilling on or after May 1, 2010.

On January 29, 2016, the Alberta government announced further changes to the Alberta Royalty Framework. Under the new modern royalty framework (the "**MRF**"), the sliding scale royalty concept will be maintained, but will be achieved with a greater degree of simplicity. The new royalty percentage will be applied to the gross revenue generated from all hydrocarbons, with no differentiation between produced substances, and wells will be charged a flat 5% royalty rate until revenues exceed a normalized well cost allowance, which will be based on vertical well depth and lateral length. The calculation of this cost allowance, and other details regarding the various parameters within the new formula under the MRF was announced in 2016 and was fully implemented as of January 1, 2017. Prior to January 1, 2017, the former royalty framework continued to apply to any wells drilled prior to that date, and thereafter for a period of 10 years following which, such wells will be transitioned into the MRF. Any changes to the royalty regime in Alberta may have a material effect on the Corporation. See "*Risk Factors*".

In addition to any negotiated royalty amount payable to the freehold mineral owner, producers of oil and natural gas from freehold lands in Alberta are required to pay annual freehold mineral taxes. The freehold mineral tax is a tax levied by the Government of Alberta on the value of oil and natural gas production from non-Crown lands and is derived from the *Freehold Mineral Rights Tax Act* (Alberta). The freehold mineral tax is levied on an annual basis on calendar year production using a tax formula that takes into consideration, among other things, the amount of production, the hours of production, the value of each unit of production, the tax rate and the percentages that the owners hold in the title. The basic formula for the assessment of freehold mineral tax is: revenue less allocable costs equals net revenue divided by wellhead production equals the value based upon unit of production. If payors do not wish to file individual unit values, a default price is supplied by the Crown. On average, the tax levied is 4 percent of revenues reported from fee simple mineral title properties.

In July 2019, the Government of Alberta enacted the *Royalty Guarantee Act* which provides certainty that no major changes will be made to the current oil and gas royalty structure for a period of at least ten years.

Climate Change Regulation

Federal

Canada is a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**"), which was entered into in order to work towards stabilizing atmospheric concentrations of GHG emissions at a level to prevent "dangerous anthropogenic interference with the climate system". The UNFCCC came into force on March 21, 1994. Subsequent international negotiations led to the Kyoto Protocol, an international treaty which extends the UNFCCC and commits its signatories to reduce GHG emissions. The Kyoto Protocol was adopted in December 1997 and came into force on February 16, 2005. Canada withdrew from the Kyoto Protocol effective December 2012. On December 12, 2015, the UNFCCC adopted the Paris Agreement, which Canada ratified on October 5, 2016. Under the Paris Agreement, countries have also committed to an ambitious goal of holding the increase in global average temperature to well below 2°C above pre-industrial levels, while they pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. In 2018, members of the Paris Agreement

launched the Talanoa dialogue in order to assess the members' collective efforts and progress with respect to the long term goal to peak global GHG emissions, and subsequently achieve net zero emissions.

In May 2015, Canada submitted its Intended Nationally Determined Contribution to the UNFCCC Secretariat, pledging a 30% reduction from 2005 levels – approximately 523 Mt – by 2030. In addition, provincial/territorial and federal leaders met and agreed that they would work together to build a national climate change plan. At a follow-up meeting of the First Ministers and Prime Minister on March 3, 2016, the parties agreed under the Vancouver Declaration on Clean Growth and Climate Change to launch a process to develop the Pan-Canadian Framework on Clean Growth and Climate Change (the "**Framework**"), which was released on December 9, 2016 at the First Ministers meeting. Saskatchewan was the only province that decided not to adopt the Framework.

Prior to the release of the Framework, the federal government announced in October 2016 that it will set a minimum price on carbon starting at $10.00 per tonne of CO_2e in 2018, which will increase by $10.00 per year until it reaches $50.00 per tonne of CO_2e by 2022. This approach will be reviewed in 2022 to confirm the path forward, including continued increases in stringency. Under the federal plan, each province and territory was required to implement carbon pricing in its jurisdiction by 2018, whether in the form of a carbon tax or a cap-and-trade system. If the carbon price in a jurisdiction did not meet the federal minimum price, the federal government would step in and impose a carbon price that makes up the difference and return the revenue to the province or territory. In addition, provincial and territorial goals for reducing emissions must be at least as stringent as federal targets.

In May 2017, Environment and Climate Change Canada ("**ECCC**") released its Technical Paper on the Federal Carbon Pricing Backstop, which was followed by the *Guidance on the Pan-Canadian Carbon Pollution Pricing Benchmark* in August 2017. In December 2017, *Supplemental Benchmark Guidance* was issued and federal Environment Minister Catherine McKenna and Finance Minister Bill Morneau announced a deadline of September 1, 2018 for each province to outline how it is implementing a carbon pricing system that meets the federal standard. The federal government would then determine whether the planned systems are on track to meet the standard, or whether the federal approach should be applied in that jurisdiction. By the end of 2018, six (6) provinces had carbon pricing in place. Ontario cancelled its provincial cap-and-trade system in 2018 and in November of 2018 announced a new climate plan that did not include a price on emissions. Alberta under its new United Conservative government has introduced a bill to repeal its provincial carbon tax (see "*Alberta*", below). On January 15, 2018, ECCC released draft legislative proposals for public comment relating to the proposed *Greenhouse Gas Pollution Pricing Act* (the "**GGPPA**") and the proposed regulatory framework for the output-based pricing system (which is designed to minimize competitiveness risks for emissions-intensive, trade-exposed industrial facilities). The comment periods for the federal carbon pricing backstop legislation and the regulatory framework ended on February 12, 2018 and April 9, 2018, respectively. The GGPPA came into force on June 21, 2018.

On May 27, 2017, the federal government published draft regulations to reduce emissions of methane from the crude oil and natural gas sector. The proposed regulations aim to reduce unintentional leaks and intentional venting of methane, as well as ensuring that crude oil and natural gas operations use low-emission equipment and processes, by introducing new control measures. Among other things, the proposed regulations limit how much methane upstream oil and gas facilities are permitted to vent. These facilities would need to capture the gas and either re-use it, re-inject it, send it to a sales pipeline, or route it to a flare. In addition, in provinces other than Alberta and British Columbia (which already regulate such activities), well completions by hydraulic fracturing would be required to conserve or destroy gas instead of venting. The *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds* came into effect on April 26, 2018. The federal government anticipates that these actions will reduce annual GHG emissions by about 20 megatonnes by 2030.

In March 2016, a Joint Statement on Climate, Energy, and Arctic Leadership was issued. This joint statement sets out specific commitments on energy development, environmental protection, and Arctic leadership. In particular, Canada and the US have made commitments to reduce methane emissions by 40-45% below 2012 levels by 2025 from the oil and gas sector, finalize and implement the second phase of an aligned GHG emission standard for post-2018 model year on-road heavy duty vehicles, phase out fossil fuel subsidies, accelerate clean energy development and foster sustainable energy development.

In December 2017, ECCC published its updated requirements and step-by-step reporting instructions in advance of the 2017 reporting period under the federal *Greenhouse Gas Reporting Program* ("**GHGRP**"). The Notice with respect to reporting of greenhouse gases for 2017, which was published on December 30, 2017 in Part I of the Canada Gazette, outlines the 2017 reporting requirements for GHG-emitting facilities. In December 2017, ECCC published its updated requirements and step-by-step reporting instructions in advance of the 2017 reporting period under the GHGRP. Stakeholders should note that for the 2017 reporting year under the GHGRP, the reporting threshold has been lowered from 50,000 tonnes to 10,000 tonnes of CO_2e. All facilities that emitted the equivalent of 10,000 tonnes of CO_2e in 2017 were required to submit a report by June 1, 2018.

In November 2016, the federal government announced that it would commence development of a performance-based clean fuel standard ("**CFS**") that would incent the use of a broad range of low carbon fuels, energy sources and technologies. The objective of the CFS is to achieve 30 Mt of annual reductions in GHG emissions by 2030, as part of efforts to achieve Canada's commitments under the Paris Agreement. On December 13, 2017, ECCC published a regulatory framework on the CFS, which outlines the key design elements for the CFS regulation, including its scope, regulated parties, carbon intensity approach, timing, and potential compliance options such as credit trading. Draft CFS regulations are expected to be published in early 2020.

Return will continue to monitor the policies of the Government of Canada and any resulting legislation with respect to GHG emissions. The US Environmental Protection Agency ("**EPA**") is proceeding to regulate GHGs under the *Clean Air Act*. This EPA action is subject to legal and political challenges, the outcome of which cannot be predicted. The ultimate form of Canadian regulation is anticipated to be strongly influenced by the regulatory decisions made within the United States. Various states have enacted or are evaluating low carbon fuel standards, which may affect access to market for crude oils with higher emissions intensity.

Alberta

On July 1, 2007, the *Specified Gas Emitters Regulation* ("**SGER**") came into force under Alberta's *Climate Change and Emissions Management Amendment Act* requiring Alberta facilities which emit more than 100,000 tonnes of GHGs annually to reduce their GHG emissions intensity by 12% (from average 2003-2005 levels). On June 25, 2015, the Government of Alberta renewed the SGER for a period of two years with significant amendments while Alberta's Climate Advisory Panel conducted a comprehensive review of the province's climate change policy.

Alberta's Climate Leadership Plan was introduced in November 2015 with the following policy objectives: (a) putting a price on GHG emissions; (b) phasing out coal-generated electricity by 2030; (c) having 30% of electricity be generated from renewable sources by 2030; (d) capping oil sands emissions to 100 Mt per year; and (e) reducing methane emissions by 45% by 2025. On May 30, 2019 the Climate Leadership Plan was abolished in the *Carbon Tax Repeal Act*.

Carbon pricing was identified under the Climate Leadership Plan as a key policy tool for reducing GHG emissions. On January 1, 2017, a carbon levy of $20.00 per tonne of CO_2e was implemented and applies to all heating and transportation fuels. The carbon levy increased to $30.00 per tonne on January 1, 2018.

On January 1, 2018, the *Carbon Competitiveness Incentive Regulation* ("**CCI Regulation**") replaced the *Specified Gas Emitters Regulation*. Under the CCI Regulation, facilities are allowed to emit a certain amount of GHG, free of charge from the carbon levy. This approach is designed to protect industries from competitiveness impacts that could shift production to other jurisdictions. The CCI Regulation applies to facilities that emitted 100,000 tonnes or more of GHG in 2003, or a subsequent year. A facility with less than 100,000 tonnes of GHG may be eligible to opt-in to the CCI Regulation if it competes against a facility regulated under the CCI or has more than 50,000 tonnes of annual emissions, high emissions-intensity and trade-exposure (by opting in, facilities become exempt from the application of the carbon levy for fuels whose emissions are included in their site reporting). Under the updated system, a facility will receive performance credits if its GHG emissions are less than the amount freely permitted. If its emissions are above the amount freely permitted, they will be required take one or more of the following actions to bring the facility into compliance:

- make improvements at their facility to reduce emissions intensity;

- use emission performance credits generated at facilities that achieve more than the required reductions;
- purchase Alberta-based carbon offset credits; or
- contribute to Alberta's Climate Change and Emissions Management Fund.

Emissions from the oil sands sector (which account for approximately one-quarter of Alberta's annual emissions) have been capped at 100 Mt per year. This cap has been legislated in the *Oil Sands Emissions Limit Act* (Bill 25), which was introduced in November 2016. The legislation contemplates certain exceptions in respect of cogeneration emissions, upgrading emissions, and potential discretionary exemptions by regulation (likely to accommodate new technological developments). Bill 25 came into force on December 14, 2016.

In January 2018, the Alberta government also announced that it is adopting ECCC's greenhouse gas reporting requirements for the 2017 reporting period, meaning that facilities emitting 10,000 tonnes of CO_2e or more must submit a specified gas report to Alberta Climate Change Office via ECCC's SWIM reporting system (the reporting threshold for previous years is 50,000 tonnes of CO_2e). Facilities must report their 2017 greenhouse gas emissions to ECCC's SWIM system by June 1, 2018.

On October 29, 2019, the Government of Alberta announced Bill 19 to replace the CCI Regulation with the *Technology Innovation and Emissions Reduction* ("**TIER**"). Under TIER, thresholds for large facilities and compliance mechanisms remain largely the same as under the CCI Regulation. However, under TIER, a facility will be measured against its own average emissions from 2013 to 2015 and its target will be set at ten percent below that level for 2020. If a facility is over its target, the price will be $30.00 per tonne CO_2e.

Beginning on May 30, 2019 as part of the *Carbon Tax Repeal Act*, the carbon levy no longer applies to any type of fuel; however, as Alberta has no carbon levy equivalent for fuel consumption, the federal government announced that beginning on January 1, 2020 a federal fuel charge will apply in Alberta.

Land Tenure

Crude oil and natural gas located in the western provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits for varying terms from two years and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

The Government of Alberta predominantly owns the rights to crude oil and natural gas within the province. The Government of Alberta grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits for varying terms and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments. Private ownership of oil and natural gas also exists in Alberta and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Alberta has implemented legislation providing for the reversion to the Crown of mineral rights to deep, non-productive geological formations at the conclusion of the primary term of a lease or license.

Alberta also has a policy of "shallow rights reversion" which provides for the reversion to the Crown of mineral rights to shallow, non-productive geological formations for all leases and licenses. For leases and licenses issued subsequent to January 1, 2009, shallow rights reversion will be applied at the conclusion of the primary term of the lease or license. Holders of leases or licences that have been continued indefinitely prior to January 1, 2009 will receive a notice regarding the reversion of the shallow rights, which will be implemented three years from the date of the notice. In 2013, Alberta Energy placed an indefinite hold on serving shallow rights reversion notices for leases and licences that were granted prior to January 1, 2009. Alberta Energy stated that it will provide the industry with notice if, in the future, a decision is made to serve shallow rights reversion notices.

Environmental Regulation

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to evolving national, provincial and municipal laws and regulations, as well as, potentially, international conventions. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases, discharges, or emissions of various substances produced in association with oil and gas operations, habitat protection and minimum setbacks of oil and gas activities from fresh water bodies. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines, penalties and sanctions, some of which may be material or materially affect the Corporation's operations. Certain environmental protection legislation may subject the Corporation to statutory strict liability in the event of an accidental spill or discharge from a licensed facility, meaning that fault need not be established by claimants affected by such a spill or discharge. Further, as Canadian environmental legislation evolves, the use of administrative penalties by the imposition of fines for the commission of environmental offences on an absolute liability basis has grown.

Environmental legislation is evolving in a manner that has and is expected to continue to result in stricter standards and enforcement, larger fines, liabilities and sanctions, and potentially increased capital expenditures and operating costs. To mitigate potential environmental liabilities, the Corporation, in addition to implementing policies and procedures designed to prevent an accidental spill or discharge, maintains insurance at industry standards.

Federal

Canadian environmental regulation is the responsibility of the federal government and provincial governments. Where there is a direct conflict between federal and provincial environmental legislation in relation to the same matter, the federal law will prevail, however, such conflicts are uncommon. The federal government has primary jurisdiction over federal works, undertakings and federally regulated industries such as railways, aviation and interprovincial transport. The *Canadian Environmental Protection Act* and the *Canadian Environmental Assessment Act*, provide the foundation for the federal government to protect the environment and cooperate with provinces to do the same.

On August 28, 2019, the Government of Canada enacted new legislation to overhaul the existing environmental assessment process and replace the NEB with the CER. Pursuant to the legislation, the Impact Assessment Agency of Canada (the "**Agency**") would replace the Canadian Environmental Assessment Agency. Additional categories of projects are included within new impact assessment process, such as offshore wind energy projects; however, exemptions have been added for oil sands projects located in provinces that have achieved requisite greenhouse gas emissions targets. The revamped approval process for applicable major developments has specific legislated timelines at each stage of the formal impact assessment process. The Agency's process would focus on: (a) early engagement by proponents to engage the Agency and all stakeholders, such as the public and indigenous groups, prior to the formal impact assessment process; (b) potentially increased public participation where the project undergoes a panel review; (c) providing analysis of the potential impacts and effects of a project without making recommendations, to support a public-interest approach to decision-making, with cost-benefit determinations and approvals made by the Minister of Environment and Climate Change or the cabinet of the federal government; (d) analyzing further specified factors for projects such as alternatives to the project and social and indigenous issues in addition to health, environmental and economic impacts; and (e) overseeing an expanded follow-up, monitoring and enforcement process with increased involvement of indigenous peoples and communities. Many of the CER's activities are now similar to the NEB, but with a different structure and the notable exception that the CER would no longer have primary responsibility in the consideration of the new major projects, instead focusing on the lifecycle regulation (e.g. overseeing construction, tolls and tariffs, operations and eventual winding down) of approved projects, while providing for expanded participation by communities and indigenous peoples. The effects of the new legislation remain unclear as the old NEB regulations are still in force until such new regulations come into force.

On May 12, 2017, the federal government introduced the *Oil Tanker Moratorium Act* ("**OTMA**") in Parliament. This legislation is aimed at providing coastal protection in northern British Columbia by prohibiting crude oil tankers carrying more than 12,500 metric tonnes of crude oil or persistent crude oil products from stopping, loading, or unloading crude oil in that area. The OTMA came into force on June 21, 2019 and may prevent the building of

pipelines to, and export terminals located on, the portion of the British Columbia coast subject to the moratorium and, as a result, negatively affect the ability of producers to access global markets.

Alberta

The discharge of oil, natural gas, or other pollutants into the air, soil or water may give rise to liabilities to third parties and may require the Corporation to incur costs to remedy such discharge in the event that they are not covered by the Corporation's insurance. Although the Corporation maintains insurance to industry standards, which in part covers liabilities associated with discharges, it is not certain that such insurance will cover all possible environmental events, foreseeable or otherwise, or whether changing regulatory requirements or emerging jurisprudence may render such insurance of little benefit. Environmental legislation in the Province of Alberta is, for the most part, set out in the *Environmental Protection and Enhancement Act* ("**EPEA**"), the *Water Act* and the *Oil and Gas Conservation Act* ("**OGCA**"). The EPEA and the OGCA impose strict environmental standards with respect to releases of effluents and emissions, require stringent compliance, reporting and monitoring obligations, and impose significant penalties for non-compliance.

The regulatory landscape in Alberta has undergone a transformation from multiple regulatory bodies to a single regulator for upstream oil and gas, oil sands and coal development activity. On June 17, 2013, the AER assumed the functions and responsibilities of the former Energy Resources Conservation Board, including those found under the OGCA. On November 30, 2013, the AER assumed the energy related functions and responsibilities of Alberta Environment and Parks ("**AEP**") in respect of the disposition and management of public lands under the *Public Lands Act*. On March 29, 2014, the AER assumed the energy related functions and responsibilities of AEP in the areas of environment and water under EPEA and the *Water Act*, respectively. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Surface Rights Board, as well as Alberta Energy's responsibility for mineral tenure. The objective behind the transformation to a single regulator is the creation of an enhanced regulatory regime that is efficient, attractive to business and investors, and effective in supporting public safety, environmental management and resource conservation while respecting the rights of landowners.

The oil and gas industry is subject to such environmental regulations which include restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties.

The Corporation believes it is in material compliance with environmental legislation in the jurisdictions in which it operates at this time. The Corporation's practice is to do all that it reasonably can to ensure that it remains in material compliance with environmental protection legislation. The Corporation also believes that it is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue. The Corporation is committed to meeting its responsibilities to protect the environment wherever it operates and will take such steps as required to ensure compliance with environmental legislation.

No assurance can be given that environmental laws will not result in a curtailment of production, a material increase in the costs of production or the costs of development or exploration activities, or otherwise adversely affect the Corporation's financial condition, capital expenditures, results of operations, competitive position or prospects.

Liability Management Rating Programs

Alberta

In Alberta, the AER administers the Licensee Liability Rating Program (the "**LLR Program**") as part of the Liability Management Rating Assessment Process. The LLR Program is a liability management program governing most conventional upstream oil and gas wells, facilities and pipelines. The OGCA establishes an orphan well fund (the "**Orphan Well 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. The Orphan Well Fund

is funded by licensees in the LLR Program through a levy administered by the AER. The LLR Program is designed to minimize the risk to the Orphan Well Fund posed by unfunded liability of licensees and 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 upon the submission of a license transfer application, and failure to post the required security deposit may result in the initiation of enforcement actions by the AER.

On May 1, 2013, the AER began to implement a three year program of changes to the LLR Program. Some of the important changes which were implemented through this three year process include: (a) increases to the prescribed average reclamation cost for each individual well or facility (which increased a licensee's deemed liabilities); (b) increases to facility abandonment cost parameters for each well equivalent (which increased a licensee's deemed liabilities); (c) use of an industry netback averaged over the last three years (which affected the calculation of a licensee's deemed assets); and (d) a change to the present value and salvage factor, which increases to 1.0 for all active facilities from 0.75 for active wells and 0.50 for active facilities (which increased a licensee's deemed liabilities).

The changes were implemented over a three-year period, ending August 2015. The first phase was implemented in May 2013, the second phase was implemented in May 2014 and the final phase was implemented in August 2015. The changes to the LLR Program stem from concern that the previous regime significantly underestimated the environmental liabilities of licensees.

On June 20, 2016, 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**") in an urgent response to a decision from the Alberta Court of Queen's Bench, which was affirmed by a majority at the Alberta Court of Appeal. In Redwater Energy Corporation (Re), 2016 ABQB 278 ("**Redwater**"), Chief Justice Wittman found that there was an operational conflict between the abandonment and reclamation provisions of the OGCA and the *Bankruptcy and Insolvency Act* ("**BIA**"), and that receivers and trustees had the right to renounce assets within insolvency proceedings. Such a conflict rendered the AER's legislated authority unenforceable to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a transfer when such a licensee is insolvent. Effectively, this meant that abandonment costs would be borne by the industry-funded Orphan Well Fund or the province in these instances because any resources of the insolvent licensee would first be used to satisfy secured creditors under the BIA.

Bulletin 16 provided interim rules to govern while the case was appealed and while the Government of Alberta can develop appropriate regulatory measures to adequately address environmental liabilities. The AER's Directive 067: Applying for Approval to Hold EUB Licences ("**Directive 067**") was amended and now requires extensive corporate governance and shareholder information, with a focus on any previous insolvency proceedings in order to acquire or transfer licenses needed to operate wells and facilities. The AER will consider and process all applications for licence eligibility under Directive 067 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. As a condition of transferring existing AER licences, approvals, and permits, the AER will require all transferees to demonstrate that they have a liability management rating, being the ratio of a licensee's assets to liabilities, of 2.0 or higher immediately following the transfer.

The AER introduced the Inactive Well Compliance Program (the "**IWCP**") to address the growing inventory of inactive wells in Alberta and to increase the AER's surveillance and compliance efforts under Directive 013: Suspension Requirements for Wells ("**Directive 013**"). The IWCP applies to all inactive wells that are noncompliant with Directive 013. The objective is to bring all inactive noncompliant wells under the IWCP into compliance with the requirements of Directive 013 within five years. As of April 1, 2015, each licensee is required to bring 20 percent of its inactive wells into compliance every year, either by reactivating or suspending the wells in accordance with Directive 013 or by abandoning them in accordance with Directive 020: Well Abandonment. The list of current wells subject to the IWCP is available on the AER's Digital Data Submission system. The AER has announced that from April 1, 2015 to April 1, 2016, the number of noncompliant wells subject to the IWCP fell from 25,792 to 17,470, with 76 percent of licensees operating in the province having met their annual quota. The IWCP completed its second year on March 31, 2017. Overall, the AER has announced that licensees brought 19

percent of non-compliant wells in the IWCP into compliance with AER requirements in the second year of the IWCP.

On January 31, 2019, the Supreme Court of Canada ("**SCC**") ruled on the appeal of Redwater in *Orphan Well Association v. Grant Thornton Limited*, 2019 SCC 5, in favour of the AER and Orphan Well Association. Specifically, the SCC held that while trustees will not be personally liable for abandonment and reclamation obligations, the estate will remain liable for such obligations. As a result, reclamation and abandonment liabilities must be dealt with before there can be any distribution to the insolvent parties' creditors, including its secured creditors. In response to the SCC's decision, the AER is working on an improved liability management framework. Return cannot predict what the AER's improved framework may look like but such pending changes to the Alberta LLR Program will have an impact on crude oil and natural gas production in Alberta, including Return's business.

Social or Environmental Policies

The health and safety of employees, contractors and the public, as well as the protection of the environment, is of utmost importance to Return. To this end, the Corporation has instituted a comprehensive environmental policy to which it and its employees and contractors are required to adhere. Return endeavours to conduct its operations in a manner that will minimize both adverse effects and consequences of emergency situations by:

- complying with government regulations and standards, particularly relating to the environment, health and safety;
- operating consistent with industry codes, practices and guidelines;
- ensuring prompt, effective response and repair to emergency situations and environmental incidents;
- providing training to employees and contractors to ensure compliance with corporate safety and environmental rules and procedures; and
- communicating openly with members of the public regarding its activities.

Return believes that all employees have a vital role in achieving excellence in environmental, health and safety performance, which is best achieved through careful planning and the support and active participation of everyone involved. Furthermore, the Corporation aligns itself with the best industry practices to ensure positive results.

RISK FACTORS

Return's business consists of the exploration for and development and production of petroleum and natural gas properties in the Western Canadian Sedimentary Basin. The Corporation is currently focused on the Peace River Arch area in northwest Alberta. There are a number of inherent risks associated with the exploration for and development and production of petroleum and natural gas. Many of these risks are beyond the control of the Corporation. Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision.

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.

Difficulty Implementing Business Strategy

The growth and expansion of the Corporation is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Corporation will be successful in the implementation of its business strategy.

Commodity Price Volatility

Return's results of operations and financial condition are dependent on the prevailing prices of crude oil and natural gas. Crude oil and natural gas prices have fluctuated widely in the recent past and are subject to fluctuations in response to relatively minor changes in supply, demand, market uncertainty and other factors that are beyond Return's control. Crude oil and natural gas prices are impacted by a number of factors including, but not limited to: the global supply of and demand for crude oil and natural gas; global economic conditions; the actions of the OPEC; government regulation; political stability; the ability to transport crude to markets; developments related to the market for liquefied natural gas; the availability and prices of alternate fuel sources; and weather conditions. In addition, significant growth in crude production volumes in western Canada and the northern United States has resulted in pressure on transportation and pipeline capacity, contributing to the widening of the light oil pricing differential between WTI and Cromer/WCS/Hardisty, resulting in fluctuations in the price of oil and natural gas. All of these factors are beyond Return's control and can result in a high degree of price volatility.

Fluctuations in currency exchange rates further compound this volatility when the commodity prices, which are generally set in U.S. dollars, are stated in Canadian dollars. Return'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 Corporation's light/medium oil and heavy oil (in particular the light/heavy differential) 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; refining demand; the availability and cost of diluent used to blend and transport product; and the quality of the oil produced, all of which are beyond Return's control. See also "*Variations in Foreign Exchange Rates and Interest Rates*".

Fluctuations in the price of commodities and associated price differentials may impact the value of Return's assets, the Corporation's ability to maintain its business and to fund growth projects. Prolonged periods of commodity price depression and volatility may also negatively impact Return's ability to meet guidance targets and meet all of its financial obligations as they come due. Any substantial and extended decline in the price of oil and gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations, prospects and the level of expenditures for the development of oil and natural gas reserves, including delay or cancellation of existing or future drilling or development programs or curtailment in production.

Any material or sustained decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of the Corporation's reserves. Return might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in its oil and gas acquisition, development and exploration activities.

Crude oil and natural gas prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies and OPEC actions. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and 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.

In addition, bank borrowings available to the Corporation may, in part, be determined by the Corporation's borrowing base. A sustained material decline in prices from historical average prices could reduce the Corporation's borrowing base, therefore reducing the bank credit available to the Corporation which could require that a portion, or all, of the Corporation's bank debt be repaid.

Return conducts regular assessments of the carrying value of its assets in accordance with International Financial Reporting Standards. If crude oil and natural gas prices decline significantly and remain at low levels for an extended period of time, the carrying value of the Corporation's assets may be subject to impairment.

Gathering and Processing Facilities, Pipeline Systems and Rail

The Corporation 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 Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems and railway lines. The lack of availability of capacity in any of the gathering and processing facilities, pipeline systems and railway lines could result in the inability to realize the full economic potential of the Corporation's production or in a reduction of the price offered for its production. The lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to transport produced oil and gas to market. In addition, the pro-rationing of capacity on inter-provincial pipeline systems 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 Corporation's production, operations and financial results. As a result, producers are increasingly turning to rail as an alternative means of transportation. In recent years, the volume of crude oil shipped by rail in North America has increased dramatically. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays or uncertainty in constructing new infrastructure systems and facilities could harm the Corporation's business and, in turn, its financial condition, operations and cash flows. Announcements and actions taken by the government of Alberta relating to approval of infrastructure projects may continue to intensify, leading to increased challenges to interprovincial and international infrastructure projects moving forward. In addition, while the federal government recently passed Bill C-69 to overhaul the existing environmental assessment process and replacing the NEB with the CER, the impact of the new regulatory scheme on proponents and the timing of receipt of approvals of major projects remains unclear.

A portion of Return's production may, from time to time, be processed through facilities owned by third parties and over which Return does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuance or decrease of operations could have a materially adverse effect on Return's ability to process its production and deliver the same for sale. Midstream and pipeline companies may take actions to maximize their return on investment which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

Capital Lending Markets

As a result of recent economic uncertainties in the oil and gas industry and, in particular, the lack of risk capital available to the oil and gas sector, the Corporation, along with other oil and gas entities, may have reduced access to bank debt and to equity. As future capital expenditures will be financed out of funds generated from operations, bank borrowings, if available, and possible issuances of debt or equity securities, the Corporation's ability to fund future capital expenditures is dependent on, among other factors, the overall state of lending and capital markets and investor and lender appetite for investments in the energy industry, generally, and the Corporation's securities in particular.

To the extent that external sources of capital become limited, unavailable or available only on onerous terms, the Corporation's ability to invest and to maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Markets and Marketing

The marketability and price of crude oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by numerous factors beyond its control. Return's ability to market its crude oil and natural gas may depend upon its ability to acquire space on pipelines that deliver crude oil and natural gas to commercial markets. Return may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and gas business.

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 Corporation 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 Corporation may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely 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 hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, the Corporation 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 Corporation. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs. 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 Corporation's business, financial condition, results of operations and prospects.

Weakness in the Oil and Gas Industry

Recent market events and conditions, including global excess oil and natural gas supply, actions taken by OPEC, slowing growth in 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. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the inability to get the necessary approvals to build pipelines, LNG plants and other facilities to provide better access to markets for the oil and gas industry in Alberta has led to additional downward price pressure on oil and gas produced in Alberta and uncertainty and reduced confidence in the oil and gas industry in Alberta. Lower commodity prices may also affect the volume and value of the Corporation's reserves, rendering certain reserves uneconomic. In addition, lower commodity prices have restricted, and may continue to restrict, the Corporation's cash flow resulting in a reduced capital expenditure budget. Consequently, the Corporation may not be able to replace its production with additional reserves and both the Corporation's production and reserves could be reduced on a year over year basis.

Political Uncertainty

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. Since the 2016 U.S. presidential election, the U.S. has withdrawn from the CPTPP and Congress has passed sweeping tax reform, which, among other things, significantly reduces U.S. corporate tax rates. This may affect competitiveness of other jurisdictions, including Canada. In addition, NAFTA has been renegotiated and on December 10, 2019, and Canada, the U.S. and Mexico signed the USMCA which will replace NAFTA once ratified by the three signatory countries. See "*Narrative Description of the Business – Industry Conditions – The North American Free Trade Agreement*". The U.S. administration has also taken action with respect to reduction of regulation, which may also affect relative competitiveness of other jurisdictions. It is presently unclear 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 Return.

In addition to the political disruption in the United States, the citizens of the United Kingdom have voted to withdraw from the European Union and the Government of the United Kingdom has begun taking 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 Return's ability to market products internationally, increase costs for goods and services required for operations, reduce access to skilled labour and negatively impact business, operations, financial conditions and the market value of the Common Shares.

Substantial Capital Requirements

Return anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. In addition, uncertain levels of near term industry activity coupled with the current commodity price environment exposes the Corporation to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Additional Funding Requirements

Return's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of depressed oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations 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 the Corporation. Continued uncertainty in domestic and international credit markets could materially affect the Corporation's ability to access sufficient capital for its capital expenditures and acquisitions, and as a result, may have a material adverse effect on the Corporation's ability to execute its business strategy and on its business, financial condition, results of operations and prospects.

Future Sales of Common Shares

Return may issue additional Common Shares in the future to pursue its business strategy, which may dilute a shareholder's holdings in the Corporation. Return's articles permit the issuance of an unlimited number of Common

Shares and Shareholders will have no pre-emptive rights in connection with such further issuances. Also, additional Common Shares may be issued by the Corporation on the exercise of Warrants or on the exercise of Options under the Corporation's stock option plan.

Finding, Developing and Acquiring Petroleum and Natural Gas Reserves on an Economic Basis

Petroleum and natural gas reserves naturally deplete as they are produced over time. The success of the Corporation's business is highly dependent on its ability to acquire and/or discover new reserves in a cost efficient manner. Substantially all of the Corporation's cash flow is derived from the sale of the petroleum and natural gas reserves it accumulates and develops. In order to remain financially viable, the Corporation must be able to replace reserves over time at a lesser cost on a per unit basis than its cash flow on a per unit basis. The reserves and costs used in this determination are estimated each year based on numerous assumptions and these estimates and costs may vary materially from the actual reserves produced or from the costs required to produce those reserves. The Corporation mitigates this risk by employing a qualified and experienced team of petroleum and natural gas professionals, operating in geological areas in which prospects are well understood by management and by closely monitoring the capital expenditures made for the purposes of increasing its petroleum and natural gas reserves.

Operational Dependence

Other companies operate some of the assets in which the Corporation has an interest. As a result, the Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others therefore depends upon a number of factors that may be outside of the Corporation's control, including 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.

Project Risks

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

- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of and demand for oil and natural gas;
- the availability of processing capacity;
- 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;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and gas industry by various levels of government and governmental agencies.

Because of these factors, Return could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Competition

The petroleum industry is competitive in all its phases. Return competes with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Return's competitors include oil and natural gas companies that have substantially greater financial resources, staff and

facilities than those of the Corporation. Return's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

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 Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Corporation or implemented in the future may become obsolete. In such case, the Corporation's business, financial condition and results of operations could be materially adversely affected. If the Corporation is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could be materially adversely affected.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. See "*Narrative Description of the Business – Industry Conditions*", above. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed 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 gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Corporation will require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Fiscal and Royalty Regime

In addition to federal regulation, each province has legislation and regulations which govern land tenure, drilling and construction permits, royalties, production rates, environmental protection and other matters. See "*Narrative Description of the Business – Industry Conditions*" above. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on well productivity, geographical location, field discovery data and the type or quality of the petroleum product produced.

Environmental

All phases of the oil and 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 spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such 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

Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, 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 Corporation's business, financial condition, results of operations and prospects.

Although Return maintains insurance consistent with prudent industry practice, it is not fully insured against certain environmental risks, either because such insurance is not available or because of high premium costs. In particular, insurance against risks from environmental pollution occurring over time (as opposed to sudden and catastrophic damages) is not available on economically reasonable terms. Accordingly, Return's properties may be subject to liability due to hazards that cannot be insured against, or that have not been insured against due to prohibitive premium costs or for other reasons. It is also possible that changing regulatory requirements or emerging jurisprudence could render such insurance of less benefit to Return.

Climate Change

Return's exploration and production facilities and other operations and activities emit GHGs and which may require Return to comply with GHG emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Public support for climate change action and receptivity to new technologies has grown in recent years. Governments in Canada and around the world have responded to these shifting societal attitudes by adopting ambitious emissions reduction targets and supporting legislation, including measures relating to carbon pricing, clean energy and fuel standards, and alternative energy incentives and mandates. There has also been increased activism, including threats of culpability, legal action against oil and gas producers, and public opposition to fossil fuels and the oil and gas industry in which the Corporation operates. Given the evolving nature of the debate related to climate change and the control of GHGs and resulting requirements, it is not possible to predict the impact on Return and its operations and financial condition. See "*Narrative Description of the Business – Industry Conditions – Climate Change Regulation*".

Variations in Foreign Exchange Rates and Interest Rates

World oil and gas prices are quoted in U.S. dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. Material increases in the value of the Canadian dollar negatively impact the Corporation's production revenues. Future Canadian/U.S. dollar exchange rates could accordingly impact the future value of the Corporation's reserves as determined by independent evaluators. To the extent that the Corporation engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Corporation may contract. Furthermore, an increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, which could negatively impact the market price of the Common Shares.

Issuance of Debt

From time to time the Corporation may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

From time to time the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase

beyond the levels set in such agreements, the Corporation will not benefit from such increases and the Corporation may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to U.S. dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the U.S. dollar; however, if the Canadian dollar declines in value compared to the U.S. dollar, the Corporation will not benefit from the fluctuating exchange rate.

Availability of Drilling Equipment and Access

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

Title to Assets

Although title reviews may be conducted prior to the purchase of 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 Corporation's claim, which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves.

The reserve and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, 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 and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Return'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. Further, the evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluation.

Estimates of proved 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 and such variations could be material.

There are numerous uncertainties inherent in estimating quantities of resources, including many factors beyond the Corporation's control. No assurance can be given that the indicated level of resources will be realized. In general, estimates of recoverable resources are based upon a number of factors and assumptions made as of the date on which the resource estimates were determined, such as geological and engineering estimates which have inherent uncertainties, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. For these

reasons, estimates of the economically recoverable natural gas and the classification of such resources based on risk of recovery prepared by different engineers or by the same engineers at different times may vary substantially.

Geological risking of prospective resources addresses the probability of success for the discovery of petroleum; this risk analysis is conducted independently of probabilistic estimates of petroleum volumes and without regard to the chance of development. Principal risk elements of the petroleum system include: (a) trap and seal characteristics; (b) reservoir presence and quality; (c) source rock capacity, quality and maturity; and (d) timing, migration and preservation of petroleum in relation to trap and seal formation. Geological risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows 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 regulation or taxation and the impact of inflation on costs.

Insurance

Return's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Geo-Political Risks

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle-East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Corporation's net production revenue.

In addition, the Corporation's oil and natural gas properties, wells and facilities could be subject to a terrorist attack. If any of the Corporation's properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Return will not have insurance to protect against the risk from terrorism.

Management of Growth

Return may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Expiration of Licences and Leases

Return's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may be suspended, terminated or it may 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 the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Litigation

In the normal course of the Corporation's operations, it may become involved in, 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, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and as a result, could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to portions of Alberta. Return is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful such claim may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Dividends

Return has not paid any dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations and other considerations as the Board considers relevant.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to the business, operations or affairs of this Corporation. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Seasonality and Extreme Weather Conditions

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Roads bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of the Corporation's production if not otherwise tied-in. Also, 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, heavy snowfall and heavy rainfall may restrict Return's ability to access its properties, cause operational difficulties including damage to machinery or contribute to personnel injury because of dangerous working conditions. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Corporation.

Third Party Credit Risk

Return 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 the event such entities fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

Conflicts of Interest

Certain directors of the Corporation are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA.

Reliance on Key Personnel

Return's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Return does not have any key person insurance. The contributions of the existing management team to the immediate and near term operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and gas industry is intense and there can be no assurance that the Corporation 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 the Corporation.

Expansion into New Activities

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

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 renewable energy generation devices could reduce the demand for crude oil and liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil and gas products. Return 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 Corporation's business, financial condition, results of operations and cash flows.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

Return considers acquisitions and dispositions of businesses and assets in the ordinary course of business and is looking to expand through its targeted acquisition and consolidation strategy. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired and existing businesses and operations. The integration of acquired businesses may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and

operational matters. Management continually assesses the value and contribution of services provided by third parties and assets required to provide such services. In this regard, non-core assets may be periodically disposed of so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain of Return's non-core assets may realize less on disposition than their carrying value on the Corporation's consolidated financial statements.

Hydraulic Fracturing

The proliferation of the use of hydraulic fracturing as a recovery technique employed in oil and natural gas drilling has given rise to increased public scrutiny of its environmental aspects, particularly with respect to its potential impact on local aquifers. Return utilizes hydraulic fracturing in a portion of the light oil wells it drills and completes. Negative public perception of hydraulic fracturing may place pressure on governments in the jurisdictions where Return operates to implement additional regulatory requirements or limitations on the utilization of hydraulic fracturing, which in turn could restrict Return's operations and increase its costs.

Waterflood

The Corporation may undertake certain waterflooding programs which involve the injection of water or other liquids into an oil reservoir to increase production from the reservoir and to decrease production declines. To undertake such waterflooding activities Return needs to have access to sufficient volumes of water, or other liquids, to pump into the reservoir to increase the pressure in the reservoir. There is no certainty that the Corporation will have access to the required volumes of water. In addition, in certain areas there may be restrictions on water use for activities such as waterflooding. If Return is unable to access such water it may not be able to undertake waterflooding activities, which may reduce the amount of oil and natural gas that the Corporation is ultimately able to produce from its reservoirs. In addition, Return may undertake certain waterflood programs that ultimately prove unsuccessful in increasing production from the reservoir and as a result have a negative impact on the Corporation's results of operations.

Liability Management

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder becomes defunct. These programs generally involve an assessment of the ratio of a licensee's deemed assets to deemed liabilities. If a licensee's deemed liabilities exceed its deemed assets, a security deposit is required. Changes of the ratio of the Corporation's deemed assets to deemed liabilities or changes to the requirements of liability management programs may result in significant increases to the security that the Corporation must post.

As a result of the Supreme Court of Canada's January 2019 decision in the Redwater case, a trustee in bankruptcy is not permitted to renounce uneconomic oil and gas assets and leave these assets to be remediated by the Orphan Well Fund, thereby avoiding the environmental liabilities of the estate it is administering. Accordingly, the AER may now use Alberta's provincial legislative scheme to prevent the repudiation or renunciation of an insolvent company's assets by a trustee and require the trustee to satisfy certain environmental obligations in priority to the claims of secured and unsecured creditors. In response to the Supreme Court's decision, the AER is also working on an improved liability management framework. Return cannot predict what the AER's improved framework may look like but such pending changes to the Alberta LLR Program will have an impact on crude oil and natural gas production in Alberta, including Return's business.

The AER's new liability management framework may impact the Corporation's ability to transfer its licences, approvals or permits in the course of a divestment, and may result in increased costs and delays or require changes to or abandonment of projects and transactions. As a result of the decision in Redwater, lenders may reduce the availability of credit to oil and gas issuers that utilize secured loans, thereby negatively affecting the financial capacity of such issuers, including potential partners and counterparties of the Corporation. Lenders also may generally increase their scrutiny of oil and gas assets held by producers, including the Corporation, and the associated abandonment and reclamation liabilities in determining whether to provide credit, may require borrowers

to adhere to more stringent abandonment and reclamation-related operational covenants, and may increase the cost of providing credit.

The Supreme Court decision in Redwater also could make the transfer of oil and gas assets from insolvent parties more challenging if a trustee in bankruptcy is unable to separate economic assets from uneconomic assets within the insolvent party's estate in order to facilitate a sale process. The result could be additional liabilities being placed upon the Orphan Well Fund. The Orphan Well Fund may seek funding for such liabilities from industry participants, including the Corporation, through an increase in its annual levy, further changes to regulations, or other means. While the impact on the Corporation of any legislative, regulatory or policy decisions as a result of the Redwater decision cannot be reliably or accurately estimated, any cost recovery or other measures taken by applicable regulatory bodies may impact the Corporation and materially and adversely affect, among other things, the Corporation's business, financial condition, results of operations and cash flow.

There remains a great deal of uncertainty as to what new regulatory measures will be developed by the provinces or in concert with the federal government, as the final ruling will become binding in all Canadian jurisdictions. See "*Narrative Description of the Business – Industry Conditions – Liability Management Rating Programs*".

Information Technology Systems and Cyber-Security

Return has become increasingly dependent upon the availability, capacity, reliability and security of the Corporation's information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. Return depends on various information technology systems to estimate reserve quantities, process and record financial data, manage its land base, manage financial resources, analyze seismic information, administer contracts with its operators and lessees and communicate with employees and third-party partners.

Further, Return is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of its information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to its business activities or its competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If Return becomes a victim to a cyber phishing attack it could result in a loss or theft of the Corporation's financial resources or critical data and information or could result in a loss of control of its technological infrastructure or financial resources. Return applies technical and process controls in line with industry-accepted standards to protect its information assets and systems; however, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on Return's performance and earnings, as well as on its reputation. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on its business, financial condition and results of operations.

Disposal of Fluids Used in Operations

The safe disposal of the hydraulic fracturing fluids (including the additives) and water recovered from oil and natural gas wells is subject to ongoing regulatory review by the federal and provincial governments, including its effect on fresh water supplies and the ability of such water to be recycled, amongst other things. While it is difficult to predict the impact of any regulations that may be enacted in response to such review, the implementation of stricter regulations may increase Return's costs of compliance.

Carbon Pricing Risk

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. See "*Narrative Description of the Business – Industry Conditions – Climate Change Regulation*". In

Canada, the federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternatives fuels and in turn reducing carbon emissions. The taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing Return's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of carbon taxes puts the Corporation at a disadvantage with Return's counterparts who operate in jurisdictions where there are less costly carbon regulations.

Reputational Risk Associated with Operations

Any environmental damage, loss of life, injury or damage to property caused by Return's operations could damage its reputation in the areas in which the Corporation operates. Negative sentiment towards Return could result in a lack of willingness of municipal authorities being willing to grant the necessary licenses or permits for the Corporation to operate its business and in residents in the areas where Return is doing business opposing the Corporation's further operations in the area. If Return develops a reputation of having an unsafe work site it may impact the Corporation's ability to attract and retain the necessary skilled employees and consultants to operate its business. Further, Return's reputation could be affected by actions and activities of other corporations operating in the oil and gas industry, over which Return has no control. In addition, environmental damage, loss of life, injury or damage to property caused by Return's operations could result in negative investor sentiment towards the Corporation, which may result in limiting Return's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Common Shares.

Changing Investor Sentiment

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, concerns of the impact of oil and gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during transportation and concerns of indigenous rights, have affected certain investors' sentiments towards investing in the oil and gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they no longer are willing to fund or invest in oil and gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Corporation or not investing in Return at all. Any reduction in the investor base interested or willing to invest in the oil and gas industry and more specifically, the Corporation, may result in limiting Return's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Common Shares.

Forward-Looking Information May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, 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 information on the risks, assumptions and uncertainties are found in this Annual Information Form under the heading "*Special Note Regarding Forward Looking Statements*" above.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

On April 25, 2019, the Corporation filed its Form 51-101F1 – *Statement of Reserves Data and Other Oil and Gas Information* dated effective December 31, 2018, Form 51-101F2 – *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* dated February 22, 2019, and Form 51-103F3 – *Report of Management and Directors on Reserves Data and Other Information* dated April 23, 2019, under the Corporation's profile at www.sedar.com, which forms are incorporated by reference into this Annual Information Form.

DIVIDEND POLICY

Return has not declared or paid any dividends on the Common Shares since incorporation. Any decision to pay dividends on the Common Shares will be made by the Board on the basis of Return's earnings, financial requirements and other conditions existing at such future time.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Preferred Shares, issuable in series, and an unlimited number of Special Shares.

As of December 31, 2018, 110,551,648 Common Shares, 66,666,666 Warrants, 7,100,000 Options and 2,000,000 Series I Preferred Shares were issued and outstanding. As at the date hereof, there are 2,610,551,651 Common Shares and 1,620,350,000 Warrants issued and outstanding. See "*General Development of the Business – Three Year History – Recapitalization and Reorganization*", above. There are no Options, Preferred Shares or Special Shares outstanding as at the date hereof.

Common Shares

The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders of Return (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. Subject to the prior rights of holders of Preferred Shares and Special Shares, holders of Common Shares are entitled to dividends, if, as and when declared by the Board, and, in the event of the liquidation, dissolution or winding-up of Return, or any other distribution of assets among its shareholders for the purpose of winding-up its affairs, 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, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. The Preferred Shares of each series shall, with respect to dividends, liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation 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 Corporation ranking junior to such series of Preferred Shares.

Series I Preferred Shares

In addition to the rights attaching to Preferred Shares as a class, Series I Preferred Shares rank in priority to the Common Shares, are redeemable by the Corporation and are convertible at the option of the holder as described below. Holders of Series I Preferred Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of Return except where specifically provided by the ABCA. In the event of the dissolution, liquidation or winding-up of Return, whether voluntary or involuntary, or other distribution of assets of Return among its Shareholders for the purpose of winding-up its affairs, the holders of the Series I Preferred Shares are entitled to receive $1.00 from the assets and property of Return for each Series I Preferred Share held by them, before any amount shall be paid or any property or assets of Return distributed to the holders of any Common Shares or shares of any other class or series ranking junior to the Series I Preferred Shares. The Corporation is prohibited from issuing any Special Shares at any time while any Series I Preferred Shares are issued and outstanding.

The holders of Series I Preferred Shares may, at any time and at their option, convert all or part of the Series I Preferred Shares into units of Return. Each unit is comprised of one (1) Common Share and one-half (1/2) of a Warrant. The number of units issuable upon the conversion of the Series I Preferred Shares is equal to the number of Series I 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 twenty (20) consecutive day period immediately prior to conversion.

Each whole Warrant entitles the holder to purchase one (1) Common Share until October 21, 2021 upon payment of the Common Share purchase warrant exercise price. The Corporation may at its sole discretion redeem the Series I Preferred Shares at any time upon cash payment of $1.00 per Series I Preferred Share.

In connection with the Recapitalization Transaction, the holder of the 2,000,000 Series I Preferred Shares authorized Return to amend the rights, privileges, restrictions and conditions of such shares to permit the purchase of all outstanding Series I Preferred Shares by Return for an aggregate of $10.00, and all such shares were repurchased by the Corporation and cancelled on December 19, 2019.

Special Shares

The holders of Special Shares are not entitled to receive notice of and attend meetings of shareholders of Return, unless specifically entitled to vote pursuant to the ABCA or the meeting is called to consider any matter in respect of which the holders of the Special Shares would be entitled to vote separately as a class or for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially of the Corporation's property. Holders of Special Shares are entitled to dividends, if, as and when declared by the Board, and dividends may only be declared and set aside for payment to holders of Common Shares or any other shares ranking junior to the Special Shares if, at the time of such declaration, the realizable value of the assets of the Corporation would be less than the aggregate Redemption Amount (as defined below) available to the holders of Special Shares. In the event of the liquidation, dissolution or winding-up of Return, or any other distribution of assets among its Shareholders for the purpose of winding-up its affairs, the holders of Special Shares are entitled to receive from the assets of the Corporation a sum equivalent to the aggregate Redemption Amount before any amount shall be paid to holders of Common Shares or shares of any other class ranking junior to the Special Shares.

Subject to the requirements of the ABCA, the Corporation may, and the holders of Special Shares may require the Corporation to, redeem any outstanding Special Shares on payment of the redemption price, being the Redemption Amount for all Special Shares divided by the number of Special Shares issued and outstanding. The aggregate redemption amount (the "**Redemption Amount**") in respect of the Special Shares is equal to the aggregate fair market value of the property acquired by the Corporation upon the issuance of such Special Shares as confirmed by the Board by resolution within 60 days of the issuance of such Special Shares.

Stock Options

The Corporation 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

As of the date hereof, the only outstanding Warrants are the Recap Warrants issued pursuant to the 2019 Private Placement. For more information regarding the terms of the Recap Warrants, see "*General Development of the Business – Three Year History – Recapitalization and Reorganization*", above. All Warrants issued prior to the 2019 Private Placement, including as part of the previously described Asset Acquisition, Private Corporation Acquisitions, Vertex Offering and other non-brokered private placements (see "*General Development of the Business*" in this Annual Information Form) have expired or were surrendered for cancellation in connection with the Recapitalization Transaction.

MARKET FOR SECURITIES

The Common Shares are listed on the TSXV under the symbol "RTN". The following table sets the price range and trading volume of these securities for the period from January 1, 2018 to December 31, 2018, as reported by the TSXV:

	Common Shares		
Month	**High**	**Low**	**Volume**
January	$0.12	$0.07	2,161,000
February	$0.10	$0.07	823,800
March	$0.11	$0.06	529,000
April	$0.10	$0.06	351,500
May	$0.08	$0.07	390,500
June	$0.09	$0.07	145,700
July	$0.08	$0.06	151,300
August	$0.06	$0.04	407,900
September	$0.05	$0.03	516,400
October	$0.05	$0.04	220,200
November	$0.04	$0.04	312,100
December	$0.04	$0.02	605,200

PRIOR SALES

The Corporation did not grant any securities currently outstanding but not listed on a marketplace, convertible or exercisable, as applicable, into Common Shares during the period from January 1, 2018 to December 31, 2018.

DIRECTORS AND OFFICERS

Directors and Officers Prior to the Appointment of the New Management Team and New Board

The following table sets forth the names and municipalities of residence of the directors and executive officers of the Corporation as of December 31, 2018 and immediately prior to the appointment of the New Management Team and the New Board, their respective positions and offices with the Corporation and date first appointed or elected as a director and/or officer and their principal occupation(s) within the past five years.

Name and Municipality of Residence	Position Held (and First Date Appointed as a Director)	Principal Occupation Within the Past Five Years
Kenneth M. Tompson[(1)] *Calgary, Alberta*	President, Chief Executive Officer and Director (March 20, 2006)	President and Chief Executive Officer of the Corporation from October 1, 2016 to December 19, 2019. Prior thereto, Mr. Tompson was the Executive Vice President and Chief Operating Officer from March 2006 to September 2016.
Garry T. Hides *Chestermere, Alberta*	Executive Vice President and Director (March 20, 2006)	Executive Vice President of the Corporation from April 1, 2017 to December 19, 2019. Prior thereto, Mr. Hides was the President and Chief Executive Officer from March 2006 to September 2016.
Lorne A. Morozoff *Calgary, Alberta*	Vice President, Finance, and Chief Financial Officer	Vice President, Finance, and Chief Financial Officer of Return from September 1, 2006 to December 19, 2019.
Jason Schoenfeld *Calgary, Alberta*	Chief Operating Officer	Chief Operating Officer of Return from October 20, 2016 to December 19, 2019. Prior to establishing his consulting practice in 2012, Mr. Schoenfeld served as the Operations Manager for Westfire Energy Ltd.
Roy H. Hudson[(1)(2)(3)] *Calgary, Alberta*	Director (May 30, 2006)	Partner of DLA Piper (Canada) LLP (formerly Davis LLP) since September 2004.
Bradley B. Porter[(1)(2)(3)] *Okotoks, Alberta*	Director (May 1, 2012)	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.

Name and Municipality of Residence	Position Held (and First Date Appointed as a Director)	Principal Occupation Within the Past Five Years
Robb D. Thompson[2][3] *Calgary, Alberta*	Director (September 2, 2014)	Chief Financial Officer and Corporate Secretary of Bonterra Energy Corp. since February 2011.

Notes:
(1) Member of the former Audit Committee.
(2) Member of the former Corporate Governance and Compensation Committee.
(3) Member of the former Reserves Committee.

Directors and Officers as at the Date Hereof

The following table sets forth the names and municipalities of residence of the New Board and the New Management Team of the Corporation, their respective positions and offices with the Corporation and date first appointed or elected as a director and/or officer and their principal occupation(s) within the past five years. See "*General Development of the Business – Three Year History – Recapitalization and Reorganization*", above.

Name and Municipality of Residence	Position Held (and First Date Appointed as a Director)	Principal Occupation Within the Past Five Years
Richard F. McHardy[1][4] *Calgary, Alberta*	Executive Chairman and Director (December 19, 2019)	Executive Chairman of Return since December 19, 2019. Prior thereto, President, Chief Executive Officer and a director of Spartan Energy Corp. ("**Spartan Energy**") from December 2013 to May 2018.
Fotis Kalantzis *Calgary, Alberta*	President, Chief Executive Officer and Director (December 19, 2019)	President and Chief Executive Officer of Return since December 19, 2019. Prior thereto, Senior Vice President, Exploration, of Spartan Energy from March 2016 to May 2018; Vice President, Exploration, of Spartan Energy from December 2013 to March 2016.
Geri Greenall *Calgary, Alberta*	Chief Financial Officer	Chief Financial Officer of Return since December 19, 2019. Independent director, Chair of the Reserves Evaluation Committee and a member of the Audit Committee of Kelt Exploration Ltd. since December 2017. Co-founder and Chief Financial Officer of Camber Capital Corp., a fund manager offering private client and institutional fund management services, from May 2011 to December 2019.
Thanos Natras *Calgary, Alberta*	Vice President, Exploration	Vice President, Exploration, of Return since December 19, 2019. Prior thereto, Team Lead for southeast Saskatchewan operations with Vermilion Energy Inc. ("Vermilion") from May 2018 to October 2018. Prior thereto, Manager, Geoscience, and Senior Geologist of Spartan Energy from January 2014 to May 2018.
Craig Martin *Calgary. Alberta*	Vice President, Operations	Vice President, Operations, of Return since December 19, 2019. Prior thereto, Professional Engineer with Vermilion from May 2018 to October 2019. Prior thereto, Manager, Drilling and Completions, at Spartan Energy from February 2014 to May 2018.
Mark Hodgson *Calgary, Alberta*	Vice President, Corporate Development	Vice President, Corporate Development, of Return since December 19, 2019. Prior thereto, Vice President, Operations, at Obsidian Energy Ltd. ("**Obsidian**") from May 2018 to March 2019 and Vice President, Business Development, at Obsidian from February 2017 to May 2018. Prior thereto, Vice President,

Name and Municipality of Residence	Position Held (and First Date Appointed as a Director)	Principal Occupation Within the Past Five Years
		New Ventures, and In-Country Manager for Bankers Petroleum Ltd. in Albania, as well as the General Director for its subsidiaries in Croatia, Hungary and Romania, from December 2013 to December 2016.
Brendan Paton *Calgary, Alberta*	Manager, Engineering	Manager, Engineering, of Return since December 19, 2019. President of Canoe Point Energy Ltd. from June 2018 to December 2019. Prior thereto, Production Engineer at Shell Canada Limited from January 2015 to June 2018.
Sanjib (Sony) Gill *Calgary, Alberta*	Corporate Secretary	Partner at Stikeman Elliott LLP, a national law firm, practicing primarily in the areas of corporate finance, securities and mergers and acquisitions transactions. Prior thereto, partner at another national law firm.
Donald Archibald[(1)(3)] *Calgary, Alberta*	Director (December 19, 2019)	Independent businessman; Chairman of Cequence Energy Ltd. ("**Cequence**") since March 2019 and president of Cypress Energy Corp., a private investment company, since March 2008. Executive Chairman of Cequence from April 2018 to March 2019. Director and audit committee member of Spartan Energy from December 2013 to May 2018.
Reginald J. Greenslade[(2)(4)] *Calgary, Alberta*	Director (December 19, 2019)	Independent businessman since February 2013. Director of Spartan Energy from December 2013 to May 2018. President and Director of Tuscany International Drilling Inc. from April 2010 to February 2013.
Kevin Overstrom[(1)(2)(3)] *Etobicoke, Ontario*	Director (December 19, 2019)	Founder and a principal of KO Capital Advisors Ltd., a private investment company, since September 2018. Prior thereto, Vice Chairman, Co-Head of Energy Investment Banking at GMP FirstEnergy (formerly GMP Securities) from June 2014 to September 2018.
Tamara MacDonald[(2)(3)(4)] *Calgary, Alberta*	Director (December 19, 2019)	Director of Southern Energy Corp. since December 2018. Prior thereto, Senior Vice President, Corporate and Business Development, of Crescent Point Energy Corp. from October 2004 to July 2018.

Notes:
(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Corporate Governance Committee.
(4) Member of the Reserves and Environment Committee.

As at the date hereof, the New Board and the New Management Team of the Corporation, and their associates and affiliates, as a group, whether, beneficial, direct or indirect, own 1,252,630,000 Common Shares, representing approximately 47.98% of the currently outstanding Common Shares.

The directors listed above will hold office until the next annual meeting of the Corporation or until their successors are elected or appointed.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set forth below, to the knowledge of management of Return:

(a) no director or executive officer is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any other issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemptions under securities legislation that was issued after the director or officer ceased 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;

(b) no director, executive officer or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person: (i) is, or within the ten years prior to the date hereof has been, a director or executive officer that, while that person was acting in 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 (ii) has, within the 10 years preceding the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or being 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 individual; and

(c) no director, executive officer or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, within the last 10 years, has: (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Archibald was a director of Waldron Energy Corporation ("**Waldron**") from December 31, 2009 to August 17, 2015. On August 6, 2015, the secured subordinated lender of Waldron demanded repayment in full of all amounts owed to it under its credit facility and gave notice of its intention to enforce its security. This repayment demand created a cross-default between Waldron and its secured bank lender, which subsequently demanded repayment in full of all amounts owed to it under its credit facility and also gave notice of its intention to enforce its security. After various discussions between Waldron and both its lenders, Waldron consented to the appointment of a receiver and manager on August 13, 2015. On August 17, 2015, a receiver and manager was appointed over the assets, undertakings and property of Waldron pursuant to an order of the Court of Queen's Bench of Alberta.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Return will be subject in connection with the operations of Return. In particular, certain of the directors and officers of Return are involved in managerial or director positions with other oil and gas companies, whose operations may, from time to time, be in direct competition with those of Return. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that, in the event that a director has an interest in a contract or a proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. As at the date of this Annual Information Form, Return is not aware of any existing or potential material conflicts of interest between Return and any director or officer of Return.

CORPORATE GOVERNANCE

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and NP 58-201, issuers are to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to NI 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

The Board is responsible for the governance of the Corporation. The Board and the Corporation's management consider good corporate governance to be central to the effective and efficient operation of the Corporation. Below is a discussion of the Corporation's approach to corporate governance.

Corporate Governance Committee

The Board has established a Corporate Governance Committee. The members of the Corporate Governance Committee are Tamara MacDonald, Donald Archibald and Kevin Overstrom. Ms. MacDonald is the Chair of the Corporate Governance Committee. The Corporate Governance Committee is comprised entirely of non-management members of the Board.

The Corporate Governance Committee is responsible for proposing new director nominees to the Board and for assessing current directors on an ongoing basis. The Corporate Governance Committee is also responsible for the Corporation's response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities.

Independence of Members of Board

The Board currently consists of six directors, four of whom are independent based upon the tests for independence set forth in NI 52-110. Richard F. McHardy and Fotis Kalantzis are not independent by virtue of serving as Executive Chairman and President and Chief Executive Officer, respectively.

Board Oversight

The Board exercises its independent supervision over the Corporation's management through a combination of formal meetings of the Board as well as informal discussions amongst the Board members. The independent directors can also hold scheduled meetings at which non-independent directors and members of management are not in attendance. Where matters arise at Board meetings which require decision making and evaluation that is independent of management and interested directors, the meeting breaks into an in-camera session among the independent and disinterested directors.

Directorships in Other Reporting Issuers

As of the date hereof, the following directors hold directorships in other reporting issuers:

Name of Director	Reporting Issuer
Richard F. McHardy	YSS Corp. (TSXV) Raise Production Inc. (TSXV)
Fotis Kalantzis	Willow Biosciences Inc. (TSX)
Donald Archibald	Cequence Energy Ltd. (TSX) Willow Biosciences Inc. (TSX)
Tamara MacDonald	Southern Energy Corp. (TSXV)

Board Mandate

The Board has adopted a written mandate, attached hereto as Appendix "A", that summarizes, among other things, the Board's duties and responsibilities. The Board is responsible for the overall stewardship of the Corporation and dealing with issues which are pivotal to determining the Corporation's strategy and direction. The Board has directly, and through the appointment of certain committees, put in place an effective system for monitoring the implementation of corporate strategies. The Board is not involved in the day to day operations of the Corporation, as these operations are conducted by the Corporation's management. The Board meets regularly to consider and approve the strategic objectives of the Corporation and management plans designed to accomplish those objectives. Where appropriate, key management personnel and professional advisors are invited to attend Board meetings to speak to these issues. The Board also meets as necessary to consider specific developments and opportunities as they arise, including asset acquisitions and dispositions and financing proposals. The Board approves, among other things, all issuances of securities of the Corporation, the appointment of officers, the entering into of lines of credit or other significant borrowing activities and all significant transactions. The Board considers, but has no formal policies, concerning management development and succession and risk management.

Essential to strategic planning is assessing and understanding business risks and related control systems. The Board helps set limits with respect to business risks, to the extent they can be managed, and approves strategies for minimizing risks. Implementations of these strategies are then monitored by the Board. The Board, through the Audit Committee, requires management of the Corporation to put into place systems to address financial risks and to periodically report to the Board on these systems and risks.

Management has implemented procedures to provide reasonable assurance of effective communication with the Corporation's shareholders and the public. The Corporation's management is responsible for the issuance of press releases and communications with the financial community. The Board reviews and approves all principal continuous disclosure documents, the release of interim and annual financial statements, annual information forms, prospectuses and information circulars.

The Corporate Governance Committee is responsible for monitoring the governance systems of the Corporation with a view to ongoing improvements, reviewing the composition of the Board and developing criteria for new Board appointments. The Corporate Governance Committee also acts as a nominating committee for new directors, oversees and approves the Corporation's compensation plans and evaluates the overall Board effectiveness.

Position Descriptions

The Board has developed a written position description for the Chairman of the Board and the Chief Executive Officer of the Corporation but has not developed a written position description for the Chair of the committees of the Board.

The Chair of each committee of the Board schedules meetings of the committee and organizes and presents agendas for such meetings.

The Board, in conjunction with management, sets the Corporation's annual objectives which become the objectives against which the Chief Executive Officer's performance is measured. The Board has plenary power; any responsibility which is not delegated to management or a Board committee remains with the Board.

Orientation and Continuing Education

While the Corporation does not have a formal orientation and training program, new members of the Board are provided with:

(a) a copy of the policies and mandates of the Board and its committees and copies of the Corporation's corporate governance policies, which provides information respecting the functioning of the Board;

(b) access to recent, publicly filed documents of the Corporation;

(c) access to management; and

(d) access to legal counsel in the event of any questions relating to the Corporation's compliance and other obligations.

Members of the Board are encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Corporation; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Ethical Business Conduct

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSXV for effective corporate governance, including NP 58-201. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. Interested Shareholders may obtain a copy of the Code through the SEDAR website at www.sedar.com or upon request by contacting the Corporation at 202, 1201 – 5th Street S.W., Calgary, Alberta T2R 0Y6.

The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Corporate Governance Committee. Compliance with the Code is monitored primarily through the reporting process within the Corporation's organizational structure.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Audit Committee and fully inform such person or the committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he is authorized to do so by his reporting officer or the Audit Committee.

Nomination of Directors

The Corporate Governance Committee has responsibility for identifying potential Board candidates. The Corporate Governance Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The Board has adopted a written charter setting forth the responsibilities, powers and operations of the Corporate Governance Committee, which include considering and recommending candidates to fill new positions on the Board, reviewing candidates recommended by shareholders, conducting inquiries into the backgrounds and qualifications of candidates, recommending the director nominees for approval by the Board and the Shareholders, considering conflicts of interests, recommending members and chairs of the committees, reviewing the performance of directors and the Board, establishing director retirement policies and establishing and implementing an orientation and education program for new members of the Board . The Corporate Governance Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the

committee, at the Corporation's expense. The Corporate Governance Committee meets at least twice annually and otherwise as requested by the Board or considered desirable by the Chair of the Corporate Governance Committee.

Compensation Committee

The Board has established a Compensation Committee. The members of the Compensation Committee are Kevin Overstrom, Tamara MacDonald and Reginald J. Greenslade. Mr. Overstrom is the Chair of the Compensation Committee. The members of the Compensation Committee are independent and have the responsibility for determining compensation for the directors, officers, employees and consultants of the Corporation.

The Corporation's Compensation Committee reviews and makes recommendations to the Board concerning the compensation of the Corporation's directors, officers and employees, which includes the review of the Corporation's executive compensation and other human resource philosophies and policies, the review and administration of the Corporation's bonuses, stock options and any share purchase plan, the review of and recommendations regarding the performance of the Chief Executive Officer of the Corporation and preparing and submitting a report for inclusion in annual continuous disclosure documents as required.

The Board has adopted a written charter that sets forth the responsibilities, powers and operations of the Compensation Committee, which include: reviewing the adequacy and form of any compensation program for executive officers, reviewing the adequacy and form of non-employee directors' compensation, reviewing and creating a position description for the Chief Executive Officer, evaluating the Chief Executive Officer's performance in light of corporate goals and objectives, making recommendations to the Board with respect to the Chief Executive Officer's compensation, setting criteria for selecting new directors, recommending to the Board the size of the Board, the appropriate composition of the board and eligible individuals for election to the Board, a majority of whom shall be independent, recommending to the Board the appropriate committee structure, committee mandates, composition and membership, reviewing and recommending to the Board a set of corporate governance policies, practices and principles aimed at fostering a healthy governance culture at the Corporation.

The Compensation Committee has the power to retain independent legal, accounting or other relevant advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities, at the expense of the Corporation. The Compensation Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the committee.

Audit Committee

Please see the discussion under the heading "*Audit Committee*".

Reserves and Environment Committee

The members of the Reserves and Environment Committee are Reginald J. Greenslade, Tamara MacDonald and Richard F. McHardy. Mr. Greenslade is the Chair of the Reserves and Environment Committee. The Reserves and Environment Committee's responsibilities include, but are not limited to: (a) reviewing management's recommendations for the appointment of independent engineers; (b) reviewing the independent engineering reports and considering the principal assumptions upon which such reports are based; (c) reviewing management's input into the independent engineering report and key assumptions used; (d) reviewing the reserve additions and reserve revisions which occur from one report to the next and seeking the independent engineer's input and management's input with respect to why these revisions have occurred; (e) reviewing the information supplied to the independent engineers with respect to the constant price case, operating costs, royalty burdens, required capital expenditures, recovery rates, decline rates and other matters; (f) annually reviewing the appropriateness of, and updating, the Corporation's environmental policies, management systems and programs and reporting to the Board thereon; (g) ensuring that the Corporation has the necessary tools to measure its business units' environmental performance and compliance with applicable regulatory standards; (h) reviewing the environmental performance and, whenever relevant, any non-compliance situation of the Corporation's business units, to recommend the required corrective measures; (i) ensuring that environmental risk management procedures and emergency response measures are in place and are periodically updated and distributed within the Corporation; (j) assessing the environmental risks and

emergency situations brought to its attention to recommend the required corrective measures; (k) immediately communicating any incident giving rise to significant environmental risks to the Board; (l) recommending to the Board that the Corporation exercise due diligence with respect to non-compliance situations, environmental risks or emergency situations brought to its attention; (m) reviewing and reporting to the Board on all legal notices or civil, penal and/or criminal prosecutions brought to its attention; (n) recommending to the Board measures, including necessary investments, taking into account available technologies and economic and financial restraints, to ensure compliance with regulatory standards and the Corporation's environmental policies and programs; (o) analyzing all environmental matters brought to its attention and deemed relevant or that the Board specifically asks the committee to review; and (p) reporting to the Board on the Corporation's environmental policies, programs and situation and make appropriate recommendations.

Assessments

The Board is responsible to assess, on an ongoing basis, its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review will identify any areas where the directors of the Corporation or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation. The Board is also responsible for regularly assessing the effectiveness and contribution of each director, having regard to the competencies and skills each director is expected to bring to the Board. The Board relies on informal evaluations of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board.

AUDIT COMMITTEE

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the Shareholders, the relationship between the Corporation and the external auditor.

Pursuant to NI 52-110, the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

Audit Committee Charter

The Corporation's Audit Committee charter (the "**Audit Committee Charter**") was adopted by the Board, and is attached hereto as Appendix "B". The mandate of the Audit Committee is to oversee and provide assistance in financial reporting, financial policies and internal controls as well as to work with the external auditors to ensure the accuracy of the Corporation's financial disclosures. The Audit Committee must preapprove all non-audit services to be provided by an external auditor.

Composition of the Audit Committee

As of the date hereof, the Audit Committee is comprised of:

Name of Director	Independent (Yes/No)[(1)]	Financially Literate (Yes/No)
Donald Archibald (Chair)	Yes	Yes
Richard F. McHardy	No	Yes
Kevin Overstrom	Yes	Yes

Note:
(1) As defined in NI 52-110.

Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. Mr. Archibald has held senior executive positions in oil and gas issuers and has participated as a member of audit committees in the past. Mr. McHardy has been a founder of several public

companies and has extensive experience in leadership positions and over 20 years' experience in all aspects of securities and mergers and acquisitions. Mr. Overstrom has more than 25 years' experience in capital markets and the energy sector and has held key leadership roles in investment banking, capital markets and institutional sales.

Each member of the Audit Committee has:

(a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;

(b) the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors, and approve in advance the provision of services other than audit services and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized to approve any non-audit services or additional work, which the Chair of the Audit Committee deems as necessary.

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Corporation's external auditors for the last two fiscal years are as follows:

Financial Year Ending December 31	Audit Fees[(1)]	Audit-related Fees[(2)]	Tax Fees[(3)]	All Other Fees[(4)]	Total
2018	$30,000.00	$2,000.00	$Nil	$7,000.00	$40,000.00
2017	$28,900.00	$10,700.00	$Nil	$Nil	$47,900.00

Note:

(1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of our financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "**Audit-Related Fees**" for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as audit fees. The services provided in this category include due diligence assistance, accounting consultations on proposed transactions, and consultation on International Financial Reporting Standards conversion.

(3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.

(4) "**All Other Fees**" include all other non-audit services.

Reliance on Certain Exemptions

Since January 1, 2018, the Corporation has not relied on the exemptions contained in Sections 2.4, 3.2, 3.3(2), 3.4, 3.5, 3.6, 3.8 or Part 8 of NI 52-110.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Corporation, there are no legal proceedings or regulatory actions material to the Corporation to which the Corporation is a party, or was a party to in 2018, or of which any of its properties is the subject matter, or was the subject matter of in 2018, nor are there any such proceedings known to the Corporation to be contemplated. There have been no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority and the Corporation has not entered to any settlement agreements with a court or securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Sanjib (Sony) Gill, the Corporate Secretary of the Corporation, is a partner of the national law firm Stikeman Elliott LLP, which law firm rendered legal services to the Corporation.

Other than as set out above, there are no material interests, direct or indirect, of directors or executive officers of Return, or any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other "Informed Person" (as defined in NI 51-102) or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial that has materially affected or would materially affect Return or any of its subsidiaries.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is MNP LLP, Chartered Accountants at its office located at 1500, 640 – 5th Avenue S.W., Calgary, Alberta, T2P 3G4.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its office located at 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there have been no material contracts entered into by the Corporation within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

On November 21, 2019, the Corporation entered into a definitive reorganization and investment agreement with the Initial Investors, which provided for: (a) the 2019 Private Placement; and (b) the appointment of the New Management Team and New Board, a copy of which has been filed on SEDAR at www.sedar.com on November 29, 2019. See "*General Development of the Business – Three Year History – Recapitalization and Reorganization*" above.

INTERESTS 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 Return during, or related to, Return's most recently completed financial year other than Sproule, the independent reserve evaluators, and MNP LLP, Return's auditors.

None of the principals of Sproule had any registered or beneficial interests, direct or indirect, in any securities or other property of Return or of Return's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them.

MNP LLP is independent of Return in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans and interests of insiders in material transactions, if applicable, is contained in: (a) the Management Information Circular and Proxy dated May 15, 2018, in respect of the meeting of shareholder of Return held on June 19, 2018; and (b) the Statement of Executive Compensation for the financial year ended December 31, 2018, both of which have been filed on SEDAR at www.sedar.com on May 24, 2018 and June 26, 2019, respectively.

Additional financial information is provided for in Return's financial statements and management's discussion and analysis for the year ended December 31, 2018. Documents affecting the rights of security holders, along with other information relating to the Corporation, may be found on SEDAR at www.sedar.com. Additional copies of this Annual Information Form and the materials listed in the preceding paragraph are available on the foregoing basis and upon request by contacting the Corporation at its offices at 202, 1201 – 5th Street S.W., Calgary, Alberta T2R 0Y6 or by phone at (403) 265-8011.

APPENDIX A
BOARD OF DIRECTORS MANDATE

Effective as of and from December 31, 2019

I. GENERAL

1. The board of directors (the "**Board**") of Return Energy Inc. (the "**Corporation**") is responsible for the stewardship of the Corporation's affairs and the activities of management of the Corporation in the conduct of day to day business, all for the benefit of its shareholders.

2. The primary responsibilities of the Board are:

   (a) to maximize long term shareholder value;

   (b) to approve the strategic plan of the Corporation;

   (c) to ensure that processes, controls and systems are in place for the management of the business and affairs of the Corporation and to address applicable legal and regulatory compliance matters;

   (d) to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Corporation;

   (e) to ensure that the Corporation meets its obligations on an ongoing basis and operates in a safe and reliable manner; and

   (f) to monitor the performance of the management of the Corporation to ensure that it meets its duties and responsibilities to the shareholders.

II. COMPOSITION AND OPERATION

1. The number of directors shall be not less than the minimum and not more than the maximum number specified in the Corporation's articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. At least 25 percent of the directors must be Canadian residents. The Board will analyze the application of the "independent" standard, as such term is referred to in National Instrument 58-101 – *Disclosure of Corporate Governance* Practices, to individual members of the Board on an annual basis and disclose that analysis. The Board will in each year appoint a chairman of the Board (the "**Chairman**").

2. The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chairman, nominating candidates for election to the Board, constituting committees of the Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Alberta) (the "**ABCA**"), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

III. MEETINGS

1. The Board shall have a minimum of four regularly scheduled meetings per year. Special meetings are called as necessary. Occasional Board trips are scheduled, if possible, in conjunction with regular Board meetings, to offer directors the opportunity to visit sites and facilities at different operational locations. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

2. The Board will schedule, where possible and necessary, executive sessions where directors meet with or without management participation at each regularly-scheduled meeting of the Board.

IV. RESPONSIBILITIES

Oversight and Overall Responsibility

1. In fulfilling its responsibility for the stewardship of the affairs of the Corporation, the Board shall be specifically responsible for:

   (a) providing leadership and direction to the Corporation and management with the view to maximizing shareholder value. Directors are expected to provide creative vision, initiative and experience in the course of fulfilling their leadership role;

   (b) satisfying itself as to the integrity of the Chief Executive Officer (the "**CEO**") and other senior officers of the Corporation and ensuring that a culture of integrity is maintained throughout the Corporation;

   (c) approving the significant policies and procedures by which the Corporation is operated and monitoring compliance with such policies and procedures, and, in particular, compliance by all directors, officers and employees with the provisions of the Code of Business Conduct and Ethics;

   (d) reviewing and approving material transactions involving the Corporation, including the acquisitions and dispositions of material assets by the Corporation and material capital expenditures by the Corporation;

   (e) approving budgets, monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary;

   (f) establishing methods by which interested parties may communicate directly with the Chairman or with the independent directors as a group and cause such methods to be disclosed;

   (g) developing written position descriptions for the Chairman and for the chair of each Board committee; and

   (h) making regular assessments of the Board and its individual members, as well as the effectiveness and contributions of each Board committee.

Legal Requirements

2. The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.

3. The Board has the statutory responsibility to:

   (a) manage the business and affairs of the Corporation;

   (b) act honestly and in good faith with a view to the best interests of the Corporation;

   (c) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and

   (d) act in accordance with its obligations contained in the ABCA and the regulations thereto, the articles and by-laws of the Corporation, and other relevant legislation and regulations.

4. The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:

   (a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;

   (b) the filling of a vacancy among the directors or in the office of auditor;

   (c) the appointment of additional directors;

   (d) the issuance of securities except in the manner and on the terms authorized by the Board;

   (e) the declaration of dividends;

   (f) the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;

   (g) the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;

   (h) the approval of management proxy circulars;

   (i) the approval of any financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and

   (j) the adoption, amendment or repeal of any by-laws of the Corporation.

Independence

5. The Board shall have the responsibility to:

   (a) implement appropriate structures and procedures to permit the Board to function independently of management (including, without limitation, through the holding of meetings at which non-independent directors and management are not in attendance, if and when appropriate);

   (b) implement a system which enables an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances; and

   (c) provide an orientation and education program for newly appointed members of the Board.

Strategy Determination

6. The Board shall:

   (a) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business; and

   (b) annually review operating and financial performance results relative to established strategy, budgets and objectives.

Managing Risk

7. The Board has the responsibility to identify and understand the principal risks of the Corporation's business, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that appropriate systems are in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

Appointment, Training and Monitoring of Senior Management

8. The Board shall:

   (a) appoint the CEO and other senior officers of the Corporation, approve (upon recommendations from the Compensation Committee) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;

   (b) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;

   (c) establish limits of authority delegated to management; and

   (d) develop a written position description for the CEO, the Chairman, and the chairmen of the committees of the Board.

Reporting and Communication

9. The Board has the responsibility to:

   (a) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;

   (b) verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;

   (c) verify that the financial results of the Corporation are reported fairly and in accordance with International Financial Reporting Standards from time to time;

   (d) verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;

   (e) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and

   (f) develop appropriate measures for receiving stakeholder feedback.

Monitoring and Acting

10. The Board has the responsibility to:

   (a) review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;

   (b) verify that the Corporation operates at all time within applicable laws and regulations to the highest ethical and moral standards;

(c) approve and monitor compliance with significant policies and procedures by which the Corporation operates;

(d) monitor the Corporation's progress towards its goals and objectives and to work with management to revise and alter its direction in response to changing circumstances;

(e) take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant; and

(f) verify that the Corporation has implemented appropriate internal control and management information systems.

Other Activities

11. The Board may perform any other activities consistent with this mandate, the articles and by-laws of the Corporation and any other governing laws as the Board deems necessary or appropriate including, but not limited to:

(a) preparing and distributing the schedule of Board meetings for each upcoming year;

(b) calling meetings of the Board at such time and such place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Corporation; and

(c) ensuring that all regularly-scheduled Board meetings and committee meetings are properly attended by directors. Directors may participate in such meetings by conference call if attendance in person is not possible.

Code of Business Conduct and Ethics

12. The Board shall be responsible to adopt a "Code of Business Conduct and Ethics" for the Corporation which shall address:

(a) conflicts of interest;

(b) the protection and proper use of the Corporation's assets and opportunities;

(c) the confidentiality of information;

(d) fair dealing with various stakeholders of the Corporation;

(e) compliance with laws, rules and regulations; and

(f) the reporting of any illegal or unethical behaviour.

V. BOARD COMMITTEES

1. The Board shall at all times maintain: (a) an Audit Committee; (b) a Reserves and Environment Committee; (c) a Corporate Governance Committee; and (d) a Compensation Committee, each of which must report to the Board. Each such committee must operate in accordance with the by-laws, applicable law, its committee charter and the applicable rules of any stock exchange on which the shares are traded. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by its by-laws and applicable law, and as the Board sees fit. The purpose of the Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the charter of a

particular committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

VI. DIRECTOR ACCESS TO MANAGEMENT

1. The Corporation shall provide each director with complete access to the management of the Corporation, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation's management, business and operations. Prior to any director of the Corporation initiating a discussion with any employee of the Corporation, including management, such director shall have the obligation to provide notice to the Chairman and the CEO that the director intends on initiating such a discussion.

VII. DIRECTOR COMPENSATION

1. The Board, upon recommendation of the Compensation Committee, will determine and review the form and amount of compensation to directors.

APPENDIX B
AUDIT COMMITTEE CHARTER

Effective as of and from December 31, 2019

I. GENERAL

1. The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Return Energy Inc. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:

   (a) to assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;

   (b) to provide better communication between the Board and external auditors;

   (c) to ensure the external auditors' independence;

   (d) to review management's implementation and maintenance of an effective system of internal control over financial reporting and disclosure control over financial reporting;

   (e) to increase the credibility and objectivity of financial reports;

   (f) to manage and oversee the Corporation's Whistleblowing Policy; and

   (g) to facilitate in-depth discussions between directors on the Committee, management and external auditors.

2. The primary responsibility for the financial reporting, information systems, risk management and internal and disclosure controls of the Corporation is vested in management and overseen by the Board. At each meeting, the Committee may meet separately with management and will meet in separate, closed sessions with the external auditors and then with the independent directors in attendance.

II. COMPOSITION

1. The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of whom shall be independent within the meaning of Sections 1.4 and 1.5 of *National Instrument 52-110 Audit Committees* ("**NI 52-110**") unless the Board determines to rely on an exemption in NI 52-110.

2. All of the members must be financially literate within the meaning section 1.6 of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

3. The Board shall appoint a chair of the Committee (the "**Chair**"), and such appointment shall be reviewed annually by the Board.

4. The secretary to the Board or another individual as selected by the Committee shall act as secretary of the Committee (the "**Secretary**").

5. A quorum shall be a majority of the members of the Committee.

III. MEETINGS

1. The Committee shall meet (in person or by teleconference) at least four times per year and/or as deemed appropriate by the Chair.

2. The Committee shall meet (in person or by teleconference) not less than quarterly with the auditors, independent of the presence of management.

3. Effective agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

4. The Chief Executive Officer and the Chief Financial Officer of the Corporation or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

5. Other staff shall attend meetings upon invitation by the Committee should the Committee deem them necessary for the provision of information.

IV. REPORTING / AUTHORITY

1. Following each meeting, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

2. Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

3. The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

4. The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.

5. The Committee shall annually review this mandate and make recommendations to the Corporate Governance Committee as to proposal changes.

V. RESPONSIBILITIES

Financial Reporting and Related Public Disclosure

1. It is a primary responsibility of the Committee to review and recommend for approval to the Board the annual and quarterly financial statements of the Corporation. The Committee is also to review and recommend to the Board for approval the financial statements and related information included in prospectuses, management discussion and analysis, financial press releases, information circular-proxy statements and annual information forms, including financial outlooks and future-oriented financial information included therein. The process should include but not be limited to:

(a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

(b) reviewing significant management judgments and estimates that may be material to financial reporting including alternative treatments and their impacts;

(c) reviewing the presentation and impact of any significant risks and uncertainties that may be material to financial reporting including alternative treatments and their impacts;

(d) reviewing accounting treatment of significant, unusual or non-recurring transactions;

(e) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

(f) reviewing unresolved differences between management and the external auditors;

(g) determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed; and

(h) reviewing all financial reporting relating to risk exposure including the identification, monitoring and mitigation of business risk and its disclosure.

2. The Committee shall satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial statements and periodically assess the adequacy of those procedures.

Internal Controls Over Financial Reporting and Information Systems

3. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Corporation's internal control over financial reporting and information systems. The process should include but not be limited to:

(a) inquiring as to the adequacy and effectiveness of the Corporation's system of internal controls over financial reporting and review the evaluation of internal controls over financial reporting by external auditors;

(b) establishing procedures for the confidential, anonymous submission by employees of the Corporation of concerns relating to accounting, internal control over financial reporting, auditing or Code of Business Conduct and Ethics matters and periodically review a summary of complaints and their related resolution; and

(c) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

External Auditors

4. With respect to the appointment of external auditors by the Board, the Committee shall:

(a) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

(b) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;

(c) review and evaluate annually the external auditors' performance, and periodically (at least every five years) conduct a comprehensive review of the external auditors;

(d) recommend to the Board appointment of external auditors and the compensation of the external auditors;

(e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

(f) review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors; between scheduled meetings, the Chair of the Committee is authorized to approve all audit related services and non-audit services provided by the external auditors for individual engagements with estimated fees of $25,000 and under; and shall report all such approvals to the Committee at its next scheduled meeting;

(g) inquire as to the independence of the external auditors and obtain, at least annually, a formal written statement delineating all relationships between the external auditors and the Corporation as contemplated by Independence Standards Board Standard No. 1 – Independence Discussions with Audit Committees;

(h) review the Annual Report of the Canadian Public Accountability Board ("**CPAB**") concerning audit quality in Canada and discuss implications for the Corporation;

(i) review any reports issued by CPAB regarding the audit of the Corporation; and

(j) discuss with the external auditors, without management being present, the quality of the Corporation's financial and accounting personnel, the completeness and accuracy of the Corporation's financial statements and elicit comments of senior management regarding the responsiveness of the external auditors to the Corporation's needs.

5. The Committee shall review with the external auditors (and the internal auditor if one is appointed by the Corporation) their assessment of the internal control over financial reporting of the Corporation, their written reports containing recommendations for improvement of internal control over financial reporting and other suggestions as appropriate, and management's response and follow-up to any identified weaknesses.

6. The Committee shall also review and approve annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

Compliance

7. It is the responsibility of the Committee to review management's process for the certification of annual and interim financial reports in accordance with required securities legislation.

8. It is the responsibility of the Committee to ascertain compliance with covenants under loan agreements.

9. The Committee shall review the Corporation's compliance with all legal and regulatory requirements as it pertains to financial reporting, taxation, internal control over financial reporting and any other area the Committee considers to be appropriate relative to its mandate or as may be requested by the Board.

Other Matters

10. It is the responsibility of the Committee to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and external auditors of the Corporation.

11. The Committee may also review any other matters that the Committee feels are important to its mandate or that the Board chooses to delegate to it.

12. The Committee shall undertake annually a review of this mandate and make recommendations to the Corporate Governance and Compliance Committee as to proposed changes.