RETURN ENERGY INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE MONTHS ENDED
MARCH 31, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

RETURN ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
[UNAUDITED]

(Canadian dollars $)	[Notes]	**March 31, 2020**	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		**23,838,248**	24,652,586
Accounts receivable	[4]	**293,680**	229,381
Prepaid expenses and deposits		**164,017**	47,816
Total current assets		**24,295,945**	24,929,783
Exploration and evaluation assets	[5]	**388,478**	348,544
Property, plant and equipment	[6]	**6,252,947**	8,966,695
Total assets		**30,937,370**	34,245,022
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	[4]	**2,190,176**	939,758
Decommissioning liabilities	[7]	**387,501**	452,219
Total current liabilities		**2,577,677**	1,391,977
Decommissioning liabilities	[7]	**7,541,720**	7,212,875
Total liabilities		**10,119,397**	8,604,852
SHAREHOLDERS' EQUITY			
Share capital	[8]	**45,748,043**	45,748,043
Warrants	[8]	**9,965,150**	9,965,150
Contributed surplus		**8,418,021**	8,418,021
Deficit		**(43,313,241)**	(38,491,044)
Total shareholders' equity		**20,817,973**	25,640,170
Total liabilities and shareholders' equity		**30,937,370**	34,245,022
Commitments and contingencies	[14]		
Subsequent events	[16]		

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved on behalf of the Board of Directors:

[signed] "Richard McHardy"
Richard McHardy, Director

[signed] "Donald Archibald"
Donald Archibald, Director

RETURN ENERGY INC.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
[UNAUDITED]

		Three months ended March 31	
(Canadian dollars $)	[Notes]	**2020**	2019
Revenue			
Oil and gas sales, net of royalties	[10]	**371,319**	499,906
Processing and other		**44,809**	29,214
		416,128	529,120
Expenses			
Operating		**514,891**	398,886
General and administrative	[11]	**861,624**	281,046
Share based compensation	[8]	**-**	28,175
Accretion of decommissioning liabilities	[7]	**31,563**	29,561
Depletion, depreciation and impairment	[6]	**3,909,584**	268,818
		5,317,662	1,006,486
Other income			
Interest income		**79,337**	-
Gain on sale of assets	[5]	**-**	50,000
Loss before income taxes		**(4,822,197)**	(427,366)
Income taxes	[9]	**-**	-
Net loss and comprehensive loss		**(4,822,197)**	(427,366)
Net loss per share			
Basic and diluted	[8]	**-**	-

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

RETURN ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
[UNAUDITED]

(Canadian dollars $)	[Note]	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance at December 31, 2019		45,748,043	9,965,150	8,418,021	(38,491,044)	25,640,170
Net loss and comprehensive loss		-	-	-	(4,822,197)	(4,822,197)
Balance at March 31, 2020		**45,748,043**	**9,965,150**	**8,418,021**	**(43,313,241)**	**20,817,973**
Balance at December 31, 2018		30,968,189	2,200,000	6,368,968	(36,493,214)	3,043,943
Net loss and comprehensive loss		-	-	-	(427,366)	(427,366)
Share based compensation	[8]	-	-	28,175	-	28,175
Balance at March 31, 2019		30,968,189	2,200,000	6,397,143	(36,920,580)	2,644,752

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

RETURN ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
[UNAUDITED]

(Canadian dollars $)	[Notes]	Three months ended March 31 **2020**	 2019
Operating activities			
Net loss		**(4,822,197)**	(427,366)
Items not affecting cash:			
Share based compensation		**-**	28,175
Accretion of decommissioning liabilities		**31,563**	29,561
Depletion, depreciation and impairment		**3,909,584**	268,818
Gain on sale of assets		**-**	(50,000)
Settlement of decommissioning liabilities	[7]	**(627,177)**	(14,863)
Change in non-cash working capital	[12]	**961,029**	(99,649)
Cash used in operating activities		**(547,198)**	(265,324)
Investing activities			
Exploration and evaluation assets		**(39,934)**	-
Property, plant and equipment		**(336,095)**	(3,463)
Property dispositions	[5, 6]	**-**	264,793
Change in non-cash working capital	[12]	**108,889**	-
Cash (used in) provided by investing activities		**(267,140)**	261,330
Net change in cash and cash equivalents		**(814,338)**	(3,994)
Cash and cash equivalents, beginning of year		**24,652,586**	974,813
Cash and cash equivalents, end of period		**23,838,248**	970,819

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

Return Energy Inc. (“Return” or the “Company”) was incorporated under the *Business Corporations Act* (Alberta) on March 20, 2006. The Company was recapitalized on December 19, 2019 upon completion of a non-brokered private placement for gross proceeds of $25.0 million and the appointment of a new management team and new board of directors (the “Recapitalization Transaction”) (note 8). The shareholders of the Company approved a name change to "Spartan Delta Corp." (the “Name Change”) at a meeting of shareholders held on March 4, 2020. The Name Change is expected to be completed on or about May 29, 2020 (note 16).

Through its wholly-owned subsidiary, Winslow Resources Inc. (“Winslow”), the Company is engaged in the exploration for, and development and production of petroleum and natural gas properties in the Western Canada. As at March 31, 2020, the Company’s core land holdings are located at Rycroft-Valhalla, in the Peace River Arch area of northwest Alberta.

Subsequent to the quarter, on April 23, 2020, the Company announced that it has entered into an agreement to purchase substantially all of the assets of Bellatrix Exploration Ltd. (the “BXE Asset Acquisition”). Additional information regarding the BXE Asset Acquisition, which will be transformational to the Company if completed, is provided in note 16 “Subsequent Events”.

Return’s common shares are listed on the TSX Venture Exchange and currently trade under the symbol “RTN” (note 16). The Company’s head office is located at 202, 1201 – 5th Street S.W., Calgary, Alberta T2R 0Y6. The registered office is located at 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements are presented under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following interim note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2019. The Company’s Board of Directors approved these interim financial statements on May 13, 2020.

b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these financial statements and related notes are Canadian dollars (CA$), which is the functional and presentation currency of the Company and its subsidiary.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value. The methods used to measure fair values are described in note 4 of these financial statements.

c) Use of estimates and judgments

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and for any future years affected. The significant judgments, estimates and assumptions made by management in the financial statements are outlined in note 2 of the December 31, 2019 consolidated annual financial statements.

Impact of COVID-19

The outbreak of the novel coronavirus ("COVID-19") was declared a pandemic by the World Health Organization on March 11, 2020. The pandemic has resulted in significant economic uncertainty and governments worldwide enacted emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets, and commodity prices in particular, have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and ultimate impact of COVID-19 is unknown as information surrounding the pandemic continues to evolve.

Although there have been no changes to the general nature of the Company's judgments and estimates during the interim period ended March 31, 2020 relative to those described in the most recent annual financial statements as at December 31, 2019, the outbreak of COVID-19 impacted certain key assumptions with respect to the valuation of property, plant and equipment, decommissioning obligations, and expected credit losses. Where applicable, details of specific changes in significant assumptions and estimates are provided in the respective notes of these interim financial statements as at March 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are described in note 3 of the December 31, 2019 consolidated annual financial statements. These condensed consolidated interim financial statements at March 31, 2020 have been prepared following the same accounting policies and methods of computation as the most recent consolidated annual financial statements for the year ended December 31, 2019.

During the interim period, the Company's accounting policy disclosure was updated to add the following information to supplement its existing accounting policy for "Financial Instruments":

- The Company may utilize financial derivatives and commodity sales contracts requiring physical delivery to manage financial risks (see note 4). The Company does not enter into derivative financial instruments for trading or speculative purposes. Financial derivatives are classified as fair value through profit or loss.

- The Company has accounted for its forward physical commodity sales contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements, as executory contracts. As such, physical sales contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the statement of financial position. Settlements on these physical sales contracts are recognized in oil and gas sales.

Adoption of Amendments to IFRS 3 Business Combinations ("IFRS 3")

IFRS 3 has been amended to update the definition of a business. The narrow-scope amendments help entities determine whether an acquired set of activities and assets is a business or not. Entities are required to apply the amendments to business combinations for which the acquisition date is on or after January 1, 2020.

The amendments clarify the minimum requirements to be a business, narrow the definition of outputs, and remove the assessment of a market participant's ability to replace missing elements. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be a business without outputs, there will now need to be an organized workforce. The definition of the term ‘outputs’ is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments also introduce an optional concentration test to permit a simplified assessment. An entity can apply a ‘concentration test’ that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. Entities may elect whether or not to apply the concentration test on a transaction-by-transaction basis.

The adoption of the amendments to IFRS 3 did not impact the financial statements for the quarter ended March 31, 2020, however the guidance will be incorporated into the Company’s assessment of future business combinations, including the BXE Asset Acquisition announced subsequent to the reporting period (note 16).

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2020, financial instruments of the Company include cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair values of these financial instruments approximates their carrying value due to the short term to maturity.

The following table summarizes information relating to financial instruments and their classification:

Fair values of financial instruments	**March 31, 2020**	December 31, 2019
Fair value through profit or loss:		
Cash and cash equivalents	**23,838,248**	24,652,586
Deposits	**10,121**	6,267
Amortized cost:		
Accounts receivable	**293,680**	229,381
Accounts payable and accrued liabilities	**2,190,176**	939,758

The Company is exposed to financial risks arising from its financial assets and liabilities that include market risks, credit risk and liquidity risk.

a) Market Risks

Further to the discussion in note 2, part c), the COVID-19 pandemic has resulted in significant economic uncertainty. Global financial markets, and commodity prices in particular, have consequently experienced significant weakness and volatility. Notwithstanding current uncertainties, Return remains committed to responding to market fundamentals and is carefully monitoring emerging developments. The Company is well positioned to confront these challenges and to take advantage of the opportunities presented by the current business environment.

As at March 31, 2020, there are no derivative financial assets or liabilities currently outstanding, however the Company may use derivative financial instruments in the future in order to manage market risks including: commodity price risk, foreign exchange risk, and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns. All such transactions are conducted in accordance with the Company’s established risk management policies.

Commodity price risk

Inherent to the business of producing oil and gas, the Company's cash provided by operating activities is subject to commodity price risk. Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices are impacted by world economic events that dictate the levels of supply and demand as well as the currency exchange rate relationship between the Canadian and U.S. dollar.

To date in 2020, crude oil prices have declined dramatically, largely due to the actual and anticipated impact of COVID-19 on global commerce and energy demand, and due to disagreements between major oil producing nations of Saudi Arabia and Russia with respect to production quotas. The production cuts by the Organization of Petroleum Exporting Countries ("OPEC") in late 2019 and discussions of potentially further cuts in 2020 had, until recently, kept WTI oil prices in the mid-to-low US$50s. On March 9, 2020, oil prices fell precipitously and WTI dropped into the low US$20s at the end of March. Subsequent to the quarter, the prompt month WTI contracts for May and June have traded as low as *negative* US$40. Natural gas prices have also been adversely affected by oversupply and expectations of lower industrial demand resulting from the global economic slow down. In addition to the immediate impacts of low oil and gas prices on cash flow, the material decrease in long term commodity price forecasts indicated that the carrying amount of the Company's petroleum and natural gas assets may not be recoverable. As at March 31, 2020, the Company recognized an impairment loss of $3.0 million. Refer to note 8 for additional information regarding the impairment calculation and the change in forecast future commodity prices.

In March 2020, the Company entered into a forward physical commodity sales contract to fix the price of 750 gigajoules per day of natural gas production at CA$1.54 per gigajoule from April 1 to October 31, 2020. Physical sales contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the consolidated statement of financial position. Settlements on this contract will be recognized in oil and gas sales each month as incurred.

Foreign exchange risk

Return is exposed to fluctuations of the Canadian to United States dollar (US$) exchange rate given the Company's realized pricing in Canadian dollars is directly influenced by US$ denominated benchmark pricing. The U.S. dollar appreciated significantly relative to the Canadian dollar during the first quarter of 2020. The CA$/US$ exchange rate closed at 1.4187 on March 31, 2020, up 9.2% from 1.2988 at December 31, 2019, and averaged 1.3442 during the quarter. While a stronger U.S. dollar has a positive impact on Canadian dollar equivalent commodity prices, it did not translate into stronger realized pricing for the Company as the discount of domestic crude oil and natural gas prices widened during the quarter.

As at March 31, 2020, there were no foreign exchange risk management contracts outstanding.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Return's exposure to interest rate risk is not significant as the Company does not currently have interest bearing debt. The Company earns interest income on cash and cash equivalents held on deposit in an interest-bearing savings account. If interest rates increased (decreased) by 25 basis points, the amount of interest income earned during the three months ended March 31, 2020 would have increased (decreased) by approximately $15,000.

As at March 31, 2020, there are no interest rate risk management contracts outstanding.

b) Liquidity Risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations. The Company had a working capital surplus of $21.7 million as of March 31, 2020, including $23.8 million of cash on hand. Return's cash is invested in high-interest business savings accounts and is available on demand to the Company.

The Company's financial liabilities include accounts payable and accrued liabilities of $2.2 million as at March 31, 2020, up from $0.9 million at December 31, 2019. The increase is primarily due to a higher activity levels during the first quarter of 2020 compared to the fourth quarter of 2019. In addition, "social distancing" efforts by the Company and its employees throughout the COVID-19 outbreak impacted the timing and reduced the frequency of payment processing during the period.

Of the $2.2 million total financial liabilities outstanding at March 31, 2020, approximately $1.0 million are trade payables expected to be paid in 30 to 60 days and $1.2 million are accrued liabilities expected to be settled in three to six months.

Subsequent to March 31, 2020, in conjunction with the anticipated completion of the BXE Asset Acquisition, the Company closed a non-brokered private placement for gross proceeds of $64.0 million and has received commitments from a syndicate of lenders to establish a $100.0 million revolving credit facility. Refer to additional information in note 16 "Subsequent Events".

c) Credit Risk

The carrying amount of cash and cash equivalents, accounts receivable and deposits, represent the Company's maximum credit exposure. Cash and cash equivalents are held on deposit with a Canadian chartered bank. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners.

The composition of the Company's accounts receivable is set out in the following table:

	March 31, 2020	December 31, 2019
Oil and gas marketers	**142,019**	133,124
Joint venture partners	**118,707**	85,557
GST input tax credits	**32,954**	10,700
Accounts receivable	**293,680**	229,381

During the three months ended March 31, 2020, sales to two oil and gas marketers each individually represented more than 10% of revenue. Sales to these marketers account for approximately 56% and 28% of total oil and gas sales revenue (before royalties), respectively. Return's oil and gas marketers are large, credit-worthy institutions that have been rated investment-grade by reputable ratings agencies.

The ageing of the Company's accounts receivable is summarized as follows:

	Current	30-60 days	60-90 days	Over 90 days	Total
Balance at March 31, 2020	**173,547**	**69,356**	**-**	**50,777**	**293,680**
Balance at December 31, 2019	171,100	12,979	-	45,303	229,381

The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on the 25th day following the month of sale. As a result, the Company's production revenues are current. All other accounts receivable are generally contractually due within 30 days, however the collection period is typically between 60 to 90 days. Amounts outstanding for more than 90 days are generally considered "past due" and relate primarily to receivables from the Company's joint venture partners. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Due to the current business environment and low commodity prices, many oil and gas companies, including some of Return's partners, are facing significant financial challenges. Management has reviewed past due accounts receivable balances as at March 31, 2020 and expects the accounts to be collectible, except for approximately $41,894 of accounts receivable which are provided for in the expected credit loss provision.

The table below reconciles the change in the expected credit loss provision during the interim period:

	March 31, 2020
Expected credit loss, beginning of year	**31,605**
Provisions for credit losses through profit or loss (1)	**10,289**
Expected credit loss, end of period	**41,894**

(1) The provision for credit losses is presented within general and administrative expenses (note 11).

5. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation ("E&E") assets consist primarily of undeveloped land. Additions during the three months ended March 31, 2020 relate to a purchase of seismic and geological consulting fees. The following table reconciles the change in carrying value during the periods:

	March 31, 2020	December 31, 2019
Balance, beginning of year	**348,544**	352,666
Additions	**39,934**	-
Transfers to property, plant and equipment	**-**	(4,122)
Dispositions (1)	**-**	-
Balance, end of period	**388,478**	348,544

(1) On March 28, 2019, the Company sold undeveloped land for cash proceeds of $50,000. The carrying value of the non-core lands disposed was nil, resulting in the recognition of a gain on sale of $50,000 during the first quarter of 2019.

The Company's accounting policy is to charge the cost of expired mineral leases to exploration expenses in the period, however, the carrying value of expired mineral leases in the current and prior year was nil.

6. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment ("PP&E") consist of development and production assets ("D&P") and corporate assets. D&P assets include the Company's interests in developed petroleum and natural gas properties, as well as interests in infrastructure such as facilities and pipelines. As at March 31, 2020, the net carrying value of PP&E was $6.3 million (December 31, 2019 – $9.0 million).

The following tables reconcile the movements in the cost and accumulated depletion, depreciation and impairment ("DD&I") during the periods:

Property, plant and equipment, at cost	D&P	Corporate	Total PP&E
Balance at December 31, 2018	13,509,606	20,615	13,530,221
Additions	4,964	28,958	33,922
Dispositions (1)	(524,083)	-	(524,083)
Transfers from E&E	4,122	-	4,122
Decommissioning costs	1,035,698	-	1,035,698
Balance at December 31, 2019	14,030,307	49,573	14,079,880
Additions	325,918	10,177	336,095
Decommissioning costs	859,741	-	859,741
Balance at March 31, 2020	**15,215,966**	**59,750**	**15,275,716**

Accumulated DD&I	D&P	Corporate	Total PP&E
Balance at December 31, 2018	2,898,565	12,218	2,910,783
Depletion and depreciation (1)	1,432,093	10,810	1,442,903
Dispositions (2)	(89,979)	-	(89,979)
Impairment	849,478	-	849,478
Balance at December 31, 2019	5,090,157	23,028	5,113,185
Depletion and depreciation (1)	906,670	4,979	911,649
Impairment	2,997,935	-	2,997,935
Balance at March 31, 2020	**8,994,762**	**28,007**	**9,002,769**
Net carrying value, December 31, 2019	8,940,150	26,545	8,966,695
Net carrying value, March 31, 2020	**6,221,204**	**31,743**	**6,252,947**

(1) Future capital costs required to develop total proved plus probable reserves in the amount of $31.8 million are included in the depletion calculation for D&P assets for the three months ended March 31, 2020 (unchanged from December 31, 2019).

(2) On March 29, 2019, the Company closed a disposition of certain non-core assets located at Valhalla, Alberta, for cash proceeds of $214,793 after closing adjustments. The assets and associated decommissioning liabilities disposed had a net carrying value of $236,521 resulting in a loss on sale of $21,728. The loss was recognized during the fourth quarter ended December 31, 2019, upon finalization of accounting estimates for the disposition at year-end.

Return has three cash generating units ("CGUs"), namely: Rycroft-Valhalla, Gordondale, and Rainbow. As at March 31, 2020, the Company's Rycroft-Valhalla CGU represented 100% of the total carrying value of PP&E as carrying amounts of the Gordondale and Rainbow CGUs are fully depleted/impaired.

An indication of potential impairment was identified as a result of the significant decrease in forecast commodity prices as at March 31, 2020 compared to forecast prices as at December 31, 2019. In particular, the price forecast for Canadian Light Sweet crude oil fell by 67% for the remainder of 2020, by 45% in 2021, and by 25% in years 2022 and thereafter. The AECO-C Spot natural gas price decreased by 30% for the remainder of 2020, by 10% in 2021, and by 16% in years 2022 and thereafter. A summary of selected benchmark price forecasts, as published by Sproule Associates Limited ("Sproule"), is provided in **Table 1** below.

The recoverable amount of the Rycroft-Valhalla CGU was estimated as at March 31, 2020 based on FVLCD methodology, calculated using the present value of the CGUs' expected future cash flows discounted at 15% before-tax. The projected cash flows used in the FVLCD calculation were derived from a report on the Company's oil and gas reserves which was prepared by Sproule, an independent qualified reserve evaluator, as of December 31, 2019 (the "2019 Sproule Report"). The projected cash flows derived from the 2019 Sproule Report have been updated internally by management to reflect the following changes to key assumptions as at March 31, 2020:

- The long-term forecast for commodity prices and foreign exchange rates was updated based on the escalated price forecast published by Sproule as at March 31, 2020 (refer to **Table 1** below).
- The reserves database was mechanically updated to a reference/discount date of April 1, 2020, such that forecast cash flows for 2020 are for the remaining nine-month period ending December 31, 2020.
- Future development capital ("FDC") expenditures of $21.8 million for the Rycroft-Valhalla CGU which were originally planned to be incurred in years 2020 and 2021 have been deferred by two years and are now expected to be incurred in years 2022 and 2023.

Based on the FVLCD calculation at March 31, 2020, the Company recorded an impairment of $3.0 million on the Rycroft-Valhalla CGU. The impairment represents the shortfall of the recoverable amount calculated based on the assumptions described above, relative to the carrying amount of the Rycroft-Valhalla CGU of $9.2 million before impairment. The recoverable amount estimated pursuant to the FVLCD calculation is highly sensitive to the discount rate and forecast commodity prices. Holding all other assumptions in the calculation constant:

- if the discount rate increased (decreased) by 1%, the impairment of the Rycroft-Valhalla CGU would increase (decrease) by approximately $0.3 million; and
- if the forecast combined average realized price decreased (increased) by 5%, the impairment of the Rycroft-Valhalla CGU would increase (decrease) by approximately $1.7 million.

The forecast future commodity prices, inflation rates, and foreign exchange rates (Level 3 fair value inputs) used in the impairment evaluations as at March 31, 2020 and December 31, 2019, reflect the benchmark prices set-forth in **Table 1** below, adjusted for basis differentials to determine local reference prices, transportation costs and tariffs, heat content and quality.

Table 1 – Selected Benchmark Price Forecasts

As at March 31, 2020	**2020**	**2021**	**2022**	**2023**	**2024(1)**
WTI Cushing Oklahoma (US$/bbl)	**25.00**	**37.00**	**48.00**	**48.96**	**49.94**
Canadian Light Sweet 40 API ($/bbl)	**24.29**	**43.15**	**58.67**	**59.84**	**61.04**
NYMEX Henry Hub (US$/MMBtu)	**2.00**	**2.50**	**2.75**	**2.81**	**2.86**
AECO-C Spot ($/MMBtu)	**1.43**	**2.05**	**2.33**	**2.41**	**2.48**
Exchange rate (CA$/US$)	**1.4286**	**1.3699**	**1.3333**	**1.3333**	**1.3333**

(1) Prices escalate at 2.0% thereafter

As at December 31, 2019	2020	2021	2022	2023	2024(1)
WTI Cushing Oklahoma (US$/bbl)	61.00	65.00	67.00	68.34	69.71
Canadian Light Sweet 40 API ($/bbl)	73.84	78.51	78.73	80.30	81.91
NYMEX Henry Hub (US$/MMBtu)	2.80	3.00	3.25	3.32	3.38
AECO-C Spot ($/MMBtu)	2.04	2.27	2.81	2.89	2.98
Exchange rate (CA$/US$)	1.3158	1.2987	1.2500	1.2500	1.2500

(1) Prices escalate at 2.0% thereafter

As at December 31, 2019, the Company recorded an impairment loss of $0.8 million on the Gordondale CGU. The prior year FVLCD calculation was based on the present value of pre-tax cash flows from the 2019 Sproule Report discounted at 15% before-tax. There are no indicators of potential reversals of previously recognized impairment losses as of March 31, 2020.

7. DECOMMISSIONING LIABILITIES

Decommissioning liabilities arise as a result of the Company's net ownership interests in petroleum and natural gas assets including well sites, processing facilities and infrastructure. The following table provides a reconciliation of the carrying amount of the obligation associated with the retirement of oil and gas properties:

	March 31, 2020	December 31, 2019
Balance, beginning of year	**7,665,094**	6,843,099
Liabilities incurred	**-**	-
Liabilities disposed	**-**	(197,583)
Liabilities settled	**(627,177)**	(128,905)
Changes in estimates	**859,741**	1,035,698
Accretion	**31,563**	112,785
Balance, end of period	**7,929,221**	7,665,094
Expected to be settled within one year	**387,501**	452,219
Expected to be settled beyond one year	**7,541,720**	7,212,875

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at March 31, 2020, the undiscounted amount of the estimated cash flows required to settle the obligation is $7.2 million and is expected to be incurred over the next 30 years ($7.4 million as of December 31, 2019). Based on an inflation rate of 2.0%, the undiscounted amount of the estimated future cash flows required to settle the obligation is $9.5 million at March 31, 2020 (December 31, 2019 – $9.8 million).

The inflated future cost estimates are discounted based on a risk-free rate to determine the carrying amounts presented in the table above. As at March 31, 2020, the carrying amount of the decommissioning obligations is based on a risk-free rate of 1.3%, down significantly compared to the risk-free rate of 1.8% as at December 31, 2019. In response to the economic uncertainty created by the COVID-19 pandemic and the sharp decrease in oil prices, the Bank of Canada made an emergency cut to the central bank's benchmark interest rate. The decrease in discount rate contributed to approximately $0.5 million of the total change in estimate during the first quarter of 2020.

8. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares, and an unlimited number of special shares, each without par value. The preferred shares may be issued in series, with the directors determining the terms of the preferred shares on a series by series basis.

b) Issued and outstanding

The following table summarizes the change in common shares issued and outstanding. There are no preferred shares or special shares outstanding as of March 31, 2020 (December 31, 2019 – nil).

	Number of shares (000s)	Amount
Balance at December 31, 2018	110,552	$ 30,968,189
Recap Private Placement:		
Common shares issued	2,500,000	25,000,000
Allocation to Recap Warrants	-	(9,965,150)
Issue costs	-	(254,996)
Balance at December 31, 2019	2,610,552	$ 45,748,043
Balance at March 31, 2020 (1)	**2,610,552**	**$ 45,748,043**

(1) On May 8, 2020, the Company closed a non-brokered private placement for gross proceeds of $64.0 million. Details of the May 2020 Private Placement are provided in note 16 “Subsequent Events”.

On March 4, 2020, the shareholders of the Company approved a consolidation of common shares on the basis of a ratio of one-hundred (100) pre-consolidation common shares for each post-consolidation common share (the "Share Consolidation"). The Company intends to complete the Share Consolidation on or about May 29, 2020 (note 16). All references to common shares in these financial statements are on a pre-consolidation basis.

Recapitalization Transaction

On December 19, 2019, the Company completed the Recapitalization Transaction pursuant to a definitive reorganization and investment agreement which provided for: (a) a non-brokered private placement for gross proceeds of $25.0 million (the “Recap 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.

In respect of the Recap Private Placement, the Company issued a total of 879,650,000 common shares and 1,620,350,000 units (the “Recap Units”) of the Company at a price of $0.01 per common share and Recap Unit, respectively, for aggregate gross proceeds of $25.0 million ($24.7 million after issue costs). The Recap Units issued under the Recap 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 common share purchase warrant (each, a “Recap Warrant”). The terms of the Recap Warrants are further described in part c) of this note.

As part of the Recapitalization Transaction, an aggregate of: (i) 2,000,000 Preferred Shares, being all of the issued and outstanding Preferred Shares of Return; (ii) 66,666,666 common share purchase warrants of Return (the “Legacy Warrants”), being all of the issued and outstanding Legacy Warrants; and (iii) 6,925,000 stock options of Return, being all of the granted and outstanding stock options, were cancelled for nominal consideration effective December 19, 2019.

c) Warrants

The following tables summarizes the change in common share purchase warrants issued and outstanding:

	Number of warrants (000s)	Amount	Average exercise price
Balance at December 31, 2018	66,667	$ 2,200,000	$ 0.10
Recapitalization Transaction:			
Recap Warrants issued	1,620,350	9,965,150	0.01
Legacy Warrants surrendered and cancelled	(66,667)	(2,200,000)	(0.10)
Balance at December 31, 2019	1,620,350	$ 9,965,150	$ 0.01
Balance at March 31, 2020	**1,620,350**	**$ 9,965,150**	**$ 0.01**

The Recap Warrants issued in connection with the Recap Private Placement were allocated a value of $9,965,150. The fair value was estimated as of the date of issuance on December 19, 2019, using the Black-Scholes model with the following assumptions: expected life of five years; volatility of 75%; risk-free interest rate of 1.7%; and a dividend yield of 0%. Management estimates that 100% of warrants issued will ultimately vest and be exercised (unchanged from assumptions as at December 31, 2019).

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. Subsequent to the reporting period ended March 31, 2020, the thresholds for vesting of the Recap Warrants will be amended to align the terms with the May 2020 Private Placement completed in connection with the anticipated closing of the BXE Asset Acquisition (note 16). 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”) equally or exceeding $0.02, an additional one-third upon the Market Price equally or exceeding $0.025 and a final one-third upon the Market Price equalling or exceeding $0.03 (all shown on a pre-consolidation basis, an increase from the original vesting thresholds of $0.01, $0.015 and $0.02, respectively). All other terms of the Recap Warrants remain unchanged.

d) Share based compensation

The Company has a stock option plan under which options to purchase common shares may be granted to officers, directors, employees and consultants. The Board of Directors has approved a policy of reserving up to 10% of the outstanding common shares for issuance to eligible participants. As at March 31, 2020, there are no stock options outstanding (December 31, 2019 – nil). In connection with the Recapitalization Transaction, all outstanding stock options previously granted by Return were surrendered and cancelled effective December 19, 2019.

e) Per share amounts

The table below summarizes the weighted average number (000s) of common shares outstanding used in the calculation of net loss per share for the three months ended March 31, 2020 and March 31, 2019:

	Three months ended March 31	
(000s)	**2020**	2019
Weighted average common shares outstanding, basic and diluted	**2,610,552**	110,552

In computing the diluted net loss per share for the three months ended March 31, 2020, the effect of warrants is excluded as they were anti-dilutive. During the comparative period ended March 31, 2019, the outstanding stock options, Legacy Warrants and Preferred Shares were antidilutive.

9. INCOME TAXES

As at March 31, 2020, total tax deductions available to the Company are estimated to be approximately $21.8 million (December 31, 2019 – $19.9 million). Under IFRS, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses and deductible temporary differences can be utilized. Return has a history of losses and the oil and gas industry continues to be faced with weak commodity prices. Accordingly, the Company has not recognized a deferred income tax asset of $5.3 million as at March 31, 2020 ($4.2 million at December 31, 2019). The Company will reassess the recognition criteria in the second quarter of 2020 upon completion of the BXE Asset Acquisition (note 16).

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting balances within the same tax jurisdiction are as follows:

Deferred income tax Asset (Liability)	Balance Dec 31, 2019	Recognized in income	Recognized in BS[(1)]	**Balance March 31, 2020**
Accelerated tax basis depreciation	(1,163,861)	643,196	-	**(520,665)**
Decommissioning obligations	1,772,016	59,455	-	**1,831,471**
Share issue costs	69,110	(5,633)	-	**63,477**
Non-capital losses[(2)] and other	3,528,056	410,576	-	**3,938,632**
Unrecognized deferred tax asset	4,205,321	1,107,594	-	**5,312,915**

(1) "BS" refers to the Consolidated Statements of Financial Position (balance sheet).

(2) As at March 31, 2020, the Company has an estimated $17.1 million of non-capital losses which expire in years 2025 to 2040, of which, $4.3 million expire in 5 to 10 years and $12.8 million expire in 10 to 20 years.

The following table reconciles income taxes calculated at the weighted average Canadian statutory rate with the actual provision for income taxes per the Consolidated Statements of Net Loss and Comprehensive Loss:

	Three months ended March 31	
	2020	2019
Loss before income taxes	**(4,822,197)**	(427,366)
Canadian statutory tax rate	**25.0%**	27.0%
Expected income tax recovery	**(1,205,549)**	(115,389)
Increase (decrease) resulting from:		
Non-deductible expenses	**266**	7,607
Change in tax rates	**97,689**	-
Change in unrecognized deferred tax asset	**1,107,594**	107,782
Deferred income tax	**-**	-
Current income tax	**-**	-
Income tax expense	**-**	-

The Canadian statutory tax rate per the rate reconciliation above represents the average combined federal and provincial corporate tax rate. The federal corporate tax rate is 15.0% and the provincial tax rate in Alberta is 10% in 2020. On June 28, 2019, the Alberta government enacted legislation which reduced the Alberta corporate income tax rate from 12% to: 11% effective July 1, 2019; 10% effective January 1, 2020; 9% effective January 1, 2021; and 8% effective January 1, 2022 and thereafter.

10. OIL AND GAS SALES, NET OF ROYALTIES

	Three months ended March 31	
	2020	2019
Oil and gas sales		
Crude oil	**102,756**	169,517
Natural gas liquids	**62,818**	84,599
Natural gas	**207,166**	246,881
	372,740	500,997
Royalties		
Crown	**442**	-
Gross overriding	**979**	1,091
	1,421	1,091
Oil and gas sales, net of royalties	**371,319**	499,906

11. GENERAL AND ADMINISTRATIVE EXPENSES

The significant components of the Company's general and administrative ("G&A") expenses are outlined in the following table:

	Three months ended March 31	
	2020	2019
Salaries and benefits	**432,571**	186,804
Professional and consulting fees	**313,047**	22,418
Shareholder expenses	**35,820**	6,009
Office and business expenses	**77,332**	65,815
Provision for credit losses (note 4)	**10,289**	-
Capital overhead recovery	**(7,435)**	-
General and administrative expenses	**861,624**	281,046

In December 2019, Return appointed a new management team with an objective to grow the Company through a targeted acquisition and consolidation strategy. The increase in G&A compared to the previous period reflects the growth in size of the team and professional fees incurred in respect of the Company's business development initiatives, including the BXE Asset Acquisition announced subsequent to the quarter (note 16).

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31	
	2020	2019
Accounts receivable	**(64,299)**	(117,818)
Prepaid expenses and deposits	**(116,201)**	20,830
Accounts payable and accrued liabilities	**1,250,418**	(2,661)
Change in non-cash working capital	**1,069,918**	(99,649)
Relating to:		
Operating activities	**961,029**	(99,649)
Investing activities	**108,889**	-
Change in non-cash working capital	**1,069,918**	(99,649)

13. CAPITAL MANAGEMENT

Return's capital management objectives are to maintain a flexible capital structure in order to meet its financial obligations, execute on strategic opportunities throughout the business cycle and respond to changes in economic conditions. As at March 31, 2020, the Company's capital structure is comprised of working capital and shareholders' equity and its existing capital resources are sufficient to satisfy its financial obligations for the next 12 months. In order to maintain or adjust its capital structure in the future, the Company may issue new common shares or other equity securities, issue debt, adjust capital expenditures and acquire or dispose of assets.

The significant components of the Company's capital structure are summarized below:

	March 31, 2020	December 31, 2019
Working capital		
Cash and cash equivalents	**23,838,248**	24,652,586
Non-cash working capital (1)	**(2,119,980)**	(1,114,780)
Working capital	**21,718,268**	23,537,806
Long-term financial liabilities	**-**	-
Total shareholders' equity	**20,817,973**	25,640,170

(1) Total current assets, excluding cash, less total current liabilities.

The Company has a working capital surplus of $21.7 million as of March 31, 2020, down $1.8 million compared to its working capital surplus of $23.5 million as of December 31, 2019. During the three months ended March 31, 2020, the Company used $1.5 million of funds in operating activities, including the settlement of approximately $0.6 million of decommissioning liabilities, and incurred capital expenditures of approximately $0.4 million.

The Company's business plan is dynamic and evolving in response to the current business environment which is challenging and uncertain. Despite the challenges facing the oil and gas industry, the New Management Team believes Return is well positioned to take advantage of the opportunities created during this period of low commodity prices. Subsequent to the quarter ended March 31, 2020, the Company announced the BXE Asset Acquisition which will be funded by a combination of cash on hand and a committed senior-secured revolving credit facility with a borrowing base of $100.0 million. The Company also completed a concurrent equity financing for gross proceeds of $64.0 million on May 8, 2020. Details of the foregoing are provided in note 16 "Subsequent Events".

As at March 31, 2020, the Company is not subject to any externally imposed capital requirements.

14. COMMITMENTS AND CONTINGENCIES

As at March 31, 2020, the Company does not have any financial commitments (December 31, 2019 – $6,267). Following completion of the Recapitalization Transaction on December 19, 2019, the New Management Team has been utilizing temporary office space and does not currently have any financial commitments or contractual obligations related to its corporate office. In connection with the BXE Asset Acquisition announced subsequent to the quarter, the Company is currently evaluating potential locations for its corporate office expects to enter into a new lease during the second quarter of 2020.

Litigation

In the normal course of the Company'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 with partners or other stakeholders. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined to have an adverse affect on the Company's future operations or financial condition. As of the date of these financial statements, the Company has no material litigation or claims outstanding.

15. RELATED PARTY DISCLOSURES

a) Inter-corporate relationships

Return has one wholly-owned subsidiary, Winslow Resources Inc. Balances and transactions between the Company and its subsidiary have been eliminated on consolidation.

b) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of a company. The Company defines its key management personnel as its officers and board of directors. The following table summarizes compensation paid or payable to key management personnel during the three months ended March 31, 2020 and 2019.

	Three months ended March 31	
	2020	2019
Salaries and benefits	**267,876**	186,804
Directors fees	**-**	-
Share-based compensation	**-**	27,287
Key management personnel compensation	**267,876**	214,091

(1) Salaries and benefits for the quarter ended March 31, 2020 were paid to the New Management Team of the Company, comprised of seven (7) officers appointed on December 19, 2019 upon closing of the Recapitalization Transaction.

(2) Salaries and benefits for the quarter ended March 31, 2019 were paid to the former management of Return, comprised of four (4) officers.

c) Related party transactions

During the first quarter of 2020, the Company incurred approximately $0.3 million of legal fees to a law firm where Sanjib (Sony) Gill, corporate secretary of the Company, is a partner (nil in the comparative quarter of 2019). An aggregate of $0.5 million of total fees billed and accrued to the law firm are included in the balance of accounts payable and accrued liabilities as at March 31, 2020. The Company expects to continue using the services of this law firm in the future.

16. SUBSEQUENT EVENTS

BXE Asset Acquisition

On April 23, 2020, the Company announced that it has entered into an asset purchase agreement (the "APA") with Bellatrix Exploration Ltd. ("Bellatrix" or "BXE") to acquire substantially all of Bellatrix's assets (the "Assets") for cash consideration of $87.4 million plus the assumption of certain liabilities estimated to be approximately $14.8 million, for a total purchase price of $102.2 million (the "BXE Asset Acquisition"). The Assets, which are primarily located in the Deep Basin of west-central Alberta, are comprised of interests in producing petroleum and natural gas properties alongside an extensive undeveloped land base and strategic infrastructure footprint, including working interest ownership in three gas plants. The Assets also include minor interests in petroleum and natural gas assets located in Saskatchewan and British Columbia.

On October 2, 2019, Bellatrix commenced restructuring proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). As a result, the BXE Asset Acquisition is subject to the granting of an "Approval and Vesting Order" which was granted on May 8, 2020 by the Court of Queen's Bench of Alberta (the "CCAA Court") as part of the CCAA proceedings, providing that the Assets will be acquired free and clear of any security interests and any other encumbrances (subject to certain limited permitted encumbrances). Closing of the BXE Asset Acquisition, which is expected to occur on or about May 29, 2020 (the "Closing Date"), is subject to certain customary closing conditions as set-out in the APA. As the BXE Asset Acquisition constitutes a "Fundamental Acquisition" under Policy 5.3 of the TSX Venture Exchange (the "TSXV"), it is also subject to TSXV approval. The effective date of the BXE Asset Acquisition will be the Closing Date.

The BXE Asset Acquisition will be funded by a combination of cash on hand and a committed senior-secured revolving reserves-based credit facility (the "Credit Facility"). In connection with the BXE Asset Acquisition, the Company also completed an equity financing for gross proceeds of $64.0 million on May 8, 2020 (the "May 2020 Private Placement"). Further information regarding the Credit Facility and the May 2020 Private Placement are provided below. The Company paid a deposit in the amount of $4.4 million upon executing the APA and the balance of the cash purchase price will be paid on the Closing Date.

Credit Facility

The Company has executed a commitment letter in respect of the Credit Facility with a syndicate of lenders comprised of National Bank of Canada, ATB Financial and Canadian Western Bank (together, the "Lenders"). The Credit Facility has an authorized borrowing amount of $100.0 million and will be available for a revolving period of 364 days maturing on May 31, 2021, and may be extended annually at the Company's option and subject to approval of the Lenders, with a 364 day term-out period if not renewed. The Credit Facility will be subject to semi-annual borrowing base reviews, occurring approximately in May and November of each year.

The commitments of the Lenders to establish the Credit Facility are subject to the execution of mutually acceptable credit documentation giving effect to the terms provided in the commitment letter, and the satisfaction of the other customary conditions to closing, including the satisfaction of all conditions to the completion of the BXE Asset Acquisition.

May 2020 Private Placement

On May 8, 2020, Return closed its previously announced non-brokered equity financing. The Company has issued 2,945,500,000 subscription receipts (the "Subscription Receipts") at a price of $0.02 per Subscription Receipt for gross proceeds of $58.91 million (the "Subscription Receipt Offering"). In addition, the Company has entered into irrevocable subscription agreements for the issuance of 254,500,000 common shares at a price of $0.02 per common share for gross proceeds of $5.09 million (the "Common Share Offering") and, together with the Subscription Receipt Offering, aggregate gross proceeds of $64.0 million (collectively, the "May 2020 Private

Placement"). After estimated issue costs of $1.6 million, net proceeds are expected to be approximately $62.4 million.

The gross proceeds from the sale of Subscription Receipts pursuant to the May 2020 Private Placement will be held in escrow pending the completion of the BXE Asset Acquisition. If the BXE Asset Acquisition is completed on or before 5:00 p.m. (Calgary time) on June 30, 2020, the proceeds from the sale of the Subscription Receipts will be released from escrow to the Company and each Subscription Receipt will be exchanged for one common share for no additional consideration and without any action on the part of the holder. If the BXE Asset Acquisition is not completed on or before 5:00 p.m. (Calgary time) on June 30, 2020, then the purchase price for the Subscription Receipts will be returned pro rata to subscribers, together with a pro rata portion of interest earned on the escrowed funds. The net proceeds from the May 2020 Private Placement will be used to fund the development of the Assets and for general working capital purposes.

Pursuant to applicable securities laws, the Subscription Receipts, the underlying common shares and the common shares to be issued pursuant to the Common Share Offering will be subject to a hold period of four months plus one day following the distribution date. The Company will pay eligible finders a cash commission in proportion to the gross proceeds received that resulted from such finder's efforts, subject to compliance with applicable securities laws. The May 2020 Private Placement remains subject to final approval of the TSXV.

In connection with the closing of the BXE Asset Acquisition, the Company will amend the terms of the Recap Warrants issued pursuant to the Recap Private Placement completed on December 19, 2019, such that the Recap Warrants will vest and become exercisable as to one-third upon the Market Price equally or exceeding $0.02, an additional one-third upon the Market Price equally or exceeding $0.025 and a final one-third upon the Market Price equalling or exceeding $0.03 (all shown on a pre-consolidation basis, an increase from $0.01, $0.015 and $0.02, respectively). All other terms of the Recap Warrants will remain unchanged. See also, part c) of note 8 of these financial statements.

Name Change and Share Consolidation

On March 4, 2020, the shareholders of Return approved, at a special meeting of shareholders, the Name Change and the Share Consolidation. Contemporaneous with the closing of the BXE Asset Acquisition (subject to TSXV acceptance), the Company will effect the Name Change to “Spartan Delta Corp.” and complete the Share Consolidation on the basis of one post-consolidation common share for every 100 pre-consolidation common shares.

The issued and outstanding common shares outstanding will be reduced from 5,810,551,651 common shares (including common shares to be issued pursuant to the May 2020 Private Placement upon closing of the BXE Asset Acquisition) to approximately 58,105,517 common shares on a post-consolidation basis. No fractional shares will be issued. Any fractional interest in common shares that is less than 0.5 resulting from the Share Consolidation will be rounded down to the nearest whole common share and any fractional interest in common shares that is 0.5 or greater will be rounded up to the nearest whole common share.

The Company expects that the trading of its common shares on the TSXV under the name “Spartan Delta Corp.” and symbol “SDE” will commence on a consolidated basis at the opening of business two or three trading days after the Closing Date of the BXE Asset Acquisition.

The Share Consolidation will not affect the validity of currently outstanding share certificates of the Company. However, once the Share Consolidation is implemented, registered shareholders will be required to exchange their share certificates for share certificates evidencing the post-consolidation common share amount. Upon completion of the Share Consolidation, registered shareholders will be sent a letter of transmittal containing instructions on how to surrender share certificates evidencing the pre-consolidation common share amount to Computershare Investor Services Inc. (the “Depositary”). The Depositary will forward to each registered shareholder who has sent the required documents new share certificates evidencing the new post-consolidation common share amount. Until surrendered, each share certificate representing pre-consolidation common shares will be deemed for all purposes to represent the post-consolidation common shares to which the holder is entitled following the Share Consolidation. Beneficial shareholders holding common shares through an intermediary (a securities broker, dealer, bank or financial institution) should be aware that the intermediary may have different procedures for processing the Share Consolidation than those that will be put in place by the Company for registered shareholders. If shareholders hold their common shares through an intermediary and they have questions in this regard, they are encouraged to contact their intermediaries.

For more information on the Share Consolidation and the Name Change, shareholders are encouraged to refer to the management information circular of the Company dated February 12, 2020, which is available on the Company's SEDAR profile at www.sedar.com.