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## PRESS RELEASE

# CORRIDOR ANNOUNCES PRODUCTION OPTIMIZATION STRATEGY AND GUIDANCE FOR 2017/2018

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**HALIFAX, Nova Scotia, October 11, 2017, (TSX - CDH):** Corridor Resources Inc. (“Corridor” or the “Company”) announced today it has finalized its production optimization strategy for the period from November 1, 2017 to March 31, 2018. Accordingly, the Company wishes to provide an update of its operating and financial guidance to the end of March 2018.

### Natural Gas Production Optimization Strategy

Since 2015, Corridor has employed a production optimization strategy by shutting-in all or a portion of its natural gas production during the warmer weather months, i.e. when natural gas prices at the Algonquin city-gates market (“AGT”) typically trade at a discount to NYMEX Henry Hub (“HH”), with a view to optimizing the recovery of expected flush volumes to coincide with anticipated higher natural gas pricing during the winter period, i.e. when AGT natural gas prices typically trade at a premium to HH. The objective of Corridor’s production optimization strategy is to maximize its field operating netback while producing lower natural gas volumes and preserving Corridor’s reserves for production in future years.

In accordance with this strategy, Corridor shut-in all its natural gas production on April 1, 2017. The Company has now finalized its plan to partially recommence its natural gas production in November 2017, with full field production expected by December 2017.

A key component of Corridor’s strategy is to enter into financial hedges and forward sale agreements over the higher priced winter period to secure a threshold of revenue and mitigate the risks associated with the volatility of natural gas prices. Accordingly, Corridor previously announced it had entered into a financial hedge at a fixed price of \$US7.40/mmbtu for 2,500 mmbtupd of natural gas production for the period from December 1, 2017 to March 31, 2018. Corridor announces today it has entered into an additional financial hedge at a fixed price of \$US7.83/mmbtu for 2,500 mmbtupd of natural gas production for the period from December 1, 2017 to February 28, 2018.

These financial hedges will result in an average hedged price of \$US7.61/mmbtu for natural gas production of 5,000 mmbtu per day (approximately 4.7 mmscfd) from December 1, 2017 to February 28, 2018 and \$US7.40/mmbtu for 2,500 mmbtu per day for March 2018. In total, these hedges will generate approximately \$4.8 million of sales revenue out of estimated total revenues of \$9.8 million, representing approximately 48% of Corridor’s estimated production during the period from December 1, 2017 to March 31, 2018. Corridor may enter into additional hedges for the winter period in due course, as it typically targets hedging up to 50% of its forecasted production. Corridor’s unhedged production will be sold at a combination of monthly and daily AGT market prices. Currently, the forward strip pricing for AGT is averaging approximately \$US7.25/mmbtu for the period from December 1, 2017 to March 31, 2018.

Corridor has also entered into separate forward sale agreements for the period from December 1, 2017 to March 31, 2018 to deliver natural gas to the local Maritimes market as opposed to the New England market. These volumes will continue to be sold based on natural gas prices at AGT but will be subject

to lower transportation expenses which will result in an estimated increase of approximately \$1.2 million in cash flow from operations over the term of the forward sale agreements.

## Guidance

Corridor's guidance for the period from December 1, 2017 to March 31, 2018 is as follows:

*All dollars in Canadian unless indicated otherwise*

AGT average natural gas price	<b>\$ US7.40/mmbtu</b>
USD/CAD exchange rate	<b>\$ 1.21 USD/CAD</b>
Average natural gas price forecasted on unhedged volumes	<b>\$ 9.39/mscf</b>
Average natural gas price on hedged volumes	<b>\$ 9.75/mscf</b>
Average daily natural gas production	<b>8.5 mmscfpd</b>

Corridor's guidance for the period from April 1, 2017 to March 31, 2018 is as follows:

*All dollars in Canadian unless indicated otherwise*

AGT average natural gas price	<b>\$ US4.24/mmbtu</b>
USD/CAD exchange rate	<b>\$ 1.24 USD/CAD</b>
Average daily natural gas production	<b>2.9 mmscfpd</b>
Field operating netback	<b>\$ 7.1 million</b>
Cash flow from operations <sup>(1)</sup>	<b>\$ 4.1 million</b>
Field operating netback per mscf	<b>\$ 6.8/mscf</b>
Cash flow from operations <sup>(1)</sup> per mscf	<b>\$ 3.9/mscf</b>
Capital expenditures (for the calendar year 2017)	<b>\$ 3.7 million</b>
Working capital estimate (as at March 31, 2018)	<b>\$53.5 million</b>

*(1) Cash flow from operations is a non-IFRS measure. Cash flow from operations represents net earnings adjusted for non-cash items including depletion, depreciation and amortization, deferred income taxes, share-based compensation and other non-cash expenses.*

“Corridor's production optimization and hedging strategy, combined with a robust strip pricing forecast at AGT and sales to the Maritimes market is expected to result in strong cash flow from operations for the period from December 1, 2017 to March 31, 2018” said Steve Moran, President and CEO of Corridor. “Corridor is in a good financial position with a strong balance sheet currently holding an estimated \$50 million of positive working capital. We have been patiently evaluating new opportunities to deploy our working capital. We will continue to be selective in any opportunities we may decide to pursue.”

*Corridor is a Canadian junior resource company engaged in the exploration for and development and production of petroleum and natural gas onshore in New Brunswick and offshore in the Gulf of St. Lawrence. Corridor currently has natural gas production and reserves in the McCully Field near Sussex, New Brunswick. In addition, Corridor has a shale gas prospect in New Brunswick and an offshore conventional hydrocarbon prospect in the Gulf of St. Lawrence.*

*For further information:*

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## Forward Looking Statements

This press release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan", "continuous", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this press release contains forward-looking statements pertaining to: business plans and strategies (including its optimization and hedging strategies and plans to evaluate opportunities to deploy capital); expectations regarding Corridor's financial resilience and plans to maintain a strong balance sheet; the financial position of the Company; expectations regarding revenue from hedging and forward sales contracts, natural gas prices, the U.S. Canada exchange rate, natural gas production, operating netbacks, cash flow from operations, capital expenditures and working capital estimates.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and adverse to Corridor and its shareholders.

Forward-looking statements are based on Corridor's current beliefs as well as assumptions made by, and information currently available to (including the terms of its hedging and forward sales contracts), Corridor concerning anticipated financial performance, business prospects, strategies, regulatory developments, future natural gas commodity prices, future natural gas production levels, the ability to obtain equipment in a timely manner to carry out development activities, the ability to market natural gas successfully to current and new customers, the impact of increasing competition, the ability to obtain financing on acceptable terms, and the ability to add production and reserves through development and exploration activities. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks that forward-looking statements will not be achieved. These factors may be found under the heading "Risk Factors" in Corridor's Annual Information Form for the year ended December 31, 2016.

The forward-looking statements contained in this press release are made as of the date hereof and Corridor does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.