
PRESS RELEASE

CORRIDOR ANNOUNCES FIRST QUARTER RESULTS

HALIFAX, Nova Scotia, May 10, 2017 (TSX - CDH): Corridor Resources Inc. (“Corridor”) announced today its first quarter financial results.

The following table provides a summary of Corridor’s financial and operating results for the three months ended March 31, 2017, with comparisons to the three months ended March 31, 2016. Corridor's unaudited financial statements and management's discussion and analysis for the first quarter have been filed on SEDAR at www.sedar.com and are available on Corridor's website at www.corridor.ca.

All amounts referred to in this press release are in Canadian dollars unless otherwise stated.

Selected Financial Information

<i>thousands of dollars except per share amounts</i>	Three months ended March 31	
	2017	2016
Sales	\$ 4,467	\$ 6,495
Net income	\$ 1,825	\$ 1,283
Net income per share - basic and diluted	\$ 0.021	\$ 0.014
Cash flow from operations ⁽¹⁾	\$ 3,683	\$ 3,353
Working capital	\$ 33,226	\$ 29,636
Total assets	\$ 105,316	\$ 134,424

Q1 2017 Netback Analysis

<i>thousands of dollars except \$/boe ⁽²⁾</i>	Three months ended March 31	
	2017	2016
Natural gas sales	\$ 4,166	\$ 6,314
Realized financial derivatives gain	1,094	-
Other revenues	301	181
Royalties	(92)	(137)
Transportation expense	(428)	(1,355)
Production expense	(789)	(717)
Field operating netback	\$ 4,252	\$ 4,286
Natural gas production per day (mmscfd)	7.2	8.1
Barrels of oil equivalent per day (boepd)	1,196	1,354
Average natural gas price (\$/mscf)	\$ 6.45	\$ 8.54
Natural gas revenues (\$/boe)	\$ 38.69	\$ 51.25
Realized financial derivatives gain (\$/boe)	10.16	-
Other revenues (\$/boe)	2.80	1.47
Royalties (\$/boe)	(0.86)	(1.11)
Transportation expense (\$/boe)	(3.97)	(11.00)
Production expense (\$/boe)	(7.33)	(5.82)
Field operating netback (\$/boe)	\$ 39.49	\$ 34.79
General and administrative expenses (\$/boe)	(6.05)	(5.85)
Interest, foreign exchange gains and other (\$/boe)	0.76	(1.73)
Cash flow from operations (\$/boe) ⁽¹⁾	\$ 34.20	\$ 27.21

(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. See "Non-IFRS Financial Measures" in Corridor's MD&A for the three months ended March 31, 2017.

(2) For the purpose of calculating unit revenues and costs, natural gas has been converted to barrels of oil equivalent (“boe”) on the basis of six thousand cubic feet (“mscf”) of natural gas being equal to one barrel of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of six mscf to one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

2017 First Quarter Highlights

- Achieved a cash flow from operations of \$34.20/BOE, a 26% increase over Q1 2016.
- Increased Corridor's cash flow from operations to \$3,683 thousand in Q1 2017 from \$3,353 thousand in Q1 2016, despite 24% lower average natural gas prices and 12% lower production rates in Q1 2017 versus Q1 2016. Corridor achieved this result through a combination of: 1) successful financial hedges in place during Q1 2017, which resulted in a realized gain of \$1,094 thousand; 2) a reduction in transportation expenses from \$1,355 thousand in Q1 2016 to \$428 thousand in Q1 2017, due primarily to the Company's forward sale agreement in effect from December 1, 2016 to March 31, 2017 for the sale of 4,755 mmbtupd of natural gas production to the local Maritimes market as opposed to the New England market; and 3) higher foreign exchange gains in Q1 2017.
- At March 31, 2017, Corridor had cash and cash equivalents of \$30,669 thousand, working capital of \$33,226 thousand and no outstanding debt.
- Subsequent to quarter end, on April 11, 2017, Corridor entered into a financial hedge for the period from December 1, 2017 to March 31, 2018 for 2,500 mmbtu per day of natural gas production (approximately 2.3 mmscf per day) at a fixed price of \$US7.40/mmbtu.

Outlook

The following table provides a comparison of Corridor's results for the period from April 1, 2016 to March 31, 2017 as compared to the guidance disclosed in Corridor's management's discussion and analysis for the year ended December 31, 2016 dated March 30, 2017.

	Actual results	March 30, 2017 guidance
AGT average natural gas price	\$US 3.40/mmbtu	\$US 3.40/mmbtu
USD/CAD average exchange rate	\$ 1.31 USD/CAD	\$ 1.31 USD/CAD
Average natural gas price realized	\$ 5.70/mscf	\$ 5.70/mscf
Average daily natural gas production	5.5 mmscfpd	5.5 mmscfpd
Field operating netback	\$ 7.2 million	\$ 7.2 million
Cash flow from operations ⁽¹⁾	\$ 4.6 million	\$ 4.4 million
Field operating netback per mscf	\$ 3.58/mscf	\$ 3.55/mscf
Field operating netback per boe	\$21.48/boe	\$21.30/boe
Cash flow from operations ⁽¹⁾ per mscf	\$ 2.28/mscf	\$ 2.20/mscf
Cash flow from operations ⁽¹⁾ per boe	\$13.68/boe	\$13.20/boe
Working capital as at March 31, 2017	\$ 33.2 million	\$ 33.2 million

(1) "Cash flow from operations" is a non-IFRS financial measure; see "Non-IFRS Financial Measures".

Corridor's cash flow from operations for the period from April 1, 2016 to March 31, 2017 increased to \$4.6 million from \$4.4 million due to the fluctuation in the USD/CAD exchange rate during the quarter which resulted in higher than expected foreign exchange gains in Q1 2017.

Operations Review

Anticosti Island

As reported on April 6, 2017, Corridor, together with other partners of Anticosti Hydrocarbons L.P., has entered into negotiations with the Government of Québec with the goal of terminating the exploration joint venture project on Anticosti Island. The Anticosti joint venture is a limited

partnership formed in 2014 between Corridor, Ressources Québec Inc., a subsidiary of Investissement Québec (an affiliate of the Government of Québec), Pétrolia Inc. and Saint-Aubin E&P Québec Inc. No assurance can be given that the negotiations will be successfully concluded. Corridor will only update the market further on the matter if an agreement is reached or the negotiations end without agreement.

New Brunswick

Over the past two years, Corridor has employed a production optimization strategy whereby it has restricted its production (to varying degrees) in the McCully field in New Brunswick during the months from spring to fall. These voluntary shut-ins allow the producing horizons in Corridor's wells to build up reservoir pressure, which in turn results in flush production once the wells are placed back on unrestricted production. Corridor typically plans the restarting of the McCully field production to coincide with the North American heating season (generally considered to be November 1 to March 31) when natural gas prices have historically traded at significant premiums at Algonquin City-Gates (AGT), Corridor's natural gas market. Corridor's production optimization objective is to achieve similar field operating netback when compared to a continuous production model, while deferring production volumes for the future and extending the McCully field reserve life. The 12% decrease in Corridor's average daily natural gas production in Q1 2017 compared to Q1 2016 is largely due to management's decision to only partially restrict production during the summer/fall of 2016 versus a much more extensive shut-in in the summer/fall of 2015, the effect of which led to more flush production in Q1 2016 versus Q1 2017. In keeping with its past practices, Corridor initiated a shut-in of the vast majority of its production at McCully on April 1, 2017.

Future natural gas prices at AGT recently traded at an average of approximately \$3.30 USD/mmbtu from now until the beginning of the heating season, while the 2017/18 heating season prices recently traded at an average of approximately \$7.00USD/mmbtu, with prices approximating \$9.00 USD/mmbtu in January and February 2018. As a component of its production optimization strategy, Corridor entered into a financial hedge for the period from December 1, 2017 to March 31, 2018 for 2,500 mmbtu per day of natural gas production (approximately 2.3 mmscf per day) at a fixed price of \$US7.40/mmbtu.

Corridor has gained some key learnings from its production optimization strategy over the past two years. For example, the flush production volumes have generally lasted longer than originally expected. In addition, the elevated production rates and flowing pressures following the shut-in periods have helped reduce certain operating costs. Finally, the pressure build-up data gathering has been instrumental in modeling flush production expectations for economic analysis, as well as production uplift opportunities.

Old Harry

Corridor intends to purchase a user license for a controlled source electro-magnetic ("CSEM") data program to investigate the resistivity of geological prospects over the Newfoundland and Labrador sector of the Old Harry prospect, similar to resistivity logging in well bores of potential hydrocarbon zones. Highly resistive layers in a geological structure measured with CSEM technology could indicate hydrocarbon bearing reservoirs and, therefore, would serve to reduce exploration risk and increase the likelihood of finding commercial quantities of hydrocarbons. The undertaking of the CSEM program, currently planned by an independent service provider for a seven to ten day period in the fall of 2017, is subject to the receipt of the necessary regulatory approvals and vessel availability.

Annual and Special Meeting

Corridor's annual and special meeting of shareholders will be held at the offices of Bennett Jones LLP, 4500 Bankers Hall East, 855 – 2nd Street S.W., Calgary Alberta on Thursday, May 11, 2017 at 3:00 p.m. (MDT). Steve Moran, President and CEO, will make a presentation. A new management presentation will be made available on Corridor's website at www.corridor.ca on May 12, 2017.

President's Message

"We are very pleased with our results from the first quarter of 2017" said Steve Moran, President and CEO. "Despite lower natural gas prices and production volumes in the first quarter of 2017, we generated a 26% increase in our cash flow from operations over Q1 2016 to a top decile of \$34.20 per boe." Management is finalizing its production optimization strategy for the period from April 1, 2017 to March 31, 2018 and plans to provide capital, production and revenue guidance for that period in due course. The Company is well positioned with \$33.2 million of working capital as at March 31, 2017.

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 Québec 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, an offshore conventional hydrocarbon prospect in the Gulf of St. Lawrence and an unconventional hydrocarbon prospect through a 21.67% interest in Anticosti Hydrocarbons L.P., a joint venture which has undiscovered resources on Anticosti Island, Québec.

For further information:

Contact: Steve Moran, President and CEO

Corridor Resources Inc.

#301, 5475 Spring Garden Road, Halifax, Nova Scotia B3J 3T2

Ph: (902) 429-4511 F: (902) 429-0209

Web: www.corridor.ca

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 optimization strategies to shut-in production in 2017), exploration and development plans (including the acquisition of CSEM) and the timing and cost of such plans; the benefits of CSEM data; negotiations with the Government of Québec to terminate the Anticosti joint venture; expectations of the natural gas prices and premiums at AGT and plans to provide guidance for the period from April 1, 2017 to March 31, 2018.

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, Corridor concerning anticipated financial performance, business prospects, strategies, regulatory developments, discussions to date with the Government of Québec, 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.

Oil and Gas Advisory

Boe Conversion

All calculations converting natural gas to crude oil equivalent have been made using a ratio of six mscf of natural gas to one barrel of crude oil equivalent. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of six mscf of natural gas to one barrel of crude oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.