



Corridor Announces Strong First Quarter Results

HALIFAX, Nova Scotia, May 14, 2018 -- Corridor Resources Inc. ("Corridor") (TSX:CDH) 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, 2018, with comparisons to the three months ended March 31, 2017. 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	
	2018	2017
Sales	\$ 11,835	\$4,467
Net income	\$ 5,569	\$1,825
Net income per share - basic and diluted	\$ 0.063	\$0.021
Cash flow from operations ⁽¹⁾	\$ 9,645	\$3,683
Working capital	\$ 56,992	\$33,226
Total assets	\$ 127,921	\$105,316

Q1 2018 Netback Analysis

<i>thousands of dollars except \$/boe ⁽²⁾</i>	Three months ended March 31	
	2018	2017
Natural gas production per day (mmscfd)	9.9	7.2
Barrels of oil equivalent per day (boepd)	1,653	1,196
Average natural gas price (\$/mscf)	\$ 12.90	\$6.45
Natural gas sales	\$ 11,506	\$4,166
Realized financial derivatives gain (loss)	(1,078)	1,094
Other revenues	329	301
Royalties	(384)	(92)
Transportation expense	(78)	(428)
Production expense	(702)	(789)
Field operating netback	\$ 9,593	\$4,252
Natural gas revenues (\$/boe)	\$ 77.36	\$38.69
Realized financial derivatives gain (\$/boe)	(7.25)	10.16
Other revenues (\$/boe)	2.22	2.80
Royalties (\$/boe)	(2.59)	(0.86)
Transportation expense (\$/boe)	(0.52)	(3.97)
Production expense (\$/boe)	(4.72)	(7.33)
Field operating netback (\$/boe)	\$ 64.50	\$39.49
General and administrative expenses (\$/boe)	(4.09)	(6.05)
Interest, foreign exchange gains (losses) and other (\$/boe)	4.44	0.76
Cash flow from operations (\$/boe) ⁽¹⁾	\$ 64.85	\$34.20

⁽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, 2018.

⁽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.

2018 First Quarter Highlights

- Corridor’s cash flow from operations increased to \$9,645 thousand in Q1 2018 from \$3,683 thousand in Q1 2017 due primarily to higher natural gas sales and lower transportation expenses.
- Achieved a cash flow from operations of \$64.85/BOE, a 90% increase over Q1 2017.
- Natural gas sales for Q1 2018 increased to \$11,506 thousand from \$4,166 thousand for Q1 2017 due to the increase in the average natural gas sales price to \$12.90/mscf in Q1 2018 from \$6.45/mscf in Q1 2017 and to the increase in the average daily natural gas production to 9.9 mmscfpd in Q1 2018 from 7.2 mmscfpd in Q1 2017. The increase in Corridor’s average daily natural gas production is primarily due to the higher flush production achieved in Q1 2018 following the comprehensive shut-in of most of Corridor’s natural gas wells at the McCully Field for an eight month period between April and December 2017 as compared to the flush production achieved in Q1 2017 after a more limited partial shut-in of natural gas production for a three-month period between September and November 2016.
- Transportation expense significantly decreased to \$78 thousand in Q1 2018 from \$428 thousand in Q1 2017 due in part to forward sale agreements in place for the delivery of natural gas production to the local Maritimes market as opposed to the New England market. The natural gas prices for volumes sold under these forward sale agreements are based on natural gas prices at AGT but are subject to lower transportation expenses. Corridor had forward sale agreements for the sale of 4,755 mmbtupd of natural gas production to the local Maritimes market for the period from December 1, 2016 to March 31, 2017, and for substantially all of its natural gas production for the period from December 1, 2017 to March 31, 2018, resulting in lower transportation expense in Q1 2018.
- At March 31, 2018, Corridor had cash and cash equivalents of \$54,950 thousand, working capital of \$56,992 thousand, and no outstanding debt.

Update on Guidance

The following table provides a comparison of Corridor’s results for the period from April 1, 2017 to March 31, 2018 as compared to the guidance disclosed in Corridor’s press release dated February 13, 2018.

	Actual results	February 13, 2018 guidance
AGT average natural gas price	\$ US 4.56/mmbtu	\$ US 4.93/mmbtu
USD/CAD average exchange rate	\$ 1.27 USD/CAD	\$ 1.25 USD/CAD
Average daily natural gas production	3.1 mmscfpd	3.0 mmscfpd
Field operating netback	\$ 10.8 million	\$ 10.8 million
Cash flow from operations ⁽¹⁾	\$ 8.4 million	\$ 7.8 million
Field operating netback per mscf	\$ 9.37/mscf	\$ 9.73/mscf
Cash flow from operations ⁽¹⁾ per mscf	\$ 7.31/mscf	\$ 7.02/mscf
Working capital as at March 31, 2018	\$ 57.0 million	\$ 57.1 million

⁽¹⁾ “Cash flow from operations” is a non-IFRS financial 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, 2018.

Corridor achieved its forecast field operating netback of \$10.8 million for the period from April 1, 2017 to March 31, 2018 despite weaker than forecast natural gas prices at AGT during February and March 2018. This is due to Corridor’s financial hedges and forward sale agreements in place, daily production optimization efforts and a strengthening in the US dollar during February and March 2018. Corridor’s cash flow from operations for the period from April 1, 2017 to March 31, 2018 increased to \$8.4 million from the previously disclosed guidance of \$7.8 million due to the fluctuation in the USD/CAD exchange rate late in the quarter which resulted in higher than expected foreign exchange gains in Q1 2018.

Operations Review

New Brunswick

Beginning in 2015, 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 extended shut-ins allow the producing horizons in Corridor’s wells to build up reservoir pressure, which has resulted in increased “flush” production rates once the wells returned to unrestricted production. Corridor typically plans the timing of the start-up of the McCully field production to coincide with peak winter pricing when natural gas prices have historically traded at significant premiums at Algonquin city-gates (AGT). Corridor’s production optimization objective is to achieve a similar field operating netback as if it

had produced continuously throughout the year, while deferring production volumes for the future.

To assess the effectiveness of this optimization strategy, Corridor conducted a lookback analysis from April 1, 2017 to March 31, 2018 comparing actual results for this period to the results management would have expected had Corridor continued to produce continuously with no shut-in or corresponding flush production. Based on this review, management has estimated that Corridor's field operating netback was \$2.3 million higher than the results management would have expected with continuous production and 0.9 bscf of production was preserved for future sales. Since we initiated this production optimization strategy, management estimates that Corridor has generated \$2.1 million more field operating netback over the last three years than it would have generated had Corridor produced continuously during this period, while preserving a total of approximately 1.8 bscf for future production. As a result of the success with this strategy, Corridor has once again initiated a shut-in of natural gas production at the McCully Field on May 1, 2018.

Old Harry

Corridor's review of the recently completed controlled source electromagnetic survey conducted in Q4 2017 and the reprocessing of 760 kilometers of 2D seismic over the Old Harry structure is ongoing and expected to be completed in June 2018. Once management has completed its fully integrated geotechnical model of the Old Harry structure, Corridor intends to update its shareholders of its go forward plans for this prospect.

Annual Shareholders' Meeting

Corridor's annual 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 Tuesday, May 15, 2018 at 3:00 p.m. (MDT), after which Steve Moran, President and CEO, will make a presentation. This presentation will be made available on Corridor's website at www.corridor.ca on or about May 15, 2018.

President's Message

"We are very pleased with our results from the first quarter of 2018" said Steve Moran, President and CEO. "Strong natural gas prices at AGT, sales to the Maritimes market and Corridor's production optimization and hedging strategy have all contributed to achieve excellent cash flow from operations and a top decile netback of \$64.85 per boe. Corridor is in a good financial position with a strong balance sheet and \$57 million of working capital at March 31, 2018. We continue to patiently evaluate new opportunities to deploy our working capital. We will 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.

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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: the characteristics of Corridor's properties; business plans and strategies (including plans to shut-in production to take advantage of expected price differentials and Corridor's optimization strategy, including entering into hedging); exploration and development plans, including timing of such plans; processing of the CSEM data and the 2D seismic data base over the Old Harry structure; the benefits and timing of such reprocessing; expectations regarding Corridor's positioning for 2018; plans to provide future guidance and timing of such plans; and expectations regarding natural gas prices.

Statements relating to "reserves" are forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described exist in the quantities predicted or estimated and can profitably be produced in the future.

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 the Corporation and its

shareholders. Forward-looking statements are based on the Corporation's current beliefs as well as assumptions made by, and information currently available to, the Corporation concerning anticipated financial performance, business prospects, strategies, regulatory developments, future natural gas and oil commodity prices, exchange rates, 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, the ability to add production and reserves through development and exploration activities, and the terms of agreements with third parties such as the Corporation's forward sales contracts and hedging contracts. 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 include, but are not limited to, risks associated with oil and gas exploration, development and production, operational risks, development and operating costs, substantial capital requirements and financing, volatility of natural gas and oil prices, government regulation, environmental, hydraulic fracturing, third party risk, dependence on key personnel, co-existence with mining operations, availability of drilling equipment and access, variations in exchange rates, expiration of licenses and leases, reserves and resources estimates, trading of common shares, seasonality, disclosure controls and procedures and internal controls over financial reporting, competition, conflicts of interest, issuance of debt, title to properties, hedging, information systems, litigation and aboriginal land and rights claims. Further information regarding these factors may be found under the heading "*Risk Factors*" in the Corporation's Annual Information Form for the year ended December 31, 2017. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive.

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.