
PRESS RELEASE

CORRIDOR ANNOUNCES FIRST QUARTER RESULTS

HALIFAX, Nova Scotia, May 13, 2019 (TSX - CDH): Corridor Resources Inc. ("Corridor") announced today its first quarter financial results for 2019.

The following table provides a summary of Corridor's financial and operating results for the three months ended March 31, 2019, with comparisons to the three months ended March 31, 2018. 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	
	2019	2018
Sales	\$ 6,009	\$ 11,835
Net income	\$ 2,960	\$ 5,569
Net income per share - basic and diluted	\$ 0.033	\$ 0.063
Field operating netback	\$ 7,950	\$ 9,593
Cash flow from operations ⁽¹⁾	\$ 7,550	\$ 9,645
Working capital	\$ 64,034	\$ 56,992
Total assets	\$ 127,927	\$ 127,921

Q1 2019 Netback Analysis

<i>thousands of dollars except \$/boe ⁽²⁾</i>	Three months ended March 31	
	2019	2018
Natural gas sales	\$ 5,670	\$ 11,506
Other revenues	339	329
Realized financial derivatives gains (losses)	2,846	(1,078)
Royalties	(159)	(384)
Transportation expense	-	(78)
Production expense	(746)	(702)
Field operating netback	\$ 7,950	\$ 9,593
Natural gas production per day (mmscfd)	9.0	9.9
Barrels of oil equivalent per day (boepd)	1,500	1,653
Average natural gas price (\$/mscf)	\$ 7.00	\$ 12.90
Natural gas revenues (\$/boe)	\$ 42.00	\$ 77.36
Other revenues (\$/boe)	2.51	2.22
Realized financial derivatives gains (losses) (\$/boe)	21.08	(7.25)
Royalties (\$/boe)	(1.18)	(2.59)
Transportation expense (\$/boe)	-	(0.52)
Production expense (\$/boe)	(5.53)	(4.72)
Field operating netback (\$/boe)	\$ 58.88	\$ 64.50
General and administrative expenses (\$/boe)	(4.46)	(4.09)
Interest, foreign exchange and other (\$/boe)	1.50	4.44
Cash flow from operations ⁽¹⁾ netback (\$/boe) ⁽¹⁾	\$ 55.92	\$ 64.85

(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 management's discussion and analysis for the three months ended March 31, 2019.

(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. The 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.

2019 First Quarter Highlights

- Cash flow from operations of \$7.55 million;
- Top decile cash flow from operations netback of \$55.92/BOE;
- Average realized natural gas sales price including financial derivatives gains of \$10.51/mscf in Q1 2019 as compared to \$11.69/mscf in Q1 2018; and
- At March 31, 2019, Corridor had cash and cash equivalents of \$60,659 thousand, working capital of \$64,034 thousand and no outstanding debt.

Update on Guidance to March 31, 2019

The following table provides a comparison of Corridor's results for the period from April 1, 2018 to March 31, 2019 as compared to the guidance disclosed in Corridor's press release dated November 13, 2018 and updated in the press release dated December 19, 2018.

	Actual results	Guidance
AGT average natural gas price	\$ US 4.10/mmbtu	\$ US 5.44/mmbtu
USD/CAD average exchange rate	\$ 1.30 USD/CAD	\$ 1.26 USD/CAD
Average sales price realized (including financial hedges)	\$ 9.48/mscf	\$ 9.96/mscf
Average daily natural gas production	4.0 mmcsf/d	3.9 mmcsf/d
Field operating netback	\$ 11.4 million	\$ 11.4 million
Cash flow from operations ⁽¹⁾	\$ 9.9 million	\$ 9.5 million
Field operating netback per mscf	\$ 7.80/mscf	\$ 8.06/mscf
Cash flow from operations ⁽¹⁾ per mscf	\$ 6.75/mscf	\$ 6.70/mscf
Working capital as at March 31, 2019	\$ 64.0 million	\$ 63.4 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.

Corridor achieved its forecast field operating netback of \$11.4 million for the period from April 1, 2018 to March 31, 2019 as Corridor's financial hedges and an increase in the USD/CAD average exchange rate during Q1 2019 exceeded expectations and offset weaker than forecast natural gas prices at AGT in Q1 2019. Corridor's cash flow from operations for the period from April 1, 2018 to March 31, 2019 increased to \$9.9 million due to lower than estimated general and administrative expenses and higher foreign exchange gains during that period. As a result, Corridor's working capital at March 31, 2019 increased by \$0.6 million over the forecasted amount to \$64 million.

Guidance up to March 31, 2020

Since 2015 Corridor has determined to shut-in most of its producing natural gas wells in the McCully Field in New Brunswick for a portion of the summer/fall period and to time the start-up of production, and the associated recovery of flush volumes, with peak winter pricing to maximize cash flow from operations and retain Corridor's reserves for production in future years. In accordance with this strategy, Corridor shut-in all its natural gas production at the McCully Field on May 1, 2019.

A key component of this production optimization strategy is to enter into financial hedges to mitigate the risks associated with the volatility of natural gas prices when natural gas production resumes after a shut-in period. Accordingly, as previously announced, Corridor entered into a financial hedge for 2,500 mmbtupd of natural gas production at a fixed price of \$US9.00/mmbtu for the period from December 1, 2019 to March 31, 2020. This financial hedge results in approximately one-third of Corridor's estimated

production being hedged during the period from December 1, 2019 to March 31, 2020 and is expected to generate approximately \$3.6 million of natural gas sales out of estimated total of \$12.4 million for this period.

Corridor's guidance for the period from April 1, 2019 to March 31, 2020 is as follows:

All dollars in Canadian unless indicated otherwise

AGT average natural gas price	\$ US 4.59/mmbtu
USD/CAD exchange rate	\$ 1.30 USD/CAD
Average realized natural gas price	\$ 9.88/mscf
Average daily natural gas production	3.4 mmscfpd
Field operating netback	\$ 9.7 million
Cash flow from operations ⁽¹⁾	\$ 8.1 million
Field operating netback per mscf	\$ 7.76/mscf
Cash flow from operations ⁽¹⁾ per mscf	\$ 6.47/mscf
Capital expenditures (for the year ending December 31, 2019)	\$ 1.8 million
Working capital estimate (as at March 31, 2020)	\$ 69.7 million

(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 capital budget of \$1.8 million for the calendar year 2019 relates to gas plant related maintenance, other corporate assets and costs to enhance our efforts to secure a joint venture partner for the Frederick Brook shale.

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 14, 2019 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 14, 2019.

President's Message

"We are very pleased with our results from the first quarter of 2019" said Steve Moran, President and CEO. "Despite lower than historical natural gas prices at AGT this past winter, Corridor achieved a top decile field operating netback of \$58.88 per boe. Corridor's ongoing production optimization and hedging strategies have contributed to achieve excellent cash flow from operations. Corridor is in a superior financial position with a strong balance sheet and \$64 million of working capital at March 31, 2019."

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: 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); expectations regarding Corridor's positioning for 2020 (including working capital as at March 31, 2020); expectations regarding natural gas prices and production, the USD/CAD exchange rate, field operating netback, cash flow from operations, capital expenditures for the year ended December 31, 2019, the timing of Corridor's annual shareholders' meeting and presentation by Mr. Moran and plans to provide future guidance and timing of such plans.

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 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 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, 2018. 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.