

Unaudited Statements of Income and Comprehensive Income

(thousands of dollars, except per share data)

For the	Three months ended March 31	
	2019	2018
Sales <i>(note 4)</i>	\$ 6,009	\$ 11,835
Royalty expense	(159)	(384)
Revenues, net	5,850	11,451
Expenses		
Depletion, depreciation and amortization	2,574	2,764
Production expense	746	702
General and administrative expense	602	608
Transportation expense	-	78
Share-based compensation expense <i>(note 14)</i>	61	92
Financial derivatives gains <i>(note 16a i)</i>	(2,420)	(147)
	1,563	4,097
Income before the following items	4,287	7,354
Interest and other <i>(note 5)</i>	122	596
Income before income taxes	4,409	7,950
Deferred income tax expense <i>(note 7)</i>	1,449	2,381
Net income and comprehensive income	\$ 2,960	\$ 5,569
Net income per share – basic and diluted	\$ 0.033	\$ 0.063
Weighted average number of common shares		
Basic	88,919	88,655
Diluted <i>(note 6)</i>	89,213	89,107

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

Unaudited Statements of Financial Position

(thousands of dollars)

As at	March 31 2019	December 31 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 60,659	\$ 53,652
Restricted cash	650	650
Receivables (note 16a iv)	2,883	4,197
Financial derivatives receivable (note 16a i)	570	996
Inventory held for sale	16	16
Prepays and security deposits	349	180
	65,127	59,691
Non-current assets		
Property, plant and equipment (note 8)	55,818	57,733
Exploration and evaluation assets (note 9)	3,687	3,451
Right of use assets (note 10)	322	-
Deferred income tax assets (note 7)	2,590	4,039
Intangible assets	3	7
Restricted cash	380	380
Total assets	\$ 127,927	\$ 125,301
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 687	\$ 2,190
Deferred share units liability (note 14b)	282	311
Current portion of lease liability (note 11)	124	-
	1,093	2,501
Non-current liabilities		
Lease liability (note 11)	201	-
Decommissioning liability (note 12)	11,865	11,100
Total liabilities	13,159	13,601
Shareholders' Equity		
Capital stock (note 13)	247,881	247,855
Contributed surplus (note 14)	11,130	11,048
Deficit	(144,243)	(147,203)
Total shareholders' equity	114,768	111,700
Total liabilities and shareholders' equity	\$ 127,927	\$ 125,301

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

Contingencies (note 18)
Subsequent event (note 19)

On behalf of the Board

Signed "Stephen J. Moran" Director

Signed "Robert D. Penner" Director

Unaudited Statements of Changes in Shareholders' Equity

(thousands of dollars)

For the	Three months ended March 31	
	2019	2018
Capital stock, beginning of period	\$ 247,855	\$ 247,704
Exercise of stock options for cash	18	-
Amount previously expensed for stock options exercised	8	-
Capital stock, end of period	\$ 247,881	\$ 247,704
Contributed surplus, beginning of period	\$ 11,048	\$ 10,926
Share-based compensation expense (note 14)	90	17
Amount previously expensed for stock options exercised	(8)	-
Contributed surplus, end of period	\$ 11,130	\$ 10,943
Deficit, beginning of period	\$ (147,203)	\$ (146,889)
Net income and comprehensive income	2,960	5,569
Deficit, end of period	\$ (144,243)	\$ (141,320)
Shareholders' equity, end of period	\$ 114,768	\$ 117,327

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

Unaudited Statements of Cash Flows

(thousands of dollars)

For the	Three months ended March 31	
	2019	2018
Operating Activities		
Net income	\$ 2,960	\$ 5,569
Adjustments not affecting cash:		
Depletion, depreciation and amortization	2,574	2,764
Share-based compensation expense	61	92
Change in unrealized financial derivatives losses (gains)	426	(1,225)
Deferred income tax expense	1,449	2,381
Other operating activities	80	64
	7,550	9,645
Decrease in non-cash operating working capital (note 15)	166	466
Cash provided by operating activities	7,716	10,111
Financing Activities		
Payment of lease liability	(29)	-
Proceeds from the exercise of stock options	18	-
Cash used in financing activities	(11)	-
Investing Activities		
Property, plant and equipment expenditures	(17)	(20)
Exploration and evaluation expenditures	(161)	(701)
Increase in non-cash investing working capital (note 15)	(524)	(617)
Other investing activities	4	-
Cash used in investing activities	(698)	(1,338)
Increase in cash and cash equivalents	7,007	8,773
Cash and cash equivalents, beginning of period	53,652	46,177
Cash and cash equivalents, end of period	\$ 60,659	\$ 54,950
Cash and cash equivalents consists of:		
Cash	\$ 10,609	\$ 8,849
Short-term investments	50,050	46,101
Cash and cash equivalents, end of period	\$ 60,659	\$ 54,950

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

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

1. Nature of operations

Corridor Resources Inc. ("Corridor" or the "Company") 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 is a public company incorporated under the Alberta Business Corporations Act with common shares listed on the Toronto Stock Exchange under the symbol "CDH". Corridor's head office is located at 5475 Spring Garden Road, Halifax, Nova Scotia, B3J 3T2.

2. Basis of presentation

These unaudited condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 - *Interim Financial Reporting*. The unaudited condensed financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2018. These unaudited condensed financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended December 31, 2018, except for the change in accounting policies disclosed in note 3.

On May 13, 2019, the unaudited condensed financial statements were approved by the Board of Directors and signed by the chair of the Audit Committee and the President and Chief Executive Officer of the Company.

3. Change in accounting policies

a) IFRS 16, "Leases"

On January 1, 2019, the Company adopted IFRS 16 "Leases" ("IFRS 16") which replaces IAS 17 "Leases" ("IAS 17"). The Company applied the modified retrospective approach which does not require restatement of prior period financial information as the cumulative effect of applying the standard to prior periods is recorded as an adjustment to opening retained earnings. IFRS 16 requires the recognition of a right-of-use asset and lease liability on the Statement of Financial Position for most leases, however, leases relating to the exploration of natural gas and oil resources are excluded.

On transition to IFRS 16, the Company elected not to reassess whether a contract is, or contains, a lease and IFRS 16 was therefore only applied to contracts that were previously classified as operating leases under IAS 17. The Company did not have any leases that were classified as finance leases under IAS 17 at December 31, 2018. The Company also applied the permitted practical expedient relating to the use of hindsight in determining the lease term when the contract contains options to extend or terminate the lease.

The reconciliation of lease commitments from December 31, 2018 to the lease liabilities at January 1, 2019 is as follows:

(thousands of dollars)

	January 1 2019
Operating lease commitments disclosed as at December 31, 2018	\$ 1,211
Exclusion for leases to explore for natural gas	(972)
Practical expedient relating to lease term extension	219
Discounting, using weighted average incremental borrowing rate of 4.4%	(104)
Lease liabilities at January 1, 2019	\$ 354

Management has identified right-of-use assets related to office space, vehicles and land surface rights relating to producing facilities. The Company elected to measure right-of-use assets at an amount equal to the lease liability of \$354 thousand and therefore the adoption of IFRS 16 had no impact on the retained earnings at January 1, 2019.

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

3. Change in accounting policies (continued)

Policy at January 1, 2019

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received. The right of use asset is subsequently depreciated on a straight-line basis over the lease term. The carrying amount will be reviewed for impairment at each reporting period.

The lease liability is initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, if applicable, or the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option with a corresponding adjustment to the carrying amount of the right of use asset.

The Company has elected not to recognize assets and lease liabilities for short-term leases with a term of 12 months or less, and leases of low value assets. The lease payments associated with these leases are recognized as an expense in the Statement of Income and Comprehensive Income over the lease term.

4. Sales

Sales consist of the following:

(thousands of dollars)

	Three months ended March 31	
	2019	2018
Natural gas and natural gas liquids sales	\$ 5,737	\$ 11,534
Gathering, processing and transportation fees	272	301
	\$ 6,009	\$ 11,835

5. Interest and other

Interest and other consist of the following:

(thousands of dollars)

	Three months ended March 31	
	2019	2018
Interest and other income	\$ 264	\$ 170
Foreign exchange gains (losses)	(60)	490
Finance costs	(80)	(64)
Interest on lease liability	(2)	-
	\$ 122	\$ 596

6. Income per share

For the three months ended March 31, 2019, stock options of 1,940 thousand (three months ended March 31, 2018 – 900 thousand) were excluded from the dilution calculation since the average market price for the period was lower than the exercise price.

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

7. Income taxes

Deferred income tax expense differs from the amount which would be obtained by applying the Canadian statutory income tax rates to the income before income taxes as follows:

(thousands of dollars)

	Three months ended March 31	
	2019	2018
Income before income taxes	\$ 4,409	\$ 7,950
Blended Canadian statutory tax rate	29.3%	29.3%
Expected income tax expense	\$ 1,292	\$ 2,329
Increase (decrease) resulting from:		
Deferred incomes taxes not recognized	-	363
Non-deductible (non-taxable):		
- share-based compensation expense	18	27
- unrealized financial derivatives losses (gains)	125	(359)
Originating temporary differences recorded at the future income tax rates expected to be in effect when realized	14	21
	\$ 1,449	\$ 2,381

At March 31, 2019, the Company has \$101 million of deductible temporary differences for which no deferred tax asset is recognized as management has determined it is not probable that there will be sufficient taxable profits from operations and sufficient reversal of taxable temporary differences to facilitate the utilization of the underlying tax-deductible amounts.

8. Property, plant and equipment

(thousands of dollars)

	Oil and gas properties	Production facilities	Inventory	Office and other assets	Total
Cost					
Balance at December 31, 2017	\$ 241,712	\$ 77,438	\$ 1,055	\$ 2,667	\$ 322,872
Additions	587	225	96	98	1,006
Transfer from (to) current assets	8	67	380	(67)	388
Sale of assets	-	-	-	(3)	(3)
Changes in future abandonment costs	2,018	-	-	-	2,018
Balance at December 31, 2018	\$ 244,325	\$ 77,730	\$ 1,531	\$ 2,695	\$ 326,281
Additions	1	2	-	14	17
Changes in future abandonment costs	606	-	-	-	606
Balance at March 31, 2019	\$ 244,932	\$ 77,732	\$ 1,531	\$ 2,709	\$ 326,904
Accumulated impairment, depletion and depreciation					
Balance at December 31, 2017	\$ 199,816	\$ 61,531	\$ 710	\$ 1,898	\$ 263,955
Depletion or depreciation expense	3,485	1,233	-	105	4,823
Impairment reversal	(380)	(150)	-	-	(530)
Transfer from (to) current assets	-	12	250	(12)	250
Write-down of inventory	-	-	52	-	52
Sale of assets	-	-	-	(2)	(2)
Balance at December 31, 2018	\$ 202,921	\$ 62,626	\$ 1,012	\$ 1,989	\$ 268,548
Depletion or depreciation expense	1,896	616	-	26	2,538
Balance at March 31, 2019	\$ 204,817	\$ 63,242	\$ 1,012	\$ 2,015	\$ 271,086
Net book value					
At December 31, 2018	\$ 41,404	\$ 15,104	\$ 519	\$ 706	\$ 57,733
At March 31, 2019	\$ 40,115	\$ 14,490	\$ 519	\$ 694	\$ 55,818

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

8. Property, plant and equipment (continued)

The calculation of depletion includes estimated future development costs relating to the development of proved reserves of \$2,652 thousand for the three months ended March 31, 2019 (three months ended March 31, 2018 - \$3,171 thousand).

During the quarter, no indicators of impairment were identified.

9. Exploration and evaluation assets

(thousands of dollars)

	Three months ended March 31, 2019	Year ended December 31, 2018
Balance, beginning of period	\$ 3,451	\$ 11,570
Additions	161	1,248
Impairment losses	-	(11,408)
Changes in future abandonment costs	75	2,041
Balance, end of period	\$ 3,687	\$ 3,451

During the quarter, no indicators of impairment were identified.

10. Right of use assets

(thousands of dollars)

	Office building	Land	Vehicles	Total
Cost				
Leases recognized at January 1, 2019	\$ 170	\$ 174	\$ 10	\$ 354
Additions	-	-	-	-
Balance at March 31, 2019	\$ 170	\$ 174	\$ 10	\$ 354
Accumulated depreciation				
Depreciation expense	28	2	2	32
Balance at March 31, 2019	28	2	2	32
Net book value at March 31, 2019	\$ 142	\$ 172	\$ 8	\$ 322

11. Lease liability

The change in the lease liability is due to the following:

(thousands of dollars)

	Three months ended March 31, 2019	Year ended December 31, 2018
Balance, beginning of period	-	-
Leases recognized at January 1, 2019	\$ 354	-
Payment of lease liability	(29)	-
Lease liability, end of period	\$ 325	-
Current portion of lease liability	(124)	-
Non-current portion of lease liability	\$ 201	-

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

12. Decommissioning liability

The change in the decommissioning liability is due to the following:

(thousands of dollars)

	Three months ended	Year ended
	March 31, 2019	December 31, 2018
Balance, beginning of period	\$ 11,100	\$ 8,529
Change in discount rate	681	519
Change in estimate	4	3,540
Liabilities settled	-	(1,755)
Finance costs	80	267
Balance, end of period	\$ 11,865	\$ 11,100

The total undiscounted amount of estimated cash flows required to settle these obligations is \$17,396 thousand (December 31, 2018 - \$17,481 thousand). Management estimates the settlement of these obligations between 2019 and 2040. At March 31, 2019, a risk-free rate of 1.89% (December 31, 2018 – 2.22%) and an inflation rate of 2% (December 31, 2018 – 2%) was used to calculate the estimated fair value of the decommissioning liability.

13. Capital stock

a) **Authorized** – Unlimited common shares without nominal or par value.

b) **Issued and outstanding**

(thousands of dollars and thousands of shares)

	Three months ended		Year ended	
	March 31, 2019		December 31, 2018	
	Number of	Amount	Number of	Amount
	shares		shares	
Balance, beginning of period	88,899	\$ 247,855	88,655	\$ 247,704
Exercise of stock options for cash and amount recognized from contributed surplus	25	18	244	102
	-	8	-	49
Balance, end of period	88,924	\$ 247,881	88,899	\$ 247,855

14. Share-based compensation

a) **Stock options**

The Company has a stock option plan under which options to purchase common shares of the Company may be granted to directors, officers, employees and consultants of the Company. The stock option plan is limited to 8,262,513 common shares with no more than 5% being issued to any one officer, director or employee. On May 12, 2014, the Board of Directors determined that non-employee directors would no longer be eligible to receive stock option grants. The exercise price of each option is based on the market price for the common share on the close of the day prior to the date the option was granted. Options granted under the plan generally vest over a three year period and expire five years after the grant date. Participants of the stock option plan can elect to surrender any vested option in exchange for a cash payment based on the difference between the market value of the common share and the exercise price of the option. The Board of Directors has the sole discretion to consent or deny this election.

For the three months ended March 31, 2019, the Company recorded share-based compensation expense with an offsetting increase to contributed surplus of \$90 thousand relating to the stock option plan (three months ended March 31, 2018 - \$17 thousand).

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

14. Share-based compensation (continued)

The following table summarizes the changes in the outstanding stock options:

(thousands of options)

	Three months ended March 31, 2019		Year ended December 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	3,471	\$ 0.79	3,265	\$ 0.79
Granted	-	-	1,783	0.70
Forfeited, cancelled or expired	-	-	(1,333)	0.75
Exercised ⁽¹⁾	(25)	\$0.72	(244)	0.42
Options outstanding, end of period	3,446	\$ 0.79	3,471	\$ 0.79
Options exercisable, end of period	1,806	\$ 0.88	1,769	\$ 0.89

(1) The Company's weighted average share price, at the date of exercise, for stock options exercised during the three months ended March 31, 2019 was \$0.76 per common share (year ended December 31, 2018 - \$0.79 per common share).

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2019 is as follows:

(thousands of options)

Exercise prices	Outstanding options			Exercisable options		
	Number of options outstanding	Weighted average remaining term (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price	
\$ 0.40 - \$ 0.99	2,546	3.4	\$ 0.63	906	\$ 0.51	
\$ 1.00 - \$ 1.24	900	0.6	\$ 1.24	900	\$ 1.24	
	3,446	2.7	\$ 0.79	1,806	\$ 0.88	

b) Deferred share units

The Company has a deferred share unit ("DSU") plan for directors. Each vested DSU will automatically be redeemed on the third business day after the date the director ceases to be a director of Corridor. When redeemed, each vested DSU will be paid based on the weighted average trading price of the common shares over the five previous trading days.

The following table summarizes the changes in the outstanding DSUs:

(thousands of dollars and thousands of DSUs)

	Three months ended March 31, 2019		Year ended December 31, 2018	
	Number of DSUs	Amount	Number of DSUs	Amount
DSUs, beginning of period	388	\$ 311	216	\$ 132
DSUs granted during the period	14	10	172	114
Fair value adjustment during the period	-	(39)	-	65
DSUs, end of period	402	\$ 282	388	\$ 311

The DSU liability as of March 31, 2019 of \$282 thousand is based on a fair value of \$0.70 per DSU which is the Company's closing share price at March 31, 2019.

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

15. Supplemental cash flow information

(thousands of dollars)

	Three months ended March 31	
	2019	2018
Change in non-cash operating working capital:		
Receivables	\$ 808	\$ 941
Prepays and security deposits	(169)	(199)
Accounts payable and accrued liabilities	(473)	(276)
	\$ 166	\$ 466
Change in non-cash investing working capital:		
Receivables	\$ 506	\$ 505
Accounts payable and accrued liabilities	(1,030)	(1,122)
	\$ (524)	\$ (617)

16. Risk management

a) The Company is exposed to the following risks:

i) Commodity price risk

Corridor enters into financial derivative contracts and physical delivery contracts to manage the risks associated with fluctuations in natural gas prices. The Company does not use derivative financial instruments for speculative purposes.

Financial derivatives

The Company has the following outstanding financial derivative contracts at March 31, 2019:

Type	Period	Daily Volume	Price	Index
Swap	April 1, 2019 to April 30, 2019	2,500 mmbtu	\$US3.45/mmbtu	Algonquin city-gates-monthly
Swap	December 1, 2019 to March 31, 2020	2,500 mmbtu	\$US9.00/mmbtu	Algonquin city-gates-daily

As security for these financial swaps, the bank has the authority to hold Corridor funds in the amount of \$US11 million.

The following financial derivatives gains is reflected in the Statement of Income:

(thousands of dollars)

	Three months ended March 31	
	2019	2018
Realized financial derivatives gains (losses)	\$ 2,846	\$ (1,078)
Change in unrealized gains (losses) on financial derivatives	(426)	1,225
Financial derivatives gains	\$ 2,420	\$ 147

The fair value of the financial derivatives receivable of \$570 thousand is based on estimated natural gas prices as of March 31, 2019. When assessing the potential impact of natural gas price changes on the fair value of the financial derivative contracts outstanding as at March 31, 2019, a 10% increase in forecast natural gas prices would increase the change in unrealized losses on financial derivatives by \$345 thousand (March 31, 2018 – \$380 thousand), while a 10% decrease in forecast natural gas prices would decrease the change in unrealized losses on financial derivatives by \$345 thousand (March 31, 2018 – \$380 thousand).

Physical delivery contracts

The Company has a forward sale agreement for the firm delivery of 5,000 mmbutpd of natural gas production in April 2019. The Company's physical delivery contracts are not considered financial instruments therefore no asset or liability has been recognized.

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

16. Risk management (continued)

ii) Foreign currency risk

The Company is exposed to fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. Natural gas prices, condensate prices and transportation expenses are based upon reference prices denominated in U.S. dollars, while the Company's remaining expenses are denominated in Canadian dollars. The Company does not have any derivative financial instruments in place to manage this risk.

The Company had the following financial instruments denominated in U.S. dollars at the Statement of Financial Position dates.

(thousands of U.S. dollars)

	March 31, 2019	December 31, 2018
Cash	\$ 83	\$ 1,134
Receivables	2,059	3,320
Financial instruments in U.S. dollars	\$ 2,142	\$ 4,454

At March 31, 2019, a 5% decrease in the U.S. dollar relative to the Canadian dollar would have resulted in a decrease of \$100 thousand in the Company's net income (March 31, 2018 – \$145 thousand) due to a decrease in the financial instruments denominated in U.S. dollars. Conversely, a 5% increase in the U.S. dollar relative to the Canadian dollar would have resulted in an increase of \$100 thousand in the Company's net income (March 31, 2018 – \$145 thousand).

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At March 31, 2019, the Company was holding cash and cash equivalents of \$60,659 thousand.

Given the Company's available liquid resources and the Company's 2019 budget, management expects to have sufficient available funds to meet the current and foreseeable financial liabilities as disclosed in the Company's December 31, 2018 audited financial statements.

iv) Credit risk

Corridor sells all of its natural gas production to one large credit-worthy purchaser under normal industry payment terms. Corridor's receivables from joint venture partners are also subject to normal credit risks in the natural gas industry. At March 31, 2019, 100% of the Company's accounts receivables were outstanding for less than 30 days. The average expected credit loss on the Company's accounts receivable was 0% as at March 31, 2019.

The cash equivalents consist mainly of guaranteed investment certificates held with banks with high credit-ratings assigned by international credit-rating agencies. Management believes the risk of loss is low.

b) Management of capital

Management's objectives when managing capital are to provide an adequate return to its shareholders and to safeguard the Company's ability to obtain financing and have access to capital. In the management of capital, the Company includes shareholders' equity and cash and cash equivalents. To facilitate the management of its capital structure, the Company prepares annual expenditure and operating budgets that are updated as necessary depending on success factors, industry conditions and operating cash flow. These annual and updated budgets are approved by the Board of Directors. Corridor has the ability to adjust its capital structure by making modifications to its capital expenditure program.

Notes to the Unaudited Condensed Financial Statements

March 31, 2019

17. Financial instruments

The Company has classified each financial instrument into the following categories:

i) Financial assets at amortized cost

Financial assets at amortized cost include accounts receivables. They are financial assets held to collect contractual cash flows that represent payments of principal and interest only. The carrying values of accounts receivable approximate their fair values because of their short term to maturity.

ii) Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable, accrued liabilities and lease liabilities. Accounts payable and accrued liabilities and lease liabilities approximate their fair values because of their short term to maturity or because the interest rates approximate market rates at the end of the period.

iii) Fair value through profit or loss

The Company's financial derivatives liability or receivable is classified as fair value through profit or loss and is recognized at fair value based on quoted market prices at each reporting date. Financial derivatives liability or receivable is included in current assets or liabilities with any changes in fair value included in the Statement of Income. The Company does not apply hedge accounting to its derivative instruments.

The Company's deferred share units liability is classified as fair value through profit or loss and is recognized at fair value based on quoted market prices at each reporting date. The fair value of the DSUs granted and changes in their fair value are recognized as share-based compensation expense on the Statement of Income.

18. Contingencies

The Company was served with a statement of claim by Geophysical Services Incorporated ("GSI") on August 23, 2013 and with an amended statement of claim on September 22, 2017, both relating to the access and disclosure of confidential seismic information. GSI is seeking total damages of approximately \$3.4 million. On February 16, 2018, the Company filed an application for Summary Dismissal. The Company has not recorded any liability as management believes a successful claim is not probable.

19. Subsequent event

Subsequent to the quarter-end, Corridor purchased 113,174 of its common shares under the normal course issuer bid at an average price per share of \$0.742. These common shares were subsequently cancelled.