Corridor Resources Inc. Announces Third Quarter Results

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HALIFAX, NOVA SCOTIA -- (Marketwired - Nov 12, 2013) - Corridor Resources Inc. ("Corridor") (TSX:CDH) announced today its third quarter financial results.

The following table provides a summary of Corridor's financial and operating results for the three and nine months ended September 30, 2013, with comparisons to the three and nine months ended September 30, 2012. Corridor's financial statements and management's discussion and analysis for the third 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

	Three months ended September 30		Nine months ended September 30	
thousands of dollars except per share amounts	2013	2012	2013	2012
Sales	$ 3,405	$ 2,969	$ 15,532	$ 9,833
Net income (loss)	$ (1,036)	$ (1,777)	$ 1,863	$ (5,866)
Net income (loss) per share - basic and diluted	$ (0.012)	$ (0.020)	$ 0.021	$ (0.066)
Cash flow from operations(1)	$ 859	$ 630	$ 7,823	$ 2,024
Capital expenditures	$ 180	$ 928	$ 1,282	$ 2,568
Total assets	$ 158,419	$ 198,100	$ 158,419	$ 198,100

(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 and nine months ended September 30, 2013.

Highlights

- Natural gas sales for Q3 2013 increased to $3,041 thousand from $2,616 thousand for Q3 2012 due to the increase in the average natural gas sales price to $4.23/mscf in Q3 2013 from $3.51/mscf in Q3 2012, which increase was partially offset by the decrease in the average daily natural gas production to 7.8 mmscfpd in Q3 2013 from 8.1 mmscfpd in Q3 2012.

- Corridor's cash flow from operations for the nine months ended September 30, 2013 increased to $7,823 thousand from $2,024 thousand for the nine months ended September 30, 2012 due primarily to higher natural gas sales. As at September 30, 2013, Corridor had cash and cash equivalents of $15,240 thousand, working capital of $16,190 thousand and no outstanding debt.

- Corridor's netback for the nine months ended September 30, 2013 increased to $3.96/mscf from $1.38/mscf for the nine months ended September 30, 2012 primarily as a result of higher natural gas sales prices in the New England market.

- During the quarter, Corridor began to sell its natural gas production using the Algonquin city-gate pricing point instead of the Dracut pricing point as the Dracut sales hub is no longer actively traded. Corridor expects that natural gas prices, net of the additional transportation charge, will be representative of Boston market prices, which are expected to continue to be strong compared with Nymex.

- Subsequent to the quarter end, the government of New Brunswick introduced a new two-tier royalty regime which is expected to become effective in 2014. The regime proposes a change in the basic royalty payable from the existing 10% to the greater of a 4% basic royalty calculated on the wellhead price and a 2% minimum royalty calculated on gross revenues. The regime also introduces a royalty payable of 25% on the economic rent of a project which becomes effective after natural gas revenues have exceeded all costs.

- Subsequent to the quarter end, Corridor entered into a forward sale agreement from November 1, 2013 to March 31, 2014 for an average of 3,000 mmbtupd of Corridor's production at a price of $US9.03/mmbtu.
- Corridor continues to have discussions with various industry participants with a view to reaching joint venture agreements in respect of Corridor's three high impact exploration prospects (Frederick Brook shale gas prospect, Macasty Formation unconventional oil prospect on Anticosti Island and Old Harry conventional hydrocarbon prospect).

"We are pleased with Corridor's 2013 results to date and encouraged by promising netbacks due to the higher premiums achieved in our New England market, as evidenced by our recently announced forward sale agreement. Subject to certain regulatory approvals and equipment availability, we intend to proceed with our previously announced 2014 drilling program at McCully," said Phil Knoll, President and Chief Executive Officer of Corridor Resources. "Corridor views New Brunswick's recent announcement introducing a new royalty regime as encouraging; the regime provides greater clarity and also appears competitive with other jurisdictions, based on analyses to date. We are hopeful that the new royalty regime will encourage additional investment in the development of natural gas production from Corridor's Frederick Brook shale."

Q3 2013 Netback Analysis

	Three months ended September 30		Nine months ended September 30	
thousands of dollars except $/mscf	2013	2012	2013	2012
Natural gas sales	$ 3,041	$ 2,616	$ 14,505	$ 8,741
Royalty expense	-	-	493	8
Transportation expense	961	923	2,826	3,037
Production expense	902	766	2,328	2,267
Netback	$ 1,178	$ 927	$ 8,858	$ 3,429
Natural gas production (mmscf)	718	745	2,233	2,475
Natural gas production per day (mmscfpd)	7.8	8.1	8.2	9.0
Natural gas sales ($/mscf)	$ 4.23	$ 3.51	$ 6.49	$ 3.53
Royalty expense ($/mscf)	-	-	0.22	-
Transportation expense ($/mscf)	1.34	1.24	1.27	1.23
Production expense ($/mscf)	1.26	1.03	1.04	0.92
Netback ($/mscf)	$ 1.63	$ 1.24	$ 3.96	$ 1.38

Natural gas sales increased to $3,041 thousand in Q3 2013 from $2,616 thousand in Q3 2012 due to the increase in the average natural gas sales price to $4.23/mscf in Q3 2013 from $3.51/mscf in Q3 2012, which increase was partially offset by the decrease in the average daily natural gas production to 7.8 mmscfpd in Q3 2013 from 8.1 mmscfpd in Q3 2012. The decrease in natural gas production in Q3 2013 as compared to Q3 2012 was not as significant as the decrease experienced in Q1 2013 or Q2 2013 as Corridor had shut-in four wells during Q3 2012. In addition, Corridor completed its annual shut-down at the McCully Field during the quarter in less time than in Q3 2012.

Transportation expense increased to $961 thousand in Q3 2013 from $923 thousand in Q3 2012 due to the stronger U.S. dollar in 2013 and to a small transportation charge on the Algonquin pipeline to access the new Algonquin city-gate pricing point; however this increase was partially offset by the lower natural gas production in Q3 2013.

Net production expense for Q3 2013 increased to $902 thousand from $766 thousand in Q3 2012 due primarily to production expenses incurred in preparation for work-over operations in Q4 2013 and the planned drilling program in 2014.

Outlook

Corridor has increased its budgeted 2013 cash flow from operations from $9 million to $9.5 million to reflect a forward sale agreement effective from November 1, 2013 to March 31, 2014 for an average of 3,000 mmbtupd of Corridor's production at a price of $US9.03/mmbtu and to reflect an increase in Corridor's 2013 forecast for the average net daily natural gas production from 7.8 mmscfpd to 8.0 mmscfpd.

Based on available working capital of $10.2 million at December 31, 2012 and Corridor's revised capital budget of approximately $2.9 million for 2013, Corridor has increased its net positive working capital forecast from $16.5 million to approximately $16.8 million at December 31, 2013, with no outstanding debt.

Corridor is an Eastern 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 and crude oil reserves in the Caledonia Field near Sussex, New Brunswick.

In addition, Corridor has contingent resources and discovered resources in Elgin, New Brunswick and undiscovered resources on Anticosti Island, Québec where Corridor has ongoing exploration projects.

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: estimated natural gas production, cash flow from operations, capital expenditures, net positive working capital and debt level for 2013; natural gas prices and premiums in the New England market and the duration of such premiums; plans to undertake a drilling program at the McCully Field in 2014 and the benefits of such drilling program; the characteristics of Corridor's properties; and discussions regarding joint venture agreements in respect of three exploration prospects

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, 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, 2012.

Certain of the forward-looking statements in this press release may constitute "financial outlooks" as contemplated by National Instrument 51-102 Disclosure Obligations, including information related to estimated cash flow from operations, working capital and debt level for 2013, which are provided for the purpose of forecasting the financial position of Corridor at the end of the 2013 financial year. Please be advised that the financial outlook in this release may not be appropriate for purposes other than the one stated above.

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.

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