



First Quarter 2009

Management's Discussion and Analysis

As of May 14, 2009

This management's discussion and analysis ("MD&A") of financial results and condition of Corridor Resources Inc. ("Corridor" or the "Company") for the three months ended March 31, 2009 should be read in conjunction with the unaudited financial statements and notes thereto for the three months ended March 31, 2009 and the audited financial statements and notes thereto for the year ended December 31, 2008.

All amounts referred to in this MD&A are in Canadian dollars unless otherwise stated.

Additional information about Corridor, including the Company's annual information form for the year ended December 31, 2008 (the "Annual Information Form"), is available on the Internet through the System for Electronic Document Analysis and Retrieval (SEDAR) found at www.sedar.com.

Introduction

Corridor is a junior resource company engaged in the exploration for and development and production of petroleum and natural gas onshore in New Brunswick, Prince Edward Island and Québec and offshore in the Gulf of St. Lawrence. The Company has natural gas reserves in the McCully Field near Sussex, New Brunswick, and has recently discovered crude oil reserves in the Caledonia Field, near Sussex, New Brunswick. In June 2007, Corridor completed the construction of a field gathering system, a gas plant and a pipeline lateral ("midstream facilities") connecting the McCully Field to markets through the Maritimes & Northeast Pipeline ("M&NP").

Non-GAAP Financial Measures

This MD&A refers to "cash flow from operations" which is a financial measure that is not determined in accordance with Canadian generally accepted accounting principles ("GAAP"). This measure does not have a standardized meaning and may not be comparable to similar measures presented by other companies. "Cash flow from operations" is used by the Company to analyse operating performance, leverage and liquidity and is included in this MD&A because it is believed to facilitate the understanding of the results of Corridor's operations and financial position. Cash flow from operations represents net earnings adjusted for non-cash items including depletion & depreciation, future income taxes, stock-based compensation and other non-cash expenditures.

Selected Financial Information

<i>thousands of dollars except per share amounts</i>	Three months ended March 31	
	2009	2008
Revenues	\$23,812	\$20,179
Net earnings	\$6,816	\$6,081
Net earnings per share - basic	\$0.078	\$0.074
Net earnings per share - diluted	\$0.078	\$0.073
Cash flow from operations ⁽¹⁾	\$17,133	\$14,549
Capital expenditures	\$19,800	\$17,982
Gross proceeds from capital stock issues	\$-	\$12
Total assets	\$318,840	\$242,483

¹See "Non-GAAP Financial Measures".

Forward Looking Information

This MD&A 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 MD&A contains forward-looking statements pertaining to the following:

- revenues;
- production levels;
- Canadian – U.S. dollar exchange rate;
- natural gas prices;
- gathering, processing and transportation fees;
- royalty rates and expense;
- production expense;
- transportation expense;
- depletion, depreciation and accretion rate;
- general and administrative expenses;
- capital expenditures;
- exploration and development drilling program;
- cash flow from operations;
- sources of funding,
- 2009 capital program, and
- level of bank debt.

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 Company and its shareholders.

Forward-looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company 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, 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 include, but are not limited to: risks associated with oil and gas exploration, financial risks, substantial capital requirements, bank financing, third party risk, government regulation, environmental, prices, markets and marketing, dependence on key personnel, co-existence with mining operations, availability of drilling equipment and access, risks may not be insurable, management of growth, expiration of licenses and leases, reserves estimates, seasonality, competition, conflicts of interest, issuance of debt, title to properties, variations in exchange rates, and hedging. Further information regarding these factors may be found under the heading "Risk Factors" in the Annual Information Form. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive.

Certain of the forward-looking statements in this MD&A may constitute "financial outlooks" as contemplated by National Instrument 51-102 *Disclosure Obligations*, including information related to projected revenues, expenses, capital expenditures and production for 2009, which are provided for the purpose of forecasting the financial position of Corridor at the end of the 2009 financial year. Please be advised that the financial outlook in this MD&A may not be appropriate for purposes other than the one stated above.

The forward-looking statements contained in this MD&A are made as of the date hereof and the Company 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.

Outlook Information

The outlook sections of this MD&A contain revisions to the outlook information disclosed in the 2008 annual MD&A dated March 26, 2009 and disclosed in the Company's press release dated May 5, 2009 in which Corridor revised its 2009 budget. Both documents are available on the Company's website at www.corridor.ca and on SEDAR at www.sedar.com.

Q1 2009 Financial Summary

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Revenues	\$23,812	\$20,179
Royalty expense	(1,497)	(1,286)
Production expense	(990)	(1,188)
Transportation expense	(3,154)	(2,655)
	18,171	15,050
Other Expenses		
Depletion, depreciation and accretion	7,155	5,645
General and administrative	1,238	978
Stock-based compensation	292	264
Capital tax expense	30	120
	8,715	7,007
Earnings before the following items	9,456	8,043
Interest and finance costs	25	106
Interest and other income	(255)	(703)
Earnings before income taxes	9,686	8,640
Future income tax expense	2,870	2,559
Net earnings	\$6,816	\$6,081

First Quarter Highlights

- During Q1 2009, natural gas production averaged 17.9 mmscfd net to Corridor (including production from penalty wells) with an average natural gas sales price of \$14.38/mscf, resulting in net earnings of \$6,816 thousand and basic and diluted net earnings per share of \$0.078.
- Natural gas revenues for Q1 2009 increased to \$23,212 thousand from \$19,316 thousand for Q1 2008 due to the increase in the average natural gas sales price to \$14.38/mscf resulting largely from forward sale contracts of 10,000 mmbtupd at an average sales price of \$US14.95/mmbtu in effect between November 1, 2008 and March 31, 2009.
- Net earnings for Q1 2009 increased to \$6,816 thousand from \$6,081 thousand for Q1 2008, reflecting the increase in revenues partially offset by an increase in depletion expense.
- During Q1 2009, Corridor completed drilling the McCully C-29, P-47 and L-38 wells (3 net wells) in New Brunswick.
- On May 6, 2009, Corridor announced its intention to make a normal course issuer bid. Corridor intends to acquire 1,000,000 common shares during the period from May 11, 2009 to May 10, 2010.

Results of Operations

Revenues

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Natural gas	\$23,212	\$19,316
Condensate	102	219
Natural gas and gas liquids revenues	\$23,314	\$19,535
Gathering, processing & transportation fees	498	644
	\$23,812	\$20,179

Natural gas revenues increased to \$23,212 thousand in Q1 2009 from \$19,316 thousand in Q1 2008 due to the increase in the average natural gas sales price in Q1 2009 to \$14.38/mmbtu from \$10.78/mmbtu in Q1 2008 resulting from forward sale contracts of 10,000 mmbtupd at an average sales price of \$US14.95/mmbtu in effect between November 1, 2008 and March 31, 2009. This increase was partially offset by a reduction in the average daily production in Q1 2009 to 17.9 mmscfpd from 19.7 mmscfpd (excludes the natural gas production that was not measured by the custody transfer meter and was subsequently recognized in Q4 2008) in Q1 2008 due to the technical problems encountered with McCully wells N-66 and I-47 which have delayed their production. Corridor plans to undertake a work-over at the N-66 well and to frac the I-47 well this summer.

Corridor had a total of 26 wells tied-in to the McCully gathering system by the end of March 2009 compared to 20 wells by the end of March 2008.

Corridor's Q1 2009 revenues are consistent with the amount previously budgeted as higher than forecasted natural gas prices were offset by a lower production. The average daily gas production in Q1 2009 of 17.9 mmscfpd was lower than the amount previously budgeted of 18.5 mmscfpd primarily due to longer than expected work-over operations and to lower than expected production from some wells as a result of down-hole scaling issues.

Production volumes and pricing

	Three months ended March 31	
	2009	2008
Total volumes		
Natural gas production (mmscf) ⁽¹⁾	1,614	1,870
Condensate production (bbl)	2,077	2,315
Daily production averages		
Natural gas production per day (mmscfpd) ⁽¹⁾	17.9	20.5
Condensate production per day (bblpd)	23.1	25.4
Average prices		
Natural gas selling price (\$/mscf)	\$14.38	\$10.78
Condensate selling price (\$/bbl)	\$49.10	\$94.60

⁽¹⁾ Q1 2008 natural gas production was restated from 1,792 mmscf to 1,870 mmscf and from 19.7 mmscfpd to 20.5 mmscfpd to reflect, in the period in which natural gas production actually occurred, 191 mmscf of natural gas production recognized in Q4 2008 relating to natural gas production not measured by M&NP's custody transfer meter during the period from October 25, 2007 to June 20, 2008 (this amount is referred to as the by-passed natural gas production). Where applicable, the calculation of the \$/mscf analysis in this MD&A is based on these revised production numbers to more accurately reflect the Company's operating results.

Outlook

On May 5, 2009, Corridor decreased its 2009 budget for revenues from \$69 million to \$61 million to reflect lower natural gas sales prices and a lower forecasted natural gas production level. Corridor decreased its estimate of the average natural gas sales price from US\$4.75/mmbtu at Henry Hub to US\$4.2/mmbtu at Henry Hub (\$4/mmbtu at Henry Hub for the remainder of 2009) and has maintained its estimate of the exchange rate at \$0.825 U.S. per Canadian dollar. Corridor has also decreased its previously estimated average net production for 2009 from 21 mmscfpd to 20 mmscfpd to reflect the lower production achieved in Q1 2009, and generally lower than expected production from some wells, as well as the deferral of the tie-in of the C-29 well.

Gathering, processing and transportation fees

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Gathering, processing and transportation fees	\$498	\$644

Corridor owns the midstream facilities which treat and flow gas from the McCully Field to the M&NP. Third party gas flowing through these facilities, which currently is Potash Corporation of Saskatchewan's ("PCS") share of gas from the McCully Field, is charged a cost of service, the terms of which are generally consistent with recommended practices in the oil and gas industry. The decrease in the gathering, processing and transportation ("GPT") fees to \$498 thousand in Q1 2009 from \$644 thousand in Q1 2008 reflects a decrease in PCS' share of production.

Outlook

Corridor has decreased its 2009 budget for GPT fees from \$2,500 thousand to \$2,400 thousand to reflect the decrease in the average estimated gross production from 28 mmscfd to 27 mmscfd for 2009 and the resulting decrease in PCS' share of production.

Royalty Expense

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Crown royalties	\$1,497	\$1,286
Royalty expense per mscf (\$/mscf)	\$0.93	\$0.72
Percentage of natural gas and gas liquids revenues	6.4%	6.6%

For the three months ended March 31, 2009, Corridor paid a royalty rate of 10% calculated based on the net amount of revenues after deductions for processing and transportation and a recovery of capital costs.

Outlook

Corridor has decreased its 2009 estimate for the effective royalty rate from 5.2% to 4.6% to reflect the decrease in forecasted revenues. Corridor believes the structure of the royalty regime could change during 2009 if new regulations are implemented by the New Brunswick government. Corridor has not yet incorporated the impact of this potential change as these new regulations are not expected to have a material long-term financial impact on the Company.

Production Expense

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Gross production expense	\$1,357	\$1,619
Third party recoveries	(367)	(431)
Net production expense	\$990	\$1,188
Net production expense per mscf (\$/mscf)	\$0.61	\$0.64

Gross production expense for Q1 2009 decreased to \$1,357 thousand from \$1,619 thousand for Q1 2008 due to the decrease in methanol and water disposal costs. In Q1 2008, five new wells were tied into the gathering system, which increased the amount of frac water recovered and therefore the methanol and water disposal costs in that period. In Q1 2009, no new wells were tied into the gathering system and therefore the frac water recovered, and the related costs to dispose of this frac water, was lower.

Outlook

The forecast production expense remains unchanged at approximately \$0.72/mscf for 2009, as the impact of the decrease in the average estimated net production from 21 mmscfd to 20 mmscfd for 2009 is expected to be offset by the lower methanol and water disposal costs achieved in Q1 2009.

Transportation Expense

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Transportation expense	\$3,154	\$2,655
Transportation expense per mscf (\$/mscf)	\$1.95	\$1.48

The Company's transportation expense in Q1 2009 increased to \$3,154 thousand from \$2,655 thousand in Q1 2008 due to the expiry on April 1, 2008 of a one year firm transportation commitment for 8,933 mmbtupd at a cost of 40% of firm tolls on M&NP, and to a stronger U.S. dollar in Q1 2009 compared to Q1 2008 as the Company's transportation expense is mostly denominated in U.S. dollars.

Corridor currently has a firm transportation agreement, which commenced on April 1, 2008 and will expire on April 1, 2011, for the purchase of 12,170 mmbtupd of transportation on the Canadian side of the M&NP at a cost of 90% of firm tolls.

Transportation expense per mscf for Q1 2009 is higher than the latest forecast of \$1.85/mscf, resulting primarily from a stronger U.S. dollar. The average exchange rate for Q1 2009 was \$0.80 U.S. per Canadian dollar compared to Corridor's estimated amount of \$0.825 U.S. per Canadian dollar.

Outlook

Corridor has decreased its estimate of transportation expense from \$1.85/mscf to \$1.83/mscf for 2009 to reflect a decrease in the Canadian firm transportation toll effective May 1, 2009. The estimate is based on an exchange rate of \$0.825 U.S. per Canadian dollar and an average estimated net production of 20 mmscfpd for 2009.

Depletion, Depreciation and Accretion

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Depletion, depreciation and accretion	\$7,155	\$5,645
Depletion, depreciation and accretion per mscf (\$/mscf)	\$5.08	\$3.95

Depletion expense is calculated using the unit-of-production method which is based on production volumes (excluding penalty wells) in relation to the proved reserve base. The depletion, depreciation and accretion rate increased for the three months ended March 31, 2009 as capital expenditures increased but Corridor's proved reserve base did not increase as significantly in 2008 as in the prior year. Corridor's proved natural gas reserves increased by 3.4 bscf to 77.5 bscf as at December 31, 2008 compared to an increase of 41.7 bscf to 79.9 bscf as at December 31, 2007.

Outlook

The Company has increased its 2009 estimate for the depletion, depreciation and accretion rate per mscf from \$3.6/mscf to \$4.3/mscf to reflect the actual expense achieved in Q1 2009. This impact was reduced by the decrease in the average estimated net production from 21 mmscfpd to 20 mmscfpd and the decrease in the Company's estimated capital expenditures from \$47,500 thousand to \$41,500 thousand.

General and Administrative Expenses

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Gross expenses	\$1,378	\$1,133
Capitalized overhead	(112)	(120)
Operator recoveries	(28)	(35)
Net expenses	\$1,238	\$978

During Q1 2009, gross general and administration expenses ("G&A") increased to \$1,378 thousand from \$1,133 thousand during Q1 2008 due to the increase in the number of employees and consultants necessary to assist with the Company's ongoing development and exploration activities.

Outlook

Corridor's budget for G&A for 2009 is approximately \$5.0 million, consistent with the G&A level for 2008.

Interest and Other Income

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Interest and other income	\$255	\$703

The decrease in interest and other income to \$255 thousand for Q1 2009 from \$703 thousand for Q1 2008 reflects a decrease in foreign exchange gains.

Future Income Taxes

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Future income tax expense	\$2,870	\$2,559
Effective tax rate	29.6%	29.6%
Canadian statutory income tax rate	33.2%	33.3%

The Company's effective tax rate for Q1 2009 is consistent with Q1 2008.

Outlook

Based on planned capital expenditure programs and current commodity price assumptions, the Company does not expect to be cash taxable in 2009 or 2010.

Capital Expenditures

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Drilling	\$15,217	\$11,660
Fracture stimulation programs and work-overs	3,577	3,520
Midstream facilities and tie-ins	570	2,452
Land and seismic	230	101
Capitalized overhead	112	120
Office and other equipment	94	129
	\$19,800	\$17,982

The increase in capital expenditures in Q1 2009 to \$19,800 thousand from \$17,982 thousand in Q1 2008 reflects the increase in drilling costs due to the increase in the number of net wells drilled, which amount was partially offset by a decrease in tie-in costs.

In Q1 2009, Corridor completed drilling the McCully C-29, L-38 and P-47 wells (3 net wells). In Q1 2008, Corridor completed drilling the E-67 well, drilled the K-48 well and began drilling the J-47 well (2.5 net wells).

The decrease in midstream facilities and tie-in costs in Q1 2009 reflects the timing of the connection of the newly completed wells to the McCully gathering system. The 2008 frac program was completed and five new wells were connected in Q4 2008, however the prior year's newly completed wells were not connected until Q1 2008 thus requiring increased tie-in costs in that period.

Capital Expenditures Outlook

On May 5, 2009, Corridor reduced its 2009 capital budget from \$47.5 million net to Corridor's working interest to \$41.5 million to reflect a \$6.5 million decrease in the Company's 2009 estimated cash flow from operations. The net decrease in the capital expenditure program reflects the following material changes:

- Deferral of the drilling and fracing of a step-out well at the Caledonia Field to follow up on the South Branch G-36 oil discovery well in New Brunswick, for a net reduction of \$4.0M;
- Deferral of the costs relating to a site survey at a proposed drilling location on the Old Harry structure in the Gulf of St. Lawrence, for a net reduction of \$0.8 million; and
- Deferral of the costs relating to the tie-in of the C-29 well at the McCully Field in New Brunswick, for a net reduction of \$1.1 million.

Corridor's 2009 capital expenditure program is designed to increase natural gas production and revenues from the McCully Field while limiting expenditures to the cash flow from operations. Corridor's 2009 capital budget is based on forecasted cash flow from operations of \$35.0 million, based on an estimate of the natural gas sales price of \$4/mmbtu at Henry Hub for the remainder of 2009, an exchange rate estimate of \$0.825 U.S. per Canadian dollar and an estimated average net production for 2009 of 20 mmscfd.

Balance Sheet Items

Significant changes between the March 31, 2009 balance sheet and the December 31, 2008 balance sheet include:

- \$12,302 thousand decrease in cash and cash equivalents, primarily reflecting the capital expenditure spending.
- \$4,373 thousand decrease in receivables primarily reflecting the decrease in natural gas revenues in March 2009 and the collection of the by-passed natural gas revenues in Q1 2009.
- \$13,705 thousand increase in property, plant and equipment reflecting the capital expenditure spending.
- \$10,109 thousand decrease in accounts payable and accrued liabilities reflecting mostly the payment of the 2008 frac program accounts payable.
- \$7,169 thousand increase in future income taxes, and \$4,298 thousand decrease in capital stock, reflecting primarily the tax impact from the renunciation in January 2009 of \$14,950 thousand in exploration expenditures.

Cash Flow Highlights

<i>thousands of dollars</i>	Three months ended March 31	
	2009	2008
Cash provided by operating activities	\$20,111	\$13,771
Cash provided by financing activities	-	10,012
Cash used in investing activities	(32,413)	(35,329)
Decrease in cash and cash equivalents	\$(12,302)	\$(11,546)

The increase in cash provided by operating activities for the three months ended March 31, 2009 compared to the three months ended March 31, 2008 reflects the increase in natural gas revenues received in the quarter, reduced by the increase in royalty and transportation expenses.

The decrease in cash provided by financing activities reflects the Company's stronger cash position in Q1 2009. In Q1 2008, bank loan proceeds of \$10,000 thousand were required.

Cash used in investing activities has decreased for the three months ended March 31, 2009 compared to the three months ended March 31, 2008, despite higher capital expenditures in Q1 2009, due to a decrease in the non-cash investing working capital.

Outstanding Share Information

As of April 30, 2009, the outstanding share information was as follows:

Common shares outstanding	87,629,634
Stock options to purchase common shares	1,628,500
Total common shares outstanding after exercise of all stock options	89,258,134

thousands of dollars

Total proceeds due on exercise of all stock options	\$8,632
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Summary of Quarterly Information

<i>thousand of dollars, except per share amounts and average natural gas price</i>	2009	2008				2007		
	Three months ended	Three months ended				Three months ended		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Natural gas revenues	\$23,212	\$22,667	\$15,391	\$18,466	\$19,316	\$15,586	\$12,884	\$1,527
Net earnings (loss)	\$6,816	\$8,380	\$3,874	\$3,816	\$6,081	\$4,682	\$1,092	\$(900)
Net earnings (loss)								
per share – basic	\$0.078	\$0.096	\$0.044	\$0.046	\$0.074	\$0.057	\$0.013	\$(0.011)
per share – diluted	\$0.078	\$0.096	\$0.044	\$0.045	\$0.073	\$0.056	\$0.013	\$(0.011)
Natural gas production as disclosed (mmscf)	1,614	1,934	1,548	1,683	1,792	1,759	1,764	110
Revised natural gas production (mmscf) ⁽¹⁾	1,614	1,743	1,548	1,737	1,870	1,818	1,764	110
Average natural gas price (\$/mscf)	\$14.38	\$13.01	\$9.94	\$10.97	\$10.78	\$8.86	\$7.30	\$13.88
Capital expenditures	\$19,800	\$20,411	\$26,638	\$14,704	\$17,982	\$27,728	\$26,394	\$25,050

(1) The revised natural gas production reflects, in the period in which natural gas production actually occurred, 191 mmscf of natural gas production recognized in Q4 2008 relating to natural gas production not measured by M&NP's custody transfer meter during the period from October 25, 2007 to June 20, 2008 (this amount is referred to as the by-passed natural gas production).

Liquidity and Capital Resources

Corridor's liquidity depends upon cash flow from operations, supplemented as necessary by equity and debt financings and the existing committed credit facility.

Corridor has access to a \$40 million revolving short term credit facility with a Canadian chartered bank. The principal amount outstanding from time to time under the loan bears interest at the lender's prime rate plus 0.25% per annum, with interest payable monthly. The credit facility matures, subject to mutual agreement to extend, on June 28, 2009. There can be no assurance that the credit facility will be extended or an alternative credit facility will be available or sufficient to meet the requirements of the Company or that any such facility will be available on terms appropriate and acceptable to the Company. The loan is subject to customary terms and conditions for borrowings of this nature and is secured by the Company's property, plant and equipment. The Company is in compliance with all material terms of the agreements governing the loan. The credit currently available to the Company is in part determined by the Company's borrowing base which is largely dependant on the Company's reserves. If, at any time during the term of the credit facility, the lender has reason to believe that the borrowing base has materially declined, the lender can recalculate the Company's borrowing base and could as a result, decrease the credit currently available to the Company. As of March 31, 2009, no amounts were drawn on this credit facility and \$40 million remained available.

Corridor does not intend to access this credit facility in 2009 consistent with the Company's revised 2009 capital budget. The 2009 budget assumes that no additional funds will be utilized from other sources such as equity financings, corporate debt or asset sales and was designed to increase natural gas production and revenues from the McCully Field and evaluate the shale gas potential of the surrounding basin. Changes in commodity prices and exchange rates will impact Corridor's

cash flow from operations. Corridor will continue to monitor economic conditions and commodity prices and may further adjust its 2009 capital program accordingly.

The Company has sufficient financial resources to undertake all of its planned exploration and development programs for 2009. However, Corridor does not presently have sufficient financial resources to undertake by itself a comprehensive exploration and development of the Company's properties beyond 2009. Future exploration and development of the Company's properties will depend, therefore, on the Company's cash flow from operations and its ability to obtain additional financing through joint ventures, debt financing, equity financing or other means. Failure to obtain any financing necessary for Corridor's capital expenditure plans may result in a delay in development or production on Corridor's properties.

Corridor's short-term investments consist of bank deposits with 30 days or less to maturity. Corridor has no investments in asset-backed securities.

Related Party Transactions

A director of Corridor is a partner in a law firm that provides legal services. There were no related party transactions in Q1 2009 or Q1 2008.

Disclosure and Internal Controls and Procedures

The President and Chief Financial Officer are responsible for establishing and maintaining internal controls over financial reporting to a standard which provides reasonable assurance on the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. During the three months ended March 31, 2009, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

Changes in Accounting Policies

Effective January 1, 2009, the Company adopted CICA Section 3064 "*Goodwill and Intangible Assets*" which replaced Section 3062 "*Goodwill and Intangible Assets*". This new section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets, however, intangible assets associated with the exploration and development of oil and gas assets are specifically excluded under the new standard. The adoption of this revised standard had no material impact on Corridor's financial statements.

Effective January 1, 2009, the Company adopted CICA Emerging Issue Committee Abstract ("EIC") 173 "*Credit Risk and the Fair Value of Financial Assets and Liabilities*". EIC 173 recommends that the determination of fair value of financial assets and liabilities take into account a company's credit risk as well as the credit risk of the counterparty. The adoption of EIC 173 had no impact on Corridor's financial statements.

International Financial Reporting Standards

In April 2008, the Accounting Standards Board ("AcSB") issued an omnibus exposure draft which proposes that generally accepted accounting principles for publicly accountable enterprises be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011 with comparative information for the previous fiscal year. In March 2009, the AcSB issued a second omnibus exposure draft which confirms the IFRS transition date.

Corridor commenced the IFRS transition project in 2008 and has engaged an external advisor to assist the Company. Corridor has completed the diagnostic assessment phase which involved a high level review of the major differences between current Canadian GAAP and IFRS. Currently, the Company has determined that the accounting differences in property, plant and equipment have the highest potential to impact the Company's financial reporting. Conversion to IFRS may have a significant impact on how the Company accounts for costs pertaining to oil and gas activities and how, and at which level, impairment tests are performed. IFRS conversion will also result in other impacts which may be significant. At this time, the impact on the Company's financial position and results of operations is not reasonably determinable.

In September 2008, the International Accounting Standards Board issued an exposure draft which proposes an exemption for companies using the full cost method of accounting. If the exposure draft is adopted the exemption could significantly reduce property, plant and equipment adjustments resulting from the retroactive adoption of IFRS.

Business Conditions and Risks

The following business conditions and risk factors should not be construed as exhaustive. There are numerous factors both known and unknown, that could cause actual results or events to differ materially from forecast results. Additional risk factors are included in the Annual Information Form and include substantial capital requirements, bank financing, government regulation, dependence on key personnel, co-existence with mining operations, availability of drilling equipment and access, management of growth, expiration of licenses and leases, reserves estimates, seasonality, competition, conflicts of interest, issuance of debt, title to properties, variations in exchange rates, and hedging.

Risks Associated with Oil and Gas Exploration

There can be no assurance that commercial quantities of hydrocarbons will be recovered by Corridor in the future. Natural gas and oil exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. In addition, hazards such as unusual or unexpected formations, pressures or other conditions are involved in drilling and operating wells.

The Company currently has a number of specific identified exploration and development prospects. Management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards and their past practices. The long term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation.

Financial Risks

In 2007 and into 2008, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, subprime and non-prime mortgages) and a decline in credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions continued and worsened in 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets; resulting in the collapse of and intervention in major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

As a result of the weakened global economic situation, Corridor, along with all other oil and gas entities, may have restricted access to capital, bank debt and equity, and is likely to face increased borrowing costs. Although Corridor's business and asset base have not changed, the lending capacity of all financial institutions has diminished and risk premiums have increased. As future capital expenditures will be financed out of funds generated from operations, borrowings and possible future equity sales, Corridor's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the energy industry and Corridor's securities in particular.

For more information please refer to "Liquidity and Capital Resources".

Third Party Risk

In the normal course of business, Corridor has entered into contractual arrangements with third parties which subject Corridor to the risk that such parties may default on their obligations. Corridor sells all of its 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. Management believes credit risk on these amounts is low.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Prices, Markets and Marketing

The marketability and price of oil and natural gas will be affected by numerous factors beyond the Company's control. The ability to market natural gas may depend upon the Company's ability to acquire space on pipelines that deliver natural gas to commercial markets. The Company may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The Company's revenues, profitability and future growth and the carrying value of its properties are substantially dependent on prevailing prices of oil and gas. The Company's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Company.

Risks May Not be Insurable

The Company's operations are subject to the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, blow-outs and fires, all of which could result in personal injuries, loss of life and damage to property of Corridor and others. In accordance with customary industry practice, Corridor is not fully insured against all of these risks, nor are all such risks insurable. Environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The Company expects it will be able to fully comply with all regulatory requirements in this regard.

Contingencies

The Company was audited by the Canada Revenue Agency ("CRA") for the taxation years from August 31, 2001 to December 31, 2006 in connection with the renunciation under flow-through share agreements of \$27,784 thousand of exploration expenditures during this period. The Company has received a proposed reassessment from the CRA which the Company is in the process of challenging with the help of expert advisors. The Company has not made a provision for any of the tax, interest or penalties identified in the CRA's proposed reassessment as the Company believes these amounts to be calculated incorrectly. The Company does not expect the exposure, if any, to be material.

The Company has been audited by the New Brunswick Department of Finance for the periods from April 2003 to June 2007 in connection with the Company's crown royalty payments during this period. The Company has not made a provision for any liability which may arise out of this audit as the outcome is not determinable at this time. The Company does not expect the exposure to be material, although this cannot be predicted with certainty.

The Company filed a claim for Scientific Research and Experimental Development ("SRED") income tax credits related to the fiscal year ended August 31, 2006. The claim is subject to audit and there is a risk that the CRA could conclude that some or all of the expenditures were not incurred on SRED activities and, therefore, could reduce or disallow the claim. Due to this uncertainty, the Company has not recognized the related SRED income tax credits.

Statements of Earnings, Comprehensive Income and Retained Earnings (Unaudited)

(thousands of dollars, except per share amounts)

For the three months ended	March 31 2009	March 31 2008
Revenues	\$ 23,812	\$ 20,179
Royalty expense	(1,497)	(1,286)
Production expense	(990)	(1,188)
Transportation expense	(3,154)	(2,655)
	18,171	15,050
Other Expenses		
Depletion, depreciation and accretion	7,155	5,645
General and administrative (note 6)	1,238	978
Stock-based compensation (note 8c)	292	264
Capital tax expense	30	120
	8,715	7,007
Earnings before the following items	9,456	8,043
Interest and finance costs	25	106
Interest and other income (note 4)	(255)	(703)
Earnings before income taxes	9,686	8,640
Future income tax expense (note 3)	2,870	2,559
Net earnings, being comprehensive income	6,816	6,081
Retained earnings (deficit), beginning of period	20,822	(1,329)
Retained earnings, end of period	\$ 27,638	\$ 4,752
Net earnings per share (note 5)		
Basic	\$ 0.078	\$ 0.074
Diluted	\$ 0.078	\$ 0.073

See accompanying notes to the interim unaudited financial statements.

Balance Sheets

(thousands of dollars)

As at	March 31 2009 <i>(unaudited)</i>	December 31 2008 <i>(audited)</i>
Assets		
Current assets		
Cash and cash equivalents	\$ 22,011	\$ 34,313
Restricted cash	350	350
Receivables	12,524	16,897
Receivables from joint venture partners	4	94
Capital taxes receivable	132	53
Prepays and security deposits	592	169
	35,613	51,876
Property, plant and equipment <i>(note 6)</i>	281,847	268,142
Restricted cash and security deposits	1,380	1,380
	\$ 318,840	\$ 321,398
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,841	\$ 23,950
Advances from joint venture partners	70	2,627
	13,911	26,577
Future income taxes	28,459	21,290
Asset retirement obligations	1,979	1,850
	44,349	49,717
Shareholders' Equity		
Capital stock <i>(note 8)</i>	242,115	246,413
Contributed surplus <i>(note 8d)</i>	4,738	4,446
Retained earnings	27,638	20,822
	274,491	271,681
	\$ 318,840	\$ 321,398

See accompanying notes to the interim unaudited financial statements.

Contingencies *(note 12)*

On behalf of the Board

Signed "Norman W. Miller" Director

Signed "Robert D. Penner" Director

Statements of Cash Flows (Unaudited)

(thousands of dollars)

For the three months ended	March 31 2009	March 31 2008
Operating Activities		
Net earnings	\$ 6,816	\$ 6,081
Depletion, depreciation and accretion	7,155	5,645
Stock-based compensation	292	264
Future income tax expense	2,870	2,559
	17,133	14,549
Increase (decrease) in non-cash operating working capital (note 9)	2,978	(778)
Cash provided by operating activities	20,111	13,771
Financing Activities		
Proceeds from capital stock issues	-	12
Increase in bank loan (note 7)	-	10,000
Cash provided by financing activities	-	10,012
Investing Activities		
Property, plant and equipment expenditures	(19,800)	(17,982)
Decrease in non-cash investing working capital (note 9)	(12,613)	(17,347)
Cash used in investing activities	(32,413)	(35,329)
Decrease in cash and cash equivalents	(12,302)	(11,546)
Cash and cash equivalents, beginning of period	34,313	14,379
Cash and cash equivalents, end of period	\$ 22,011	\$ 2,833
Cash and cash equivalents consists of:		
Cash (bank indebtedness)	\$ 6,241	\$ (4,008)
Short-term investments	15,770	6,841
Cash and cash equivalents, end of period	\$ 22,011	\$ 2,833

See accompanying notes to the interim unaudited financial statements.

Notes to the Interim Unaudited Financial Statements

March 31, 2009

1 Basis of presentation

Corridor Resources Inc. (“Corridor” or the “Company”) is a junior natural resource company engaged in the exploration for and development and production of petroleum and natural gas in Eastern Canada.

These interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and follow the same accounting policies as the audited financial statements for the year ended December 31, 2008, with the exception of the accounting policy changes disclosed in note 2. These interim financial statements should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2008.

2 Changes in accounting policies

Effective January 1, 2009, the Company adopted CICA Section 3064 “*Goodwill and Intangible Assets*” which replaced Section 3062 “*Goodwill and Intangible Assets*”. This new section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets, however, intangible assets associated with the exploration and development of oil and gas assets are specifically excluded under the new standard. The adoption of this revised standard had no material impact on Corridor’s financial statements.

Effective January 1, 2009, the Company adopted CICA Emerging Issue Committee Abstract (“EIC”) 173 “*Credit Risk and the Fair Value of Financial Assets and Liabilities*”. EIC 173 recommends that the determination of fair value of financial assets and liabilities take into account a company’s credit risk as well as the credit risk of the counterparty. The adoption of EIC 173 had no material impact on Corridor’s financial statements.

Future accounting policy changes

In April 2008, the Accounting Standards Board (“AcSB”) issued an omnibus exposure draft which proposes that generally accepted accounting principles for publicly accountable enterprises be replaced by International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011, with comparative information for the previous fiscal year. In March 2009, the AcSB issued a second omnibus exposure draft which confirms the IFRS transition date. The Company is currently assessing the financial reporting impact of the transition to IFRS.

3 Future income taxes

The provision for income taxes differs from the amount which would be obtained by applying the Canadian statutory income tax rates to the earnings before income taxes as follows:

(thousands of dollars)

	Three months ended March 31	
	2009	2008
Earnings before income taxes	\$ 9,686	\$ 8,640
Canadian statutory income tax rate	33%	33%
Expected income tax expense	\$ 3,216	\$ 2,873
Increase (decrease) resulting from:		
Non-deductible stock-based compensation	97	87
Originating temporary differences recorded at the future income tax rates expected to be in effect when realized	(444)	(401)
Other	1	-
	\$ 2,870	\$ 2,559

Notes to the Interim Unaudited Financial Statements

March 31, 2009

4 Interest and other income

Interest and other income consist of the following:

(thousands of dollars)

	Three months ended March 31	
	2009	2008
Interest income	\$ 200	\$ 70
Foreign exchange gains	55	633
	\$ 255	\$ 703

5 Earnings per share

The calculation of net earnings per share is based on the following weighted average number of common shares:

(thousands of shares)

	Three months ended March 31	
	2009	2008
Weighted average number of common shares - basic	87,629	82,620
Effect of stock options	69	386
Weighted average number of common shares - diluted	87,698	83,006

For the three months ended March 31, 2009, stock options of 1,491 thousand (March 31, 2008 – 15 thousand) were excluded from the dilution calculation since the average market price for the period was lower than the exercise price.

6 Property, plant and equipment

(thousands of dollars)

March 31, 2009	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas properties	\$ 250,894	\$ 37,744	\$ 213,150
Production facilities	72,412	10,404	62,008
Inventory	3,763	-	3,763
Future asset retirement costs	1,686	220	1,466
Office furniture and other equipment	2,081	621	1,460
	\$ 330,836	\$ 48,989	\$ 281,847

(thousands of dollars)

December 31, 2008	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas properties	\$ 231,758	\$ 31,868	\$ 199,890
Production facilities	71,843	9,257	62,586
Inventory	2,833	-	2,833
Future asset retirement costs	1,596	192	1,404
Office furniture and other equipment	1,987	558	1,429
	\$ 310,017	\$ 41,875	\$ 268,142

For the three months ended March 31, 2009, Corridor capitalized to petroleum and natural gas properties general and administrative costs of \$112 thousand (March 31, 2008 - \$120 thousand). The calculation of depletion includes estimated future development costs relating to the development of proved reserves of \$104 million for the three months ended March 31, 2009 (March 31, 2008 - \$71 million).

Notes to the Interim Unaudited Financial Statements

March 31, 2009

7 Credit facility

Corridor has a \$40 million revolving short term credit facility with a Canadian chartered bank. The interest rate on the loan is based on the bank's prime rate plus 0.25% and the credit facility expires, subject to mutual agreement to extend, on June 28, 2009. Outstanding bank loans will be secured by a \$50 million demand debenture on the Company's property, plant and equipment. At March 31, 2009, there is no outstanding bank loan.

8 Capital stock

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

b) **Issued and outstanding**

(thousands of dollars and thousands of shares)

	March 31, 2009		December 31, 2008	
	Number of shares	Amount	Number of shares	Amount
Balance, beginning of period	87,629	\$ 246,413	82,612	\$ 198,669
Issue of common shares for cash	-	-	3,800	40,280
Issue of flow-through shares for cash	-	-	1,150	14,950
Exercise of stock options for cash and amount recognized from contributed surplus	-	-	67	316
Tax impact of flow-through renunciation	-	(4,298)	-	(5,756)
Share issue costs net of tax benefit	-	-	-	(2,248)
Balance, end of period	87,629	\$ 242,115	87,629	\$ 246,413

On June 20, 2008, Corridor issued flow-through shares which resulted in an obligation to incur \$14,950 thousand on qualifying expenditures prior to December 31, 2009. At December 31, 2008, there was no remaining obligation. The related exploration expenditures were renounced in January 2009.

c) **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. 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.

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

	March 31, 2009		December 31, 2008	
	Number of options (000's)	Weighted average exercise price	Number of options (000's)	Weighted average exercise price
Balance, beginning of period	1,604	\$ 5.34	1,370	\$ 4.54
Exercised	-	\$ -	(67)	\$ 4.71
Forfeited	-	\$ -	(44)	\$ 5.83
Granted	25	\$ 2.86	345	\$ 8.38
Balance, end of period	1,629	\$ 5.30	1,604	\$ 5.34
Options exercisable, end of period	1,187	\$ 4.61	1,038	\$ 4.64

Notes to the Interim Unaudited Financial Statements

March 31, 2009

8 Capital stock (continued)

The fair value of options granted is estimated using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2009	December 31, 2008
Weighted average fair value of options granted	\$ 1.62	\$ 3.66
Risk-free interest rate	4%	4%
Expected life (years)	3.0	3.0
Expected volatility	85%	60%

For the three months ended March 31, 2009, the Company recorded stock-based compensation expense with an offsetting increase to contributed surplus of \$292 thousand (March 31, 2008 - \$264 thousand).

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2009 is as follows:

Exercise prices	Outstanding options			Exercisable options		
	Number of options outstanding (000's)	Weighted average remaining term (years)	Weighted average exercise price	Number of options exercisable (000's)	Weighted average exercise price	
\$ 0.95 - \$ 1.99	138	0.3	\$0.95	138	\$0.95	
\$ 2.00 - \$ 4.99	644	2.0	\$4.34	603	\$4.41	
\$ 5.00 - \$ 5.99	508	2.3	\$5.46	384	\$5.46	
\$ 6.00 - \$ 6.99	109	4.0	\$6.80	2	\$6.80	
\$ 7.00 - \$10.99	230	4.1	\$9.54	60	\$9.54	
	1,629	2.4	\$5.30	1,187	\$4.61	

d) Contributed surplus

(thousands of dollars)

	March 31 2009	December 31 2008
Balance, beginning of period	\$ 4,446	\$ 3,083
Stock-based compensation expense	292	1,565
Stock options exercised	-	(202)
Balance, end of period	\$ 4,738	\$ 4,446

9 Supplemental cash flow information

(thousands of dollars)

	Three months ended March 31	
	2009	2008
Increase (decrease) in non-cash operating working capital:		
Receivables	\$ 3,697	\$ (1,079)
Prepays and security deposits	(423)	(50)
Accounts payable and accrued liabilities	(217)	322
Capital taxes	(79)	29
	\$ 2,978	\$ (778)
Increase (decrease) in non-cash investing working capital:		
Receivables	\$ 676	\$ (16)
Inventory	(930)	(291)
Advances from joint venture partners	(2,467)	(4,789)
Accounts payable and accrued liabilities	(9,892)	(12,251)
	\$ (12,613)	\$ (17,347)

Notes to the Interim Unaudited Financial Statements

March 31, 2009

9 Supplemental cash flow information (continued)

(thousands of dollars)

	Three months ended March 31	
	2009	2008
Interest and taxes paid:		
Interest paid	\$ 22	\$ 100
Capital and other taxes paid	\$ 109	\$ 92

10 Risk management

a) The Company is exposed to the following risks:

i) Commodity price risk

The Company is exposed to risks from fluctuations in the natural gas sales prices. During the period, the Company did not have any derivative financial instruments in place to manage this risk. When appropriate, Corridor will enter into forward sale commitments, in limited quantities and at fixed prices, with the Board of Directors' approval. The Company does not use derivative financial instruments for speculative purposes. For the three months ended March 31, 2009, a one dollar decrease in natural gas prices would have resulted in a decrease of \$0.3 million in the Company's net earnings.

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 balance sheet dates.

(thousands of U.S. dollars)

	March 31, 2009	December 31, 2008
Cash	\$ 15	\$ 24
Receivables	5,815	7,745
Financial instruments in U.S. dollars	\$ 5,830	\$ 7,769

For the three months ended March 31, 2009, a 5% decrease in the U.S. dollar relative to the Canadian dollar would have resulted in a decrease of \$0.9 million in the Company's net earnings.

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, 2009, the Company was holding cash and equivalents of \$22,011 thousand and had \$40 million available from its revolving credit facility. The credit currently available to the Company is in part determined by the Company's borrowing base which is largely dependant on the Company's petroleum and natural gas reserves. If, at any time during the term of the credit facility, the lender has reason to believe that the borrowing base has materially declined, the lender can recalculate the Company's borrowing base and could as a result, decrease the credit currently available to the Company. Corridor does not intend to access this credit facility in 2009 consistent with the Company's revised 2009 budget.

Given the Company's available liquid resources and the Company's 2009 budget, management expects to have sufficient available funds to meet the current and foreseeable financial contractual obligations, as disclosed in the Company's December 31, 2008 audited financial statements.

Notes to the Interim Unaudited Financial Statements

March 31, 2009

10 Risk management (continued)

iv) Credit risk

Corridor sells all of its 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. Management believes credit risk on these amounts is low and has not made any provision for an allowance for bad debts.

The cash equivalents consist mainly of guaranteed investment certificates held with reputable financial institutions. None of the cash equivalents are in asset-backed commercial paper products. Management believes the risk of loss is low.

b) Management of Capital

Management's objective when managing capital is 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, bank loan as well as 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. To maximize ongoing development and exploration activities, the Company will not pay out dividends during the year.

11 Related parties

A director of Corridor is a partner in a law firm that provides legal services to the Company. For the three months ended March 31, 2009 and March 31, 2008, no legal expenses are included in general and administrative expenses and no share issue costs are included in capital stock as at March 31, 2009 (December 31, 2008 – \$120 thousand). At March 31, 2009, no amount was included in accounts payable and accrued liabilities (December 31, 2008 - \$82 thousand). The amounts paid are recorded at the amount agreed to between the parties and approximate fair value.

12 Contingencies

The Company was audited by the Canada Revenue Agency ("CRA") for the taxation years from August 31, 2001 to December 31, 2006 in connection with the renunciation under flow-through share agreements of \$27,784 thousand of exploration expenditures during this period. The Company has received a proposed reassessment from the CRA which the Company is in the process of challenging with the help of expert advisors. The Company has not made a provision for any of the tax, interest or penalties identified in the CRA's proposed reassessment as the Company believes these amounts to be calculated incorrectly. The Company does not expect the exposure, if any, to be material.

The Company has been audited by the New Brunswick Department of Finance for the periods from April 2003 to June 2007 in connection with the Company's crown royalty payments during this period. The Company has not made a provision for any liability which may arise out of this audit as the outcome is not determinable at this time. The Company does not expect the exposure to be material, although this cannot be predicted with certainty.

The Company filed a claim for Scientific Research and Experimental Development ("SRED") income tax credits related to the fiscal year ended August 31, 2006. The claim is subject to audit and there is a risk that the CRA could conclude that some or all of the expenditures were not incurred on SRED activities and, therefore, could reduce or disallow the claim. Due to this uncertainty, the Company has not recognized the related SRED income tax credits.

Corporate Information

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Stock Exchange

TSX – CDH

Directors and Officers

J. Douglas Foster	Chairman and Director
Norman W. Miller	President and Director
John H. (Jack) Bray	Director
Robert D. Penner	Director
Achille E. Desmarais	Director
W.C. (Mike) Seth	Director
Lisette F. Hachey	Chief Financial Officer and Secretary

Bankers

Bank of Nova Scotia, Halifax, Nova Scotia

Royal Bank of Canada, Calgary, Alberta

Auditors

Grant Thornton LLP
Halifax, Nova Scotia

Solicitors

Bennett Jones LLP
Calgary, Alberta

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta
Toronto, Ontario

Independent Engineering Firm

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

Share Capital

Shares Authorized – Unlimited number of common shares
Common shares issued as of April 30, 2009 – 87,629,634