



---

# Investor Presentation

Update June 2011

# Disclaimer



## Forward Looking Information Disclosure

- This presentation 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. This presentation contains forward-looking statements pertaining to the following: Corridor's operations, anticipated financial performance, business prospects, strategies and priorities; exploration and development drilling programs including the pilot phase to develop the Frederick Brook; fracturing, completion and work-over programs; capital expenditure programs; the characteristics and potential of the shale gas resources in New Brunswick, potential shale oil resources in Anticosti Island, and the Old Harry prospect; the quantity of reserves and resources; initial production and timing of such production; tax rates and royalties; and potential partners in respect of the Old Harry Prospect and Anticosti. Furthermore, statements relating to "reserves" and "resources" are forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves and resources, respectively described exist in the quantities predicted or estimated and can profitably be produced in the future. Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. These factors include, but are not limited to: risks associated with oil and gas exploration, financial risks, substantial capital requirements, bank financing, government regulation, environmental, prices, markets and marketing, issuance of debt, variations in exchange rates and hedging. Further information regarding these factors may be found under the heading "Risk Factors" in Corridor's Annual Information Form for the year ended December 31, 2010 and its most recent management's discussion and analysis, copies of which are available on [www.sedar.com](http://www.sedar.com). Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. 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 the characteristics of the Frederick Brook shale, Anticosti and the Old Harry Prospect, anticipated financial performance, business prospects, strategies, regulatory approvals and 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.

# Disclaimer, cont'd



- Unknown risks and uncertainties include, but are not limited to, risks associated with oil and gas exploration, financial risks, substantial capital requirements, bank financing, government regulation, environmental, prices, risks may not be insurable and reserves and resources estimates. Further information regarding these factors and additional factors may be found under the heading "Risk Factors" in Corridor's Annual Information Form for the year ended December 31, 2010.
- The forward-looking statements contained in this presentation 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 .

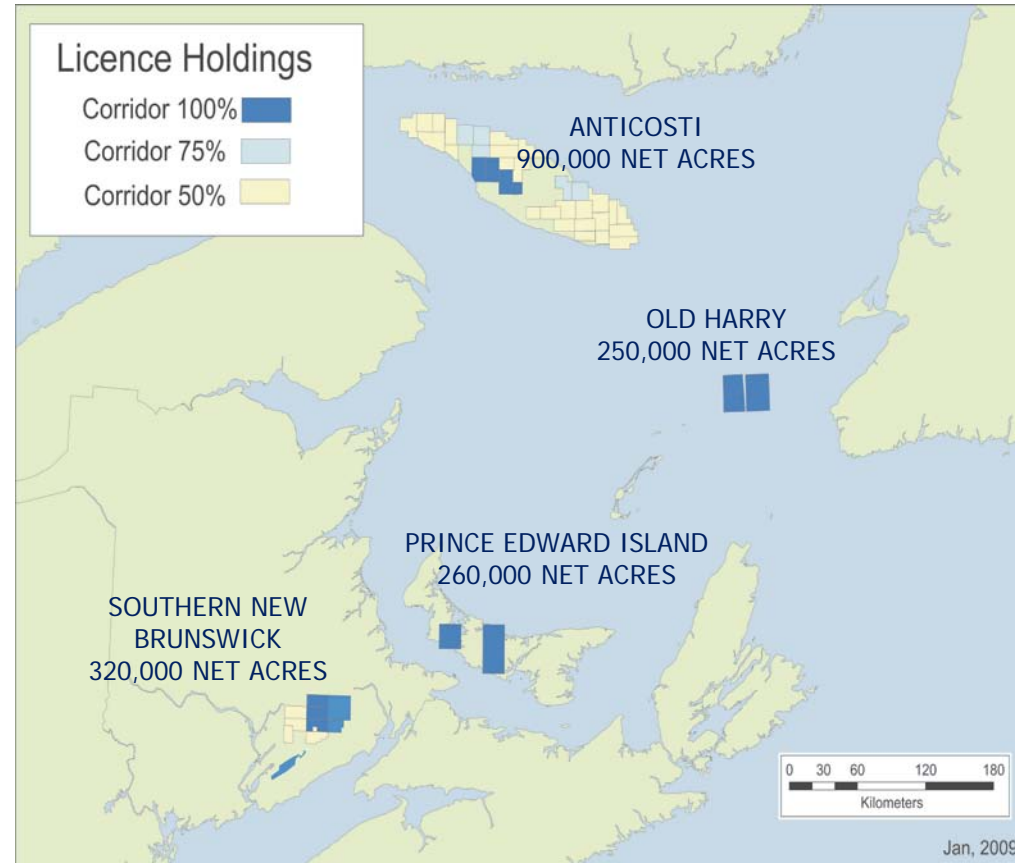
## **Oil and Gas Resources Disclosure**

- "Resources" are quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, including the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.
- "Discovered resources" refers to that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The term discovered resources is equivalent to discovered total petroleum-initially-in-place. There is no certainty that it will be commercially viable to produce any portion of the discovered resources.
- Resources do not constitute, and should not be confused with, reserves. Actual reserves and resources will vary from the reserve and resource estimates, and those variations could be material.
- GLJ's estimates of resources and reserves were prepared in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities and are summarized in Corridor's Annual Information Form for the year ended December 31, 2010, a copy of which is available on [www.sedar.com](http://www.sedar.com).

# Opportunities



- Atlantic Canadian Exploration & Production company with enormous resource potential
- Commanding land position of 1.7 million net acres in Eastern Canada
- Significant upside related to
  - shale gas resource in New Brunswick
  - potential shale oil resource in Anticosti Island
  - Old Harry Prospect
- Existing cash flow has allowed Corridor to fund on-going development opportunities with no debt drawn through period of weak gas prices
- Strong team focused on progressing all three significant plays in 2011 and ramping up production in McCully commencing 2012



# Priorities

---



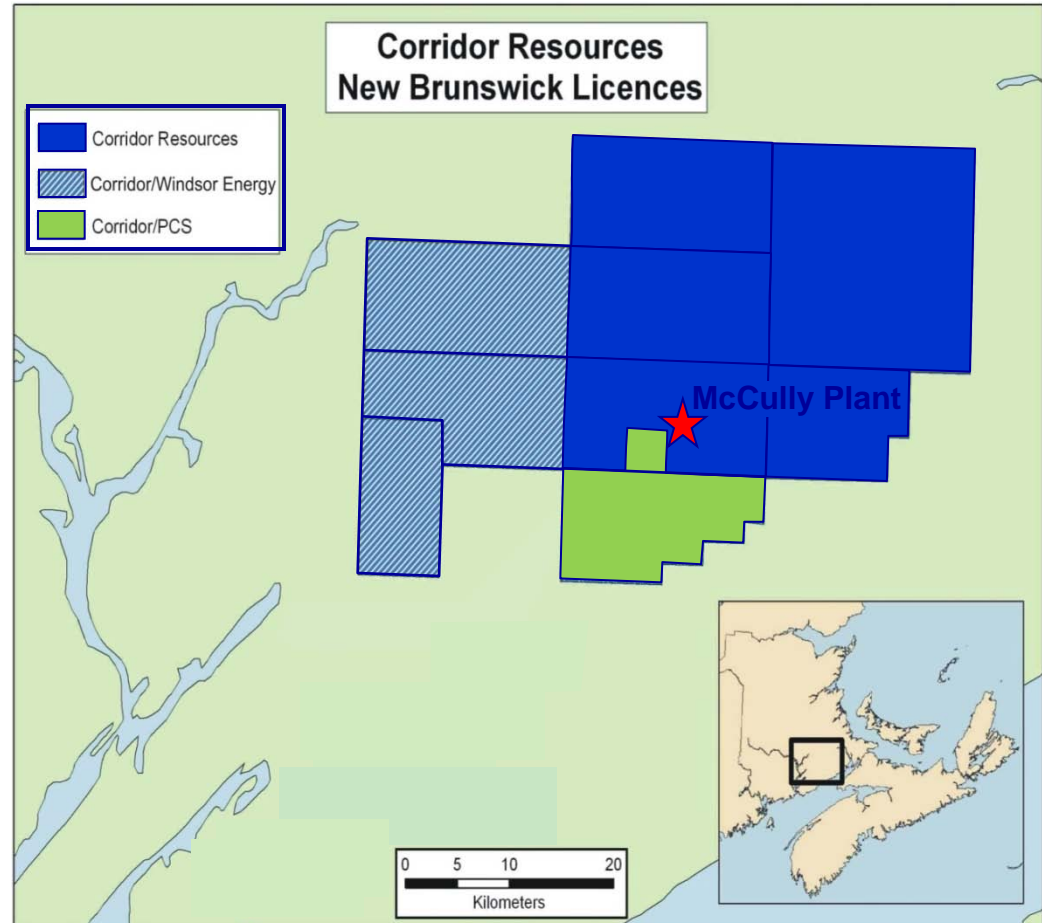
- Advance shale gas development in New Brunswick to demonstrate commercial viability
- Progress Old Harry Prospect towards drilling exploration well
- Advance farm-ins of Anticosti and Old Harry
- Sustain cash flow from existing McCully Field to fund priorities
- Retain licenses for NB core area to establish additional resource potential
- Work with partners, government, and stakeholders to ensure the benefits of oil and gas activities in Eastern Canada are recognized and industry activity is advanced



# McCully/Elgin Exploration and Development Area



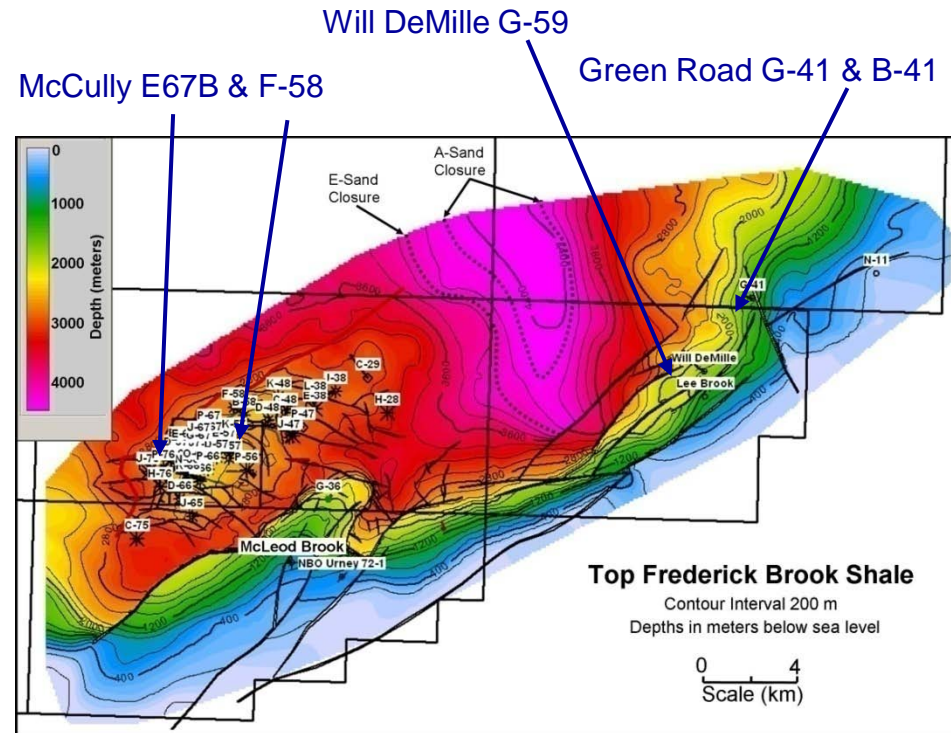
- 321,242 net acres; high working interests
- Frederick Brook Shale Gas
  - 67 TCF gross discovered resources (GLJ "best estimate")
  - Hiram Brook Gas – McCully Field 121 BCF 2P reserves
- Producing up to 16 mmcf/d gross (12 mmcf/d net) from McCully area
- Completing detailed McCully reservoir model to optimize future drilling and workover programs



# Frederick Brook Shale Appraisal Program



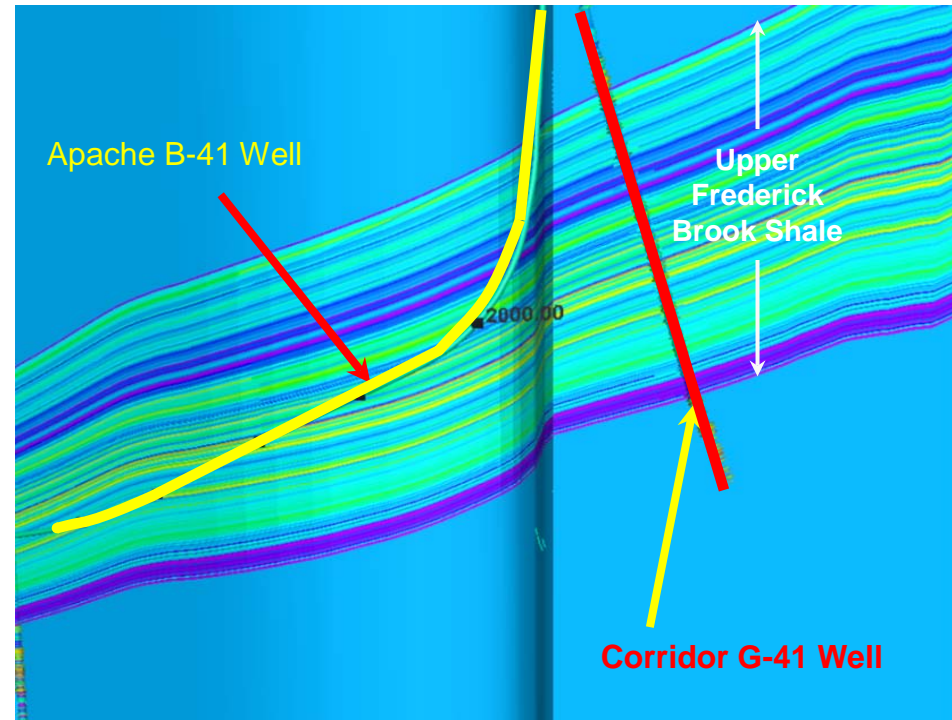
- Apache's Green Road B-41 and Will DeMille G-59 horizontal wells drilled in mid-2010.
- Both wells exhibited excellent gas shows while drilling with high mud weights
- Apache completed 10 slickwater fracs in the B-41 & G-59 wells in late 2010
- Both wells have recovered minimal flowback of frac fluids
  - B-41 recovery @ 17%
  - G-59 recovery @ 4%
- Corridor's Green Road G-41 vertical well was retested in December 2010 and again produced gas at significant rates



# Frederick Brook Shale Appraisal Program



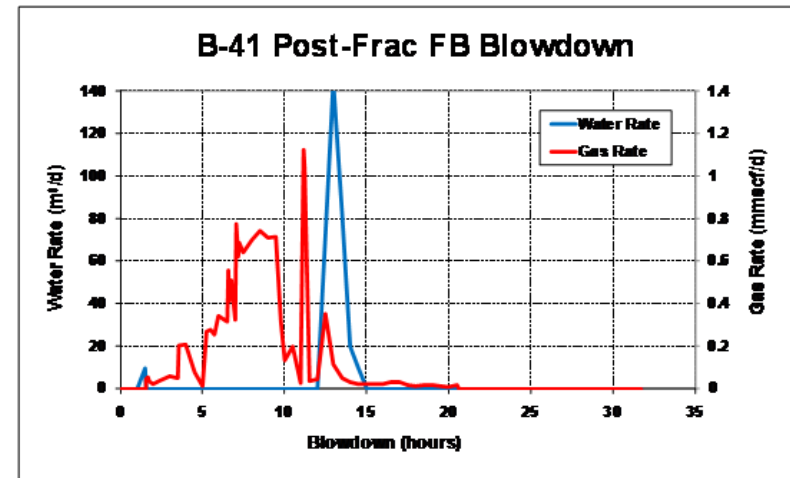
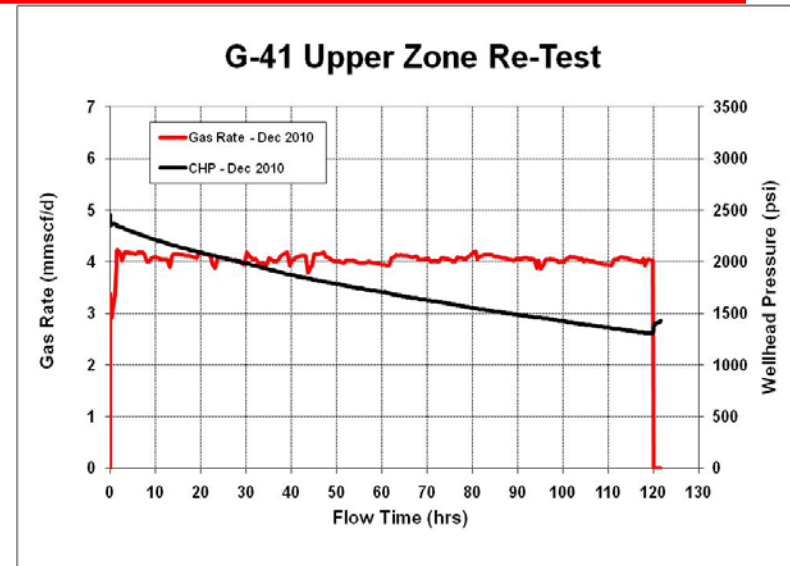
- The slick-water frac program performed in the horizontal wells does not appear to have developed an effective complex fracture network.
- Based on a consensus of third party expert consultants and Corridor's technical staff:
  - The impact of the high stress profile in the region was not fully considered during the frac design and may have led to difficulty generating the complex fracture network required for shale gas production
  - the chosen geometry and trajectory of the well that followed the laminated dipping beds of the shale formation may not have allowed optimum frac propagation away from the well
  - the frac design needs to be optimized to create a more complex fracture network taking regional stress and well orientation into account



# Frederick Brook Shale Gas Potential



- Corridor conducted two propane fracs (2009) in Upper Frederick Brook shale in Green Road G-41 vertical well
  - Lower Black Shale zone – after 83 hour flow period, final rate was 0.43 mmscf/d at ~150 psi, peaking at 0.98 mmscf/d
  - Upper Silty/Sandy zone – produced 42.4 mmscf over 185 hours, peaking at 11.7 mmscf/d with final rate of 3 mmscf/d at ~700 psi
- Lower Frederick Brook shale producing gas from the F-58 well since March 2008 at 0.2 mmscf/d from a very small (11 tonne) frac
- Subsequent re-tests of G-41 included a 5-day test at 4 mmscf/d and 1310 psi in December 2010 and a 45 day test at 0.5 mmscf/d and 2007 psi in February 2011
- Apache B-41 well flowed up to 0.7 mmscf/d prior to frac fluid loading well (late May 2011 test)



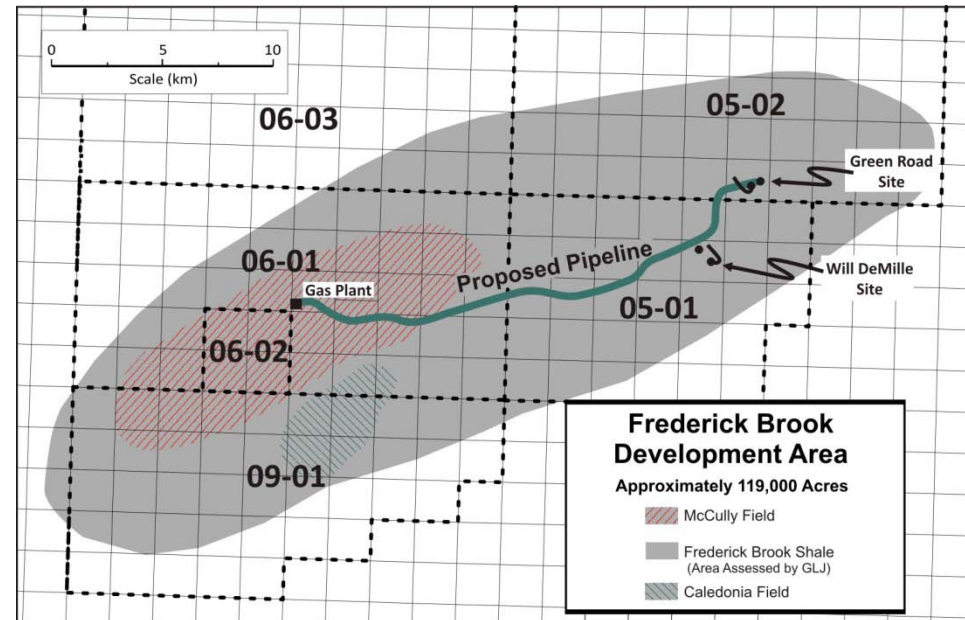
# Phased Concept for Development



- Develop the FB shale using vertical / deviated wells
- Multi-well pads using optimized well spacing
- Fracture stimulate initial wells using propane
- Phase the development to confirm the key concepts of:
  - Vertical well development of FB shale reservoir (>500 m thick)
  - Completion techniques (frac fluid preference)
  - FB development type curves

## First Step

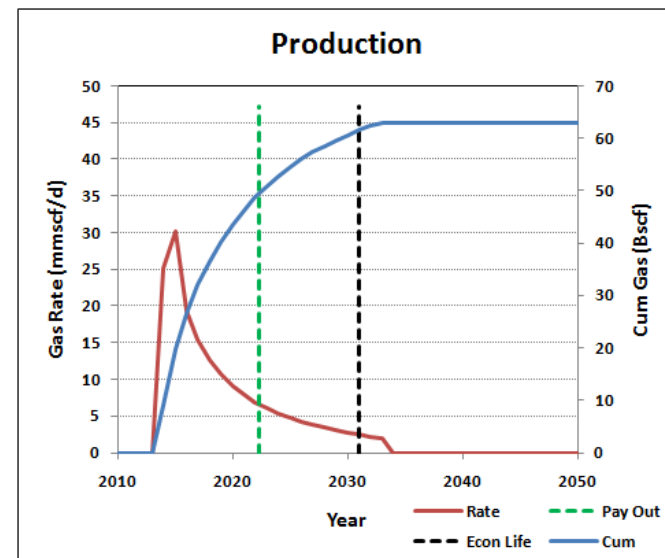
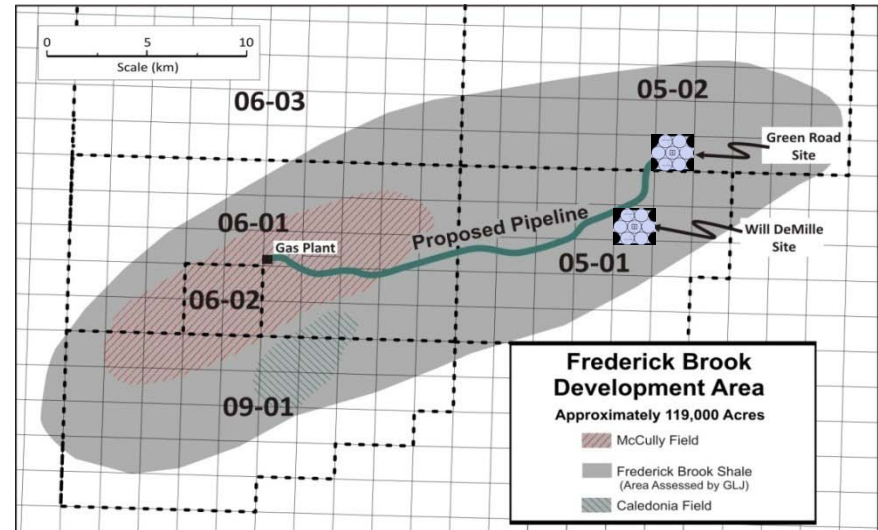
- Drill & complete 2 appraisal wells in the 4<sup>th</sup> Qtr 2011 to advance the Pilot development phase
- Target well performance @ 4 - 5 mmscf/d IP with ~2.5 Bscf / well ultimate recovery



# Pilot Phase: - 20-40 mmscf/d



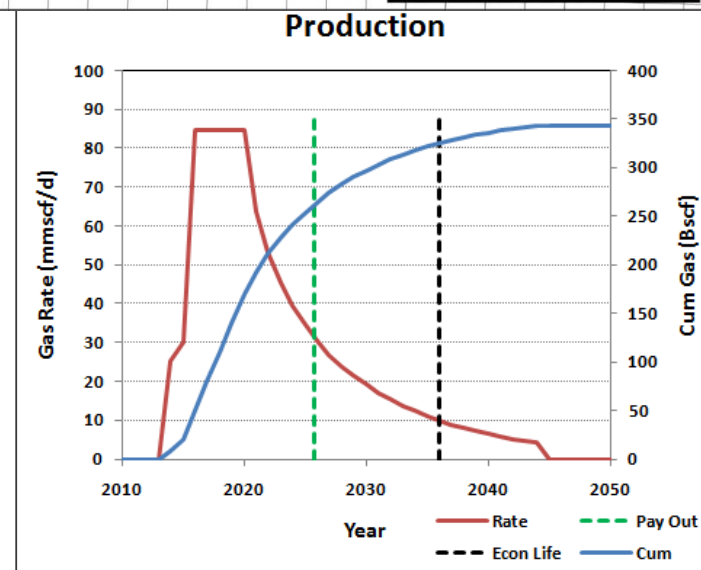
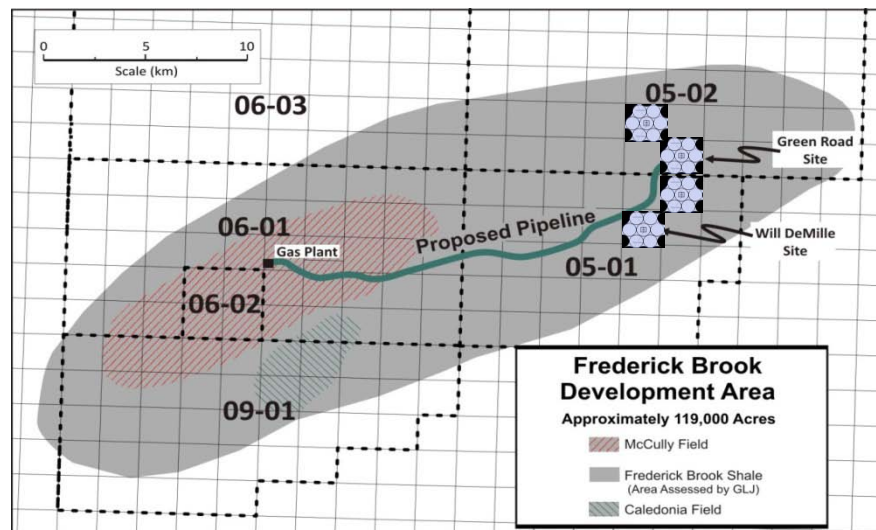
- Drill and complete 12 Pilot Phase wells on two pads
- Capex Estimate – Pilot Phase @ \$160mm
  - Facility upgrade & 12" pipeline @ ~ \$42 mm
  - Well Costs @ ~\$10 mm / well
- Two pads allow for scalability
- First gas in late 2013
- IRR = 15% - 20%



# Stage 1 Commercial: - 80-100 mmscf/d



- Drill/complete +/- 60 additional wells starting in 2015
- Phase 2 development could include 4 pads with +/- 20 wells per pad
- CAPEX Estimate @ ~\$750mm
  - Upgrade Elgin & McCully facilities to handle increased rate in 2015 @ ~ \$60mm
- First gas in 2016
- IRR = 20% - 25%
- Leads to Full Development @ ~800 mmscf/d



# FB Shale Summary



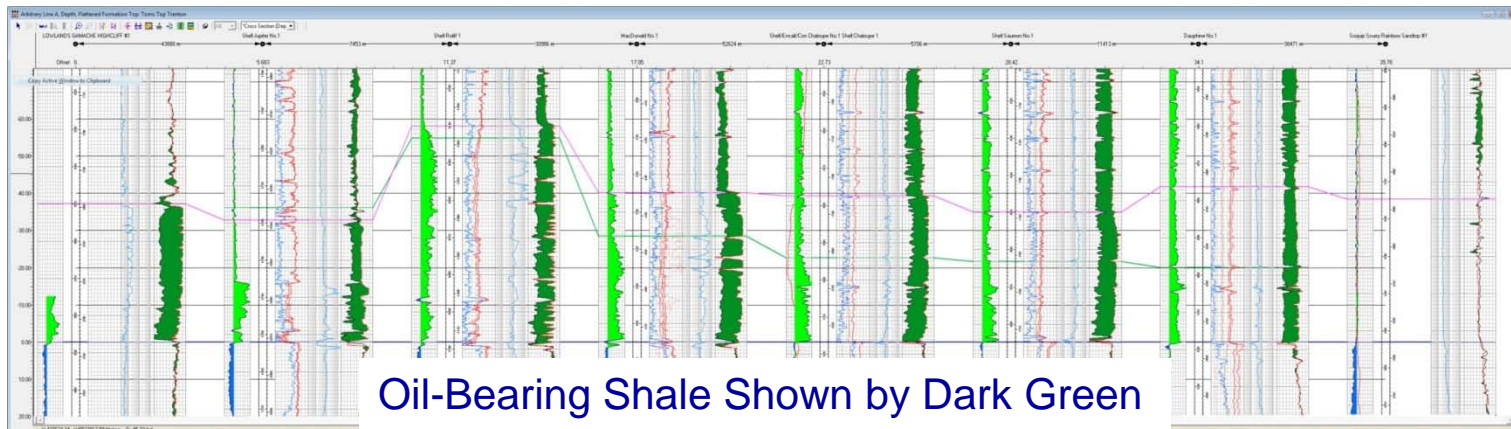
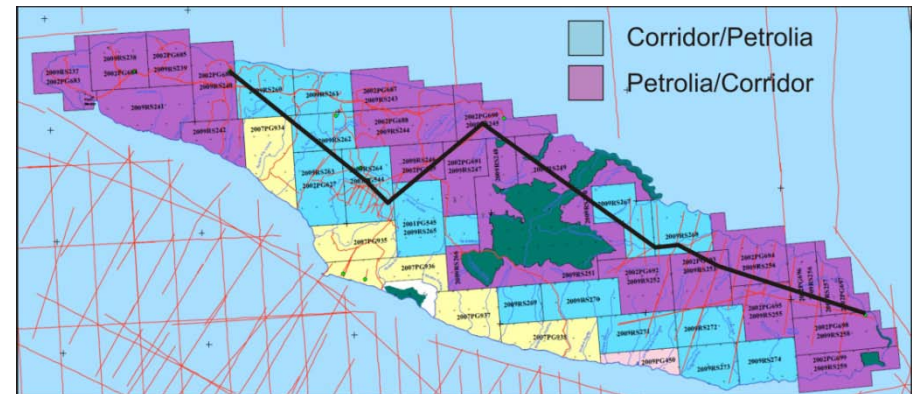
- Move forward with a vertical well program that verifies commercial development
- Phased development de-risks the capital exposure
- Upsides/Optimization Potential
  - the possible application of horizontals or multi-laterals (optimize geometry)
  - completion design optimization including the frac fluid system
  - deep high pressure section in the middle of the basin is still unexplored
- Entertain discussions with potential J.V. partners

# Anticosti Opportunity



- 1.5 MM acres of Macasty (Utica-equivalent) shales
- Held in long-term licenses
- New core analyses and petrophysics indicate good porosities and high saturations (light oil)
- Matrix permeabilities are acceptable
- Thin turbidites and fractures may enhance permeability
- Shale is well distributed over the island
- Shale depth averages 1,000 m (3,000 ft)

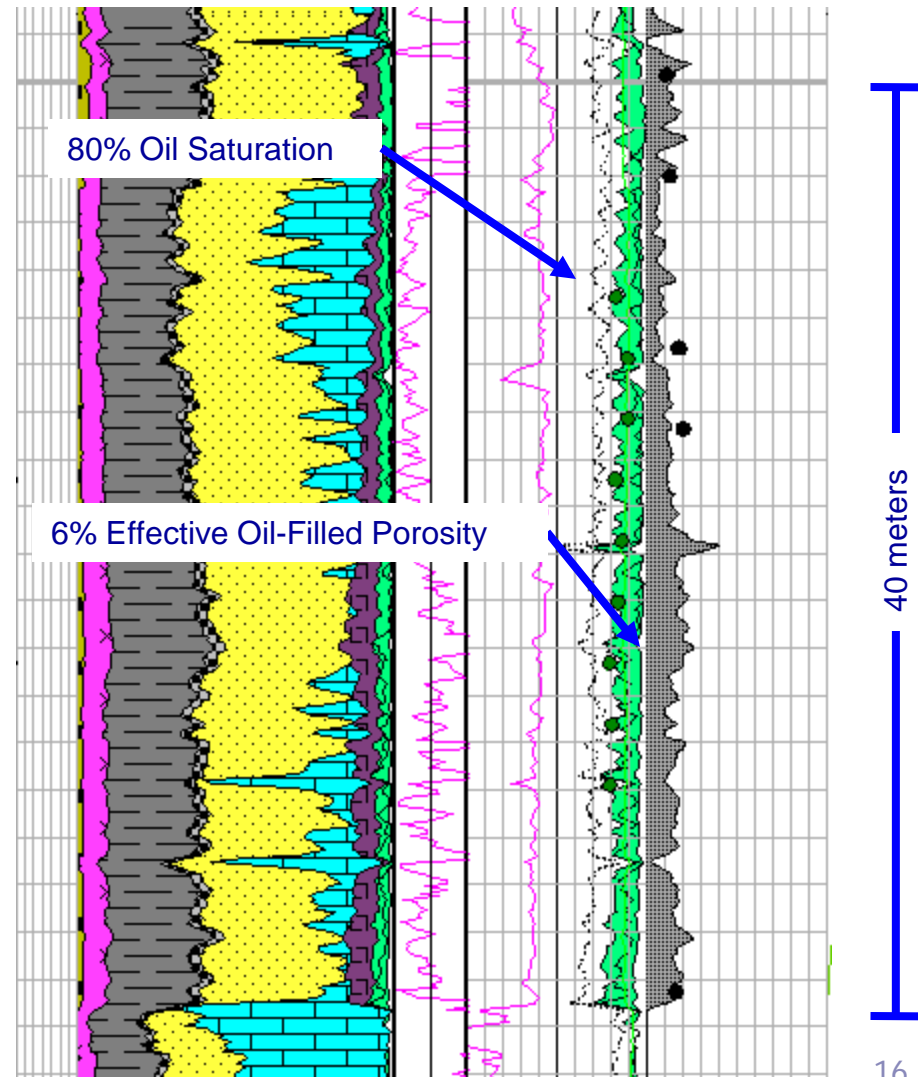
Macasty Cross Section Across the Island



# Anticosti Summary



- Weatherford has now completed extensive core analysis with positive results
- Resource assessment in progress with Petrolia
- The Utica has become an exciting oil and gas play in the northeastern US (e.g. Chesapeake has acquired 1.3 million acres in the Ohio area for more than \$1 billion)
- Corridor and Petrolia have signed a number of shale players to Confidentiality Agreements
- Targeting to sign JV by late this year
- Quebec Government has outlined the necessary steps to conduct an appraisal program



# Chaloupe Core Results

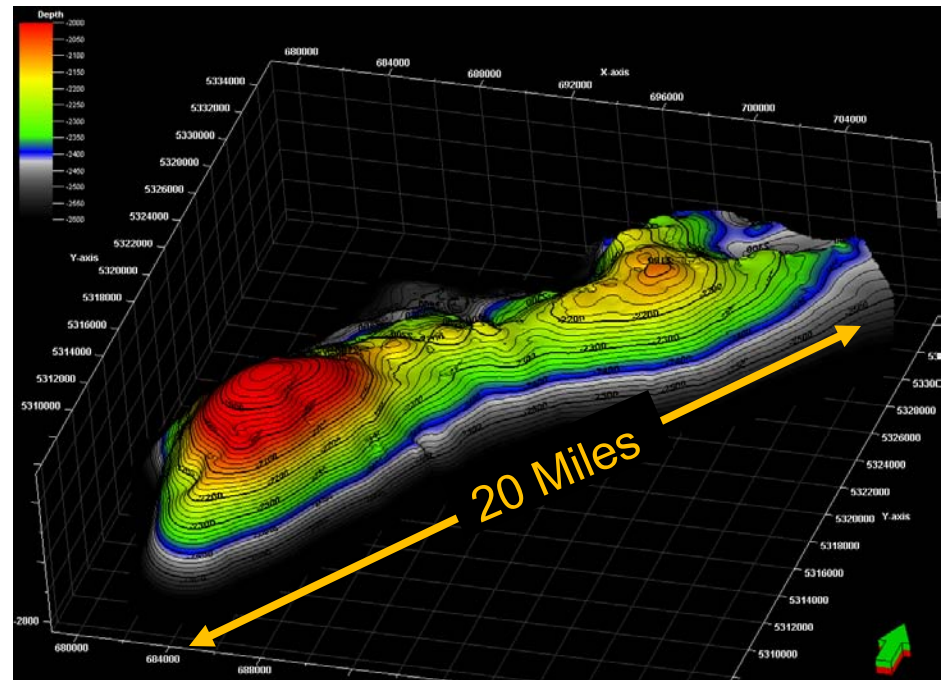


Core Parameters	Macasty Shale
Mineralogy (Average %)	Quartz 37, Carbonate 25, Clays 21, Other 17
Macasty Total Thickness	40 m (131 ft)
Total Porosity	3.1 to 6.3% (Ave 4.9%)
Oil Saturation	35.2 to 48.3% (Ave 41.9%)
Gas Saturation	1.0 to 14.7% (Ave 5.0%)*
Water Saturation	41.5 to 63.8% (Ave 53.1%)**
Desorbed Gas Content (Ave)	41 scf/ton
Total Organic Carbon (TOC)	1.9 to 3.87 wt% (Ave 2.97 wt%)
Maturity	0.55 (Ro %)**
Main Kerogen Type	Type II
Oil Gravity	35+ API
<p>* Gas underestimated due to lack of pressure preservation</p> <p>** Water saturation is overestimated as it includes water expelled from clays within the shales</p> <p>*** Ro suppressed by high oil saturation</p>	

# Old Harry Opportunity



- 43,000 acres (175 km<sup>2</sup>) of simple four-way closure
- Thick oil-prone source rock, and carboniferous coal source rock with a large fetch area
- New Basin Modeling suggests a light 55 API oil filling the structure
- Good reservoir rock derived from the Canadian Shield
- Overlying shale seal is >300 m (>1000') thick
- Multi-billion bbl or multi-Tscf resource potential
- Thousands of km<sup>2</sup> of unexplored basin with excellent source, reservoir and trap potential

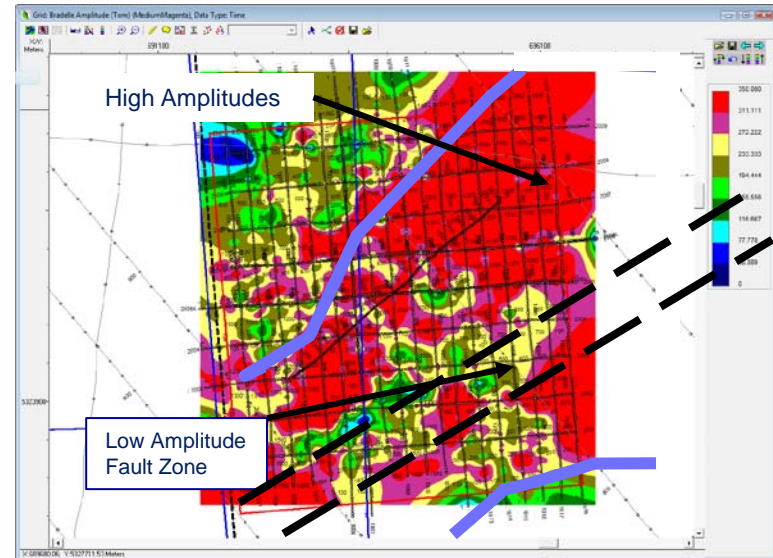


# Hydrocarbon Indicators

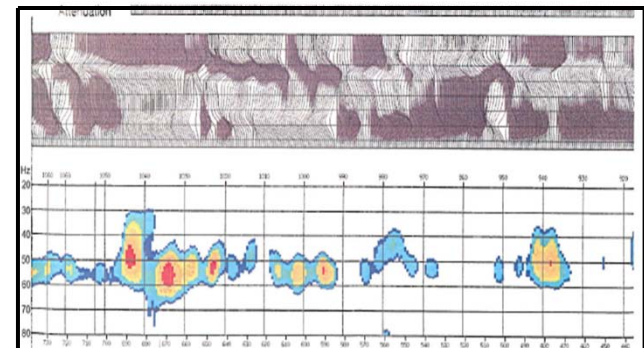


- High amplitudes can be caused by increasing gas/oil content of sands
- High frequency seismic waves can be attenuated by gas or oil
- Flat spots can indicate a gas/oil or gas/water contact
- AVO anomalies occur by the attenuation of shear waves by gas
- Six surface seepage slicks resulting from oil leaking to surface
- Pockmarks resulting from gas escape to surface
- Oil staining in Brion Island (closest) well
- Oil fluid inclusions in the salts from the mine on Magdalen Islands

## Structurally Conforming High Amplitudes



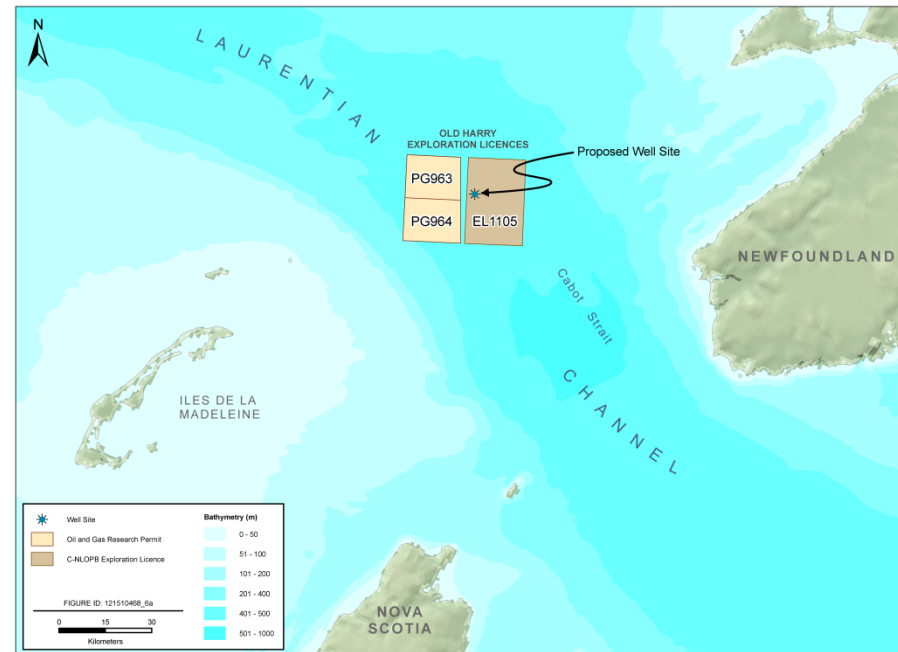
## Frequency Anomaly



# Old Harry Summary



- Corridor submitted its Old Harry Exploratory Drilling Project Description to the C-NLOPB in February 2011.
- The Quebec and Federal governments signed an Accord in March 2011 to jointly regulate the offshore
- Once the C-NLOPB's Final Scoping Document is released, Corridor will finalize and submit the Old Harry EA
- Corridor has issued an Expression of Interest for contracting a suitable drilling rig
- Corridor is soliciting JV partners and has engaged Macquarie Capital Markets to assist
- Corridor is targeting an exploration well in mid 2012 to early 2014



# 2010 Financial Results



<i>\$ in thousands</i>	2010 (GAAP)	2009 (GAAP)
Revenues	\$29,558	\$48,989
Net earnings (loss)	\$(8,605)	\$1,667
Net earnings (loss) per share		
- Basic	\$(0.098)	\$0.019
- Diluted	\$(0.098)	\$0.019
Cash flow from operations	\$13,707	\$27,829
Capital expenditures	\$21,869	\$38,361
Net working capital	\$4,002	\$10,882

# 2010 Netback



	2010 (GAAP)	2009 (GAAP)
Production (mmscfpd)	13.2	17.0
(\$/mscf)		
Average gas price	\$5.66	\$7.34
Transportation expense	\$1.42	\$1.70
Royalty expense	\$0.13	\$0.32
Production expense	\$0.75	\$0.56
Netback	\$3.36	\$4.76

# 2011 Outlook



<i>\$ in thousands</i>	2011 (GAAP)
Production (mmscfpd) - net	12.0
Revenues	\$25,000
(\$/mscf)	
Average gas price	\$5.82
Transportation expense	\$1.35
Royalty expense	\$0.40
Production expense	\$1.00
Netback	\$3.07
Cash flow from operations	\$7,800
Capital expenditures	\$7,000
Net working capital	\$7,500