Second Quarter 2009
Management's Discussion and Analysis

As of August 12, 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 and six months ended June 30, 2009 should be read in conjunction with Corridor's unaudited financial statements and notes thereto for the three and six months ended June 30, 2009 and 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

	Three months ended June 30		Six months ended June 30	
thousands of dollars except per share amounts	**2009**	2008	**2009**	2008
Revenues	**$7,887**	$19,187	**$31,699**	$39,366
Net earnings	**$118**	$3,816	**$6,934**	$9,897
Net earnings per share - basic	**$0.001**	$0.046	**$0.079**	$0.119
Net earnings per share - diluted	**$0.001**	$0.045	**$0.079**	$0.119
Cash flow from operations[(1)]	**$3,217**	$12,042	**$20,350**	$26,591
Capital expenditures	**$2,957**	$14,704	**$22,757**	$32,686
Gross proceeds from capital stock issues	**$-**	$55,534	**$-**	$55,546
Total assets	**$306,603**	$286,494	**$306,603**	$286,494

[1]*See "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;
- resources and development of resources;
- 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 first quarter MD&A dated May 14, 2009 which is available on the Company's website at www.corridor.ca and on SEDAR at www.sedar.com.

Q2 2009 Financial Summary

	Three months ended June 30		Six months ended June 30	
thousands of dollars	**2009**	2008	**2009**	2008
Revenues	**$7,887**	$19,187	**$31,699**	$39,366
Royalty expense	**(106)**	(1,179)	**(1,603)**	(2,465)
Production expense	**(652)**	(1,190)	**(1,642)**	(2,378)
Transportation expense	**(2,467)**	(3,156)	**(5,621)**	(5,811)
	4,662	13,662	**22,833**	28,712
Other Expenses				
Depletion, depreciation and accretion	**6,523**	5,712	**13,678**	11,357
General and administrative	**1,266**	1,283	**2,504**	2,261
Stock-based compensation	**165**	692	**457**	956
Capital tax expense	**30**	120	**60**	240
	7,984	7,807	**16,699**	14,814
Earnings (loss) before the following items	**(3,322)**	5,855	**6,134**	13,898
Interest and finance costs	**505**	296	**476**	287
Interest and other income	**(356)**	(79)	**(557)**	(667)
Earnings (loss) before income taxes	**(3,471)**	5,638	**6,215**	14,278
Future income tax expense (recovery)	**(3,589)**	1,822	**(719)**	4,381
Net earnings	**$118**	$3,816	**$6,934**	$9,897

Second Quarter Highlights

- During Q2 2009, natural gas production averaged 15.9 mmscfpd net to Corridor (including production from penalty wells) with an average natural gas sales price of $4.94/mscf, resulting in net earnings of $118 thousand and basic and diluted net earnings per share of $0.001.

- Natural gas revenues for Q2 2009 decreased to $7,164 thousand from $18,466 thousand for Q2 2008 due to the decrease in the average natural gas sales price from $10.97/mscf to $4.94/mscf and a decrease in production from 18.5 mmscfpd to 15.9 mmscfpd.

- Net earnings for Q2 2009 decreased to $118 thousand from $3,816 thousand for Q2 2008, reflecting the decrease in revenues which was partially offset by a decrease in future income tax expense.

- In Q2 2009, the Company recorded a future income tax recovery of $2,640 thousand following a change in New Brunswick's corporate income tax rates. New Brunswick's 2009 budget proposed to reduce the Province's corporate income tax rate from 13% to 12% effective July 1, 2009, with further proposed annual reductions leading up to a rate of 8% effective July 1, 2012. These rates were substantively enacted on April 14, 2009.

- In April 2009, consistent with the Company's 2009 budget, Corridor suspended further exploration and development drilling in the McCully Field, until natural gas prices improve.

- On June 26, 2009, Corridor reported the results of an independent study of the quantity of shale gas resource contained within the Frederick Brook formation in the Sussex/Elgin sub-basins of Southern New Brunswick. The study addressed only in-place gas volumes since insufficient information was available to estimate the technical or economically recoverable amount of shale gas. The results of this study will assist Corridor in developing a longer term plan for the appraisal and potential development of this vast resource.

Results of Operations

Revenues

thousands of dollars	Three months ended June 30 2009	2008	Six months ended June 30 2009	2008
Natural gas	**$7,164**	$18,466	**$30,376**	$37,781
Condensate	**118**	202	**220**	422
Natural gas and gas liquids revenues	**$7,282**	$18,668	**$30,596**	$38,203
Gathering, processing & transportation fees	**605**	519	**1,103**	1,163
	$7,887	$19,187	**$31,699**	$39,366

Natural gas revenues decreased to $7,164 thousand in Q2 2009 from $18,466 thousand in Q2 2008 due to the decrease in the average natural gas sales price to $4.94/mmbtu from $10.97/mmbtu in Q2 2008 and to a reduction in the average daily production in Q2 2009 to 15.9 mmscfpd from 18.5 mmscfpd (excludes the natural gas production that was not measured by the custody transfer meter and was subsequently recognized in Q4 2008).

The decrease in natural gas revenues for the six months ended June 30, 2009 to $30,376 thousand from $37,781 thousand for the six months ended June 30, 2008 is due to the decrease in the average natural gas sales price to $9.92/mmbtu from $10.87/mmbtu for the six months ended June 30, 2008 and a reduction in the average daily production for the six months ended June 30, 2009 to 16.9 mmscfpd. The decrease in production is primarily due to the effects of down-hole scaling and mineral deposition within the production wellbores, and the significant volumes of frac fluids (water and methanol) remaining in the reservoirs and wellbores, and also due in part to the technical problems encountered in Q4 2008 with McCully wells N-66 and I-47 which delayed the production from these wells. Corridor will be initiating a well work-over program later this summer to begin addressing these issues.

Corridor had a total of 26 producing wells tied-in to the McCully gathering system by the end of June 2009 compared to a total of 21 producing wells by the end of June 2008.

Corridor's Q2 2009 revenues of $7,887 thousand are lower than the amount previously budgeted of $8,400 thousand due to a weakening of the U.S. dollar and a lower than budgeted natural gas production. The average daily gas production in Q2 2009 of 15.9 mmscfpd was lower than the amount previously budgeted of 16.9 mmscfpd primarily due to the delay in the work-over operations at the N-66 well.

Production volumes and pricing

	Three months ended June 30 2009	2008	Six months ended June 30 2009	2008
Total volumes				
Natural gas production (mmscf) [(1)]	**1,450**	1,737	**3,064**	3,607
Condensate production (bbl)	**1,807**	2,142	**3,884**	4,243
Daily production averages				
Natural gas production per day (mmscfpd) [(1)]	**15.9**	19.1	**16.9**	19.8
Condensate production per day (bblpd)	**19.9**	23.5	**21.5**	23.3
Average prices				
Natural gas selling price ($/mscf)	**$4.94**	$10.97	**$9.92**	$10.87
Condensate selling price ($/bbl)	**$65.30**	$94.30	**$56.64**	$99.45

[(1)] *Natural gas production for Q2 2008 was restated from 1,683 mmscf to 1,737 mmscf and from 18.5 mmscfpd to 19.1 mmscfpd and natural gas production for the six months ended June 30, 2008 was restated from 3,475 mmscf to 3,607 mmscf and from 19.1 mmscfpd to 19.8 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

Corridor has decreased its 2009 budget for revenues from $61 million to $54.5 million to reflect the weakening of the U.S. dollar and a lower forecasted natural gas production level. Corridor has maintained its estimate of the average natural gas sales price at US$4.2/mmbtu at Henry Hub ($US4.2/mmbtu at Henry Hub for the remainder of 2009) and has revised its estimate of the exchange rate from $0.825 U.S. per Canadian dollar to $0.90 U.S. per Canadian dollar. Corridor has also

decreased its previously estimated average net production for 2009 from 20 mmscfpd to 18 mmscfpd to reflect a decrease in the estimated production from the I-47 well following a pressure failure in the casing patch installed in this well earlier this year resulting in only one frac being successfully completed in the well.

Gathering, processing and transportation fees

	Three months ended June 30		Six months ended June 30	
thousands of dollars	**2009**	2008	**2009**	2008
Gathering, processing and transportation fees	**$605**	$519	**$1,103**	$1,163

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 increase in the gathering, processing and transportation ("GPT") fees to $605 thousand in Q2 2009 from $519 thousand in Q2 2008 reflects an increase in PCS' share of production going through the midstream facilities due to a decrease in the gas production taken in kind by PCS at their potash mill.

Outlook

Corridor has decreased its 2009 budget for GPT fees from $2,400 thousand to $2,300 thousand to reflect the decrease in the average estimated gross production from 27 mmscfpd to 24 mmscfpd for 2009 and the resulting decrease in PCS' share of production.

Royalty Expense

	Three months ended June 30		Six months ended June 30	
thousands of dollars	**2009**	2008	**2009**	2008
Crown royalties	**$106**	$1,179	**$1,603**	$2,465
Royalty expense per mscf ($/mscf)	**$0.07**	$0.70	**$0.52**	$0.71
Percentage of natural gas and gas liquids revenues	**1.5%**	6.3%	**5.2%**	6.5%

For the three and six months ended June 30, 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. The decrease in the royalty expense per mscf for the three and six months ended June 30, 2009 to $0.07/mscf and $0.52/mscf from $0.70/mscf and $0.71/mscf for the three and six months ended June 30, 2008, respectively is due to the significant decrease in Q2 2009 in the natural gas revenues while the deductions allowable in the royalty calculation remained consistent.

Outlook

Corridor has decreased its 2009 estimate for the effective royalty rate from 4.6% to 4.5% reflecting the decrease in forecasted revenues. Corridor believes the structure of the royalty regime could change during 2009 if new regulations proposed by the New Brunswick government are implemented. Corridor has not yet incorporated the impact of this potential change as these new regulations are not expected nor intended to have a material long-term financial impact on the Company.

Production Expense

	Three months ended June 30		Six months ended June 30	
thousands of dollars	**2009**	2008	**2009**	2008
Gross production expense	**$1,077**	$1,537	**$2,434**	$3,156
Third party recoveries	**(425)**	(347)	**(792)**	(778)
Net production expense	**$652**	$1,190	**$1,642**	$2,378
Net production expense per mscf ($/mscf)	**$0.45**	$0.69	**$0.54**	$0.66

Gross production expense for Q2 2009 decreased to $1,077 thousand from $1,537 thousand for Q2 2008 and to $2,434 thousand for the six months ended June 30, 2009 from $3,156 thousand for the six months ended June 30, 2008 due to the decrease in methanol and water disposal costs. The decrease in methanol costs is due to a lower water production and the

ability to recover and reuse methanol from produced water following the installation of a methanol regenerator in Q3 2008. The methanol regenerator has also significantly reduced the volume of water for disposal and the related disposal costs.

Outlook

Corridor has decreased its 2009 estimate for production expense from $0.72/mscf to $0.59/mscf for 2009 to reflect the impact of the lower methanol and water disposal costs. The decrease in the estimate of production expense per mscf was partially offset by the decrease in the average estimated net production from 20 mmscfpd to 18 mmscfpd for 2009.

Transportation Expense

	Three months ended June 30		Six months ended June 30	
thousands of dollars	**2009**	2008	**2009**	2008
Transportation expense	**$2,467**	$3,156	**$5,621**	$5,811
Transportation expense per mscf ($/mscf)	**$1.70**	$1.88	**$1.83**	$1.67

For the three and six months ended June 30, 2009, transportation expense decreased to $2,467 thousand and $5,621 thousand from $3,156 thousand and $5,811 thousand for the three and six months ended June 30, 2008 respectively, due to a decrease in production, a $0.05/mmbtu decrease in the cost of Canadian firm tolls effective April 1, 2009 and a firm transportation agreement for variable monthly volumes at a cost of 75% of the Canadian firm tolls effective May 1, 2009. These decreases were lessened by a stronger U.S. dollar in 2009 compared to 2008.

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. Corridor also has a transportation agreement, which commenced on May 1, 2009 and will expire on November 30, 2009, which allows Corridor, on a monthly basis, to commit to a volume of firm transportation on the Canadian side of the M&NP at a cost of 75% of the firm tolls.

Transportation expense per mscf for Q2 2009 is lower than the latest forecast of $1.83/mscf, resulting primarily from the variable monthly firm transportation agreement effective May 1, 2009 and a weakening of the U.S. dollar.

Outlook

Corridor has decreased its estimate of transportation expense from $1.83/mscf to $1.64/mscf for 2009 to reflect the reduction in transportation expense resulting from the monthly Canadian firm transportation agreement to November 30, 2009 and an expected decrease in the U.S. firm transportation toll effective August 1, 2009. The estimate is based on an exchange rate of $0.90 U.S. per Canadian dollar and an average estimated net production of 18 mmscfpd for 2009.

Depletion, Depreciation and Accretion

	Three months ended June 30		Six months ended June 30	
thousands of dollars	**2009**	2008	**2009**	2008
Depletion, depreciation and accretion	**$6,523**	$5,712	**$13,678**	$11,357
Depletion, depreciation and accretion per mscf ($/mscf)	**$5.15**	$4.02	**$5.11**	$3.99

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 and six months ended June 30, 2009 as Corridor's estimated future development costs relating to the development of proved reserves has increased to $104 million in 2009 from $71 million in 2008 and the 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 $4.3/mscf to $5.0/mscf to reflect the decrease in the average estimated net production from 20 mmscfpd to 18 mmscfpd.

General and Administrative Expenses

thousands of dollars	Three months ended June 30 **2009**	2008	Six months ended June 30 **2009**	2008
Gross expenses	**$1,374**	$1,497	**$2,752**	$2,630
Capitalized overhead	**(98)**	(151)	**(210)**	(271)
Operator recoveries	**(10)**	(63)	**(38)**	(98)
Net expenses	**$1,266**	$1,283	**$2,504**	$2,261

During Q2 2009, gross general and administration expenses ("G&A") decreased to $1,374 thousand from $1,497 thousand during Q2 2008 due to a decrease in salaries as no cash bonus was paid out in Q2 2009. During the six months ended June 30, 2009, gross G&A increased to $2,752 thousand from $2,630 thousand during the six months ended June 30, 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 Finance Costs

thousands of dollars	Three months ended June 30 **2009**	2008	Six months ended June 30 **2009**	2008
Interest and finance costs	**$505**	$296	**$476**	$287

The increase in interest and finance costs to $505 thousand and $476 thousand for the three and six months ended June 30, 2009, from $296 thousand and $287 thousand for the three and six months ended June 30, 2008, respectively reflects an increase in foreign exchange losses due to a weakening of the U.S. dollar.

Future Income Taxes

thousands of dollars	Three months ended June 30 **2009**	2008	Six months ended June 30 **2009**	2008
Future income tax expense (recovery)	**$(3,589)**	$1,822	**$(719)**	$4,381
Effective tax rate	**(103.3)%**	32.3%	**(11.5)%**	30.7%
Canadian statutory income tax rate	**33.2%**	33.3%	**33.2%**	33.3%

The decrease in the effective tax rate is due to the decrease in the substantially enacted tax rates in New Brunswick. New Brunswick's corporate income tax rate was reduced from 13% to 12% effective July 1, 2009, with further proposed annual reductions leading up to a rate of 8% effective July 1, 2012, following the Province's 2009 budget. As a result, the Company has reduced its future income tax rate in Q2 2009 from 28.75% to 26% and has recorded a future income tax recovery of $2,640 thousand. The decrease in the New Brunswick corporate income tax rate was lessened by a change in the Company's estimate of the future allocation of taxable income from New Brunswick to Nova Scotia.

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

	Three months ended June 30		Six months ended June 30	
thousands of dollars	**2009**	2008	**2009**	2008
Drilling	**$949**	$12,930	**$16,166**	$24,608
Fracture stimulation programs and work-overs	**(299)**	664	**3,278**	4,184
Midstream facilities and tie-ins	**1,184**	895	**1,754**	3,347
Land and seismic	**787**	40	**1,017**	123
Capitalized overhead	**98**	151	**210**	271
Office and other equipment	**238**	24	**332**	153
	$2,957	$14,704	**$22,757**	$32,686

The decrease in capital expenditures in Q2 2009 to $2,957 thousand from $14,704 thousand in Q2 2008 reflects the suspension of all drilling activities early in the quarter consistent with the Company's 2009 budget.

For the six months ended June 30 2009, capital expenditures decreased to $22,757 thousand from $32,686 thousand for the six months ended June 30, 2008 due to the decrease in drilling costs and tie-ins costs resulting from the suspension of drilling activities and the reduction in the number of wells drilled. For the six months ended June 30 2009, Corridor completed drilling the McCully C-29, L-38 and P-47 wells (3 net wells) and for the six months ended June 30, 2008, Corridor completed drilling the E-67 well, drilled the K-48, J-47, C-48 and C-57 wells and began drilling the I-47 and P-67 wells (5.5 net wells).

Capital Expenditures Outlook

Corridor has reduced its 2009 capital budget from $41.5 million net to Corridor's working interest to $40.0 million to reflect a $2.5 million decrease in the Company's 2009 estimated cash flow from operations. The net decrease in the capital expenditure program reflects lower than budgeted drilling costs and a delay in planned gas plant maintenance.

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 $32.5 million, based on an estimate of the natural gas sales price of $4.2/mmbtu at Henry Hub for the remainder of 2009, an exchange rate estimate of $0.90 U.S. per Canadian dollar and an estimated average net production for 2009 of 18 mmscfpd.

Balance Sheet Items

Significant changes between the June 30, 2009 balance sheet and the December 31, 2008 balance sheet include:

- $15,191 thousand decrease in cash and cash equivalents, primarily reflecting the capital expenditure spending.
- $1,000 thousand increase in restricted cash reflecting a letter of credit guarantee in connection with Corridor's new Canadian transportation agreement.
- $13,125 thousand decrease in receivables primarily reflecting the decrease in natural gas prices and the collection of the by-passed natural gas revenues in Q1 2009.
- $11,891 thousand increase in property, plant and equipment reflecting the capital expenditure spending.
- $20,754 thousand decrease in accounts payable and accrued liabilities reflecting mostly the payment of the 2008 frac program accounts payable and a decrease in capital spending in Q2 2009.
- $3,580 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. The increase in future income taxes was partially offset by the future income tax recovery of $2,640 thousand resulting from a decrease in the substantively enacted income tax rates in New Brunswick.

Cash Flow Highlights

thousands of dollars	Three months ended June 30 **2009**	2008	Six months ended June 30 **2009**	2008
Cash provided by operating activities	**$8,255**	$12,002	**$28,366**	$25,773
Cash provided by financing activities	**-**	42,200	**-**	52,212
Cash used in investing activities	**(11,144)**	(16,073)	**(43,557)**	(51,402)
Increase (decrease) in cash and cash equivalents	**$(2,889)**	$38,129	**$(15,191)**	$26,583

The decrease in cash provided by operating activities for Q2 2009 compared to Q2 2008 reflects the decrease in natural gas revenues which was partially offset by the increase in the accounts receivable collected in Q2 2009 compared to Q2 2008. The increase in the cash provided by operating activities for the six months ended June 30, 2009 compared to the six months ended June 30, 2008 is due to the increase in the accounts receivable collected during the period which was partially offset by the decrease in natural gas revenues.

The decrease in cash provided by financing activities for the three and six months ended June 30, 2009 reflects the June 2008 share issue which resulted in net proceeds of approximately $52 million received in Q2 2008.

Cash used in investing activities has decreased for the three and six months ended June 30, 2009 compared to the three and six months ended June 30, 2008 due to the decrease in capital spending.

Outstanding Share Information

As of July 31, 2009, the outstanding share information was as follows:

Common shares outstanding	**87,767,134**
Stock options to purchase common shares	**2,302,000**
Total common shares outstanding after exercise of all stock options	**90,069,134**

thousands of dollars	
Total proceeds due on exercise of all stock options	**$10,557**

Summary of Quarterly Information

	2009		**2008**				**2007**	
thousand of dollars, except per share amounts and average natural gas price	Three months ended		Three months ended				Three months ended	
	Jun. 30	Mar. 31	Dec. 31	Sep. 30	**Jun. 30**	Mar. 31	Dec. 31	Sep. 30
Natural gas revenues	**$7,164**	$23,212	$22,667	$15,391	**$18,466**	$19,316	$15,586	$12,884
Net earnings	**$118**	$6,816	$8,380	$3,874	**$3,816**	$6,081	$4,682	$1,092
Net earnings per share – basic	**$0.001**	$0.078	$0.096	$0.044	**$0.046**	$0.074	$0.057	$0.013
per share – diluted	**$0.001**	$0.078	$0.096	$0.044	**$0.045**	$0.073	$0.056	$0.013
Natural gas production as disclosed (mmscf)	**1,450**	1,614	1,934	1,548	**1,683**	1,792	1,759	1,764
Revised natural gas production (mmscf)(1)	**1,450**	1,614	1,743	1,548	**1,737**	1,870	1,818	1,764
Average natural gas price ($/mscf)	**$4.94**	$14.38	$13.01	$9.94	**$10.97**	$10.78	$8.86	$7.30
Capital expenditures	**$2,957**	$19,800	$20,411	$26,638	**$14,704**	$17,982	$27,728	$26,394

(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 credit facility.

At June 30, 2009, Corridor had access to a $40 million revolving credit facility with a Canadian chartered bank. The principal amount outstanding from time to time under the loan bore interest at the lender's prime rate plus 0.25% per annum, with interest payable monthly. This credit facility matured on July 27, 2009 and was replaced on July 31, 2009, with a revolving credit facility with another Canadian chartered bank, for an initial amount of $20 million. This new credit facility can be increased at any time up to the current approved borrowing base of $44 million, subject to the bank reconfirming this borrowing base. The interest rate on the new credit facility will be based on the bank's prime rate plus 1.25% per annum, with interest payable monthly. The loan will mature, subject to mutual agreement to extend, on July 31, 2010 and is subject to customary terms and conditions for borrowings of this nature and 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 below the $20 million credit facility, 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 its 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. 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 which amounted to $97 thousand for the three and six months ended June 30, 2009 (three and six months ended June 30, 2008 - $90 thousand) The amounts paid are recorded at the amount agreed to between the parties and approximate fair value.

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 six months ended June 30, 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 July 2009, the International Accounting Standards Board issued *Additional Exemptions for First-time Adopters (Amendments to IFRS-1)* which gives the option to companies using the full cost method of accounting to carry forward the amount determined under Canadian GAAP as the deemed cost under IFRS. This exemption will significantly reduce property, plant and equipment adjustments which would have resulted 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”) in 2007 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 was audited by the New Brunswick Department of Finance in 2008 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 June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Revenues	**$ 7,887**	$ 19,187	**$ 31,699**	$ 39,366
Royalty expense	**(106)**	(1,179)	**(1,603)**	(2,465)
Production expense	**(652)**	(1,190)	**(1,642)**	(2,378)
Transportation expense	**(2,467)**	(3,156)	**(5,621)**	(5,811)
	4,662	13,662	**22,833**	28,712
Other Expenses				
Depletion, depreciation and accretion	**6,523**	5,712	**13,678**	11,357
General and administrative *(note 6)*	**1,266**	1,283	**2,504**	2,261
Stock-based compensation *(note 8c)*	**165**	692	**457**	956
Capital tax expense	**30**	120	**60**	240
	7,984	7,807	**16,699**	14,814
Earnings (loss) before the following items	**(3,322)**	5,855	**6,134**	13,898
Interest and finance costs *(note 3)*	**505**	296	**476**	287
Interest and other income	**(356)**	(79)	**(557)**	(667)
Earnings (loss) before income taxes	**(3,471)**	5,638	**6,215**	14,278
Future income tax expense (recovery) (*note 4*)	**(3,589)**	1,822	**(719)**	4,381
Net earnings, being comprehensive income	**118**	3,816	**6,934**	9,897
Retained earnings (deficit), beginning of period	**27,638**	4,752	**20,822**	(1,329)
Retained earnings, end of period	**$ 27,756**	$ 8,568	**$ 27,756**	$ 8,568
Net earnings per share *(note 5)*				
Basic	**$ 0.001**	$ 0.046	**$ 0.079**	$ 0.119
Diluted	**$ 0.001**	$ 0.045	**$ 0.079**	$ 0.119

See accompanying notes to the interim unaudited financial statements.

Balance Sheets

(thousands of dollars)

As at	**June 30 2009** *(unaudited)*	December 31 2008 *(audited)*
Assets		
Current assets		
Cash and cash equivalents	**$ 19,122**	$ 34,313
Restricted cash	**1,350**	350
Receivables	**3,772**	16,897
Receivables from joint venture partners	**-**	94
Capital taxes receivable	**89**	53
Prepaids and security deposits	**465**	169
	24,798	51,876
Property, plant and equipment *(note 6)*	**280,033**	268,142
Intangible assets	**392**	-
Restricted cash and security deposits	**1,380**	1,380
	$ 306,603	$ 321,398
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 3,196**	$ 23,950
Obligations under capital lease	**143**	-
Advances from joint venture partners	**1,370**	2,627
	4,709	26,577
Obligations under capital lease	**230**	-
Future income taxes	**24,870**	21,290
Asset retirement obligations	**2,020**	1,850
	31,829	49,717
Shareholders' Equity		
Capital stock *(note 8)*	**242,115**	246,413
Contributed surplus *(note 8d)*	**4,903**	4,446
Retained earnings	**27,756**	20,822
	274,774	271,681
	$ 306,603	$ 321,398

See accompanying notes to the interim unaudited financial statements.

Commitments *(note 12)*
Contingencies *(note 13)*
Subsequent events *(note 14)*

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 June 30 **2009**	2008	Six months ended June 30 **2009**	2008
Operating Activities				
Net earnings	**$ 118**	$ 3,816	**$ 6,934**	$ 9,897
Depletion, depreciation and accretion	**6,523**	5,712	**13,678**	11,357
Stock-based compensation	**165**	692	**457**	956
Future income tax expense (recovery)	**(3,589)**	1,822	**(719)**	4,381
	3,217	12,042	**20,350**	26,591
Increase (decrease) in non-cash operating working capital *(note 9)*	**5,038**	(40)	**8,016**	(818)
Cash provided by operating activities	**8,255**	12,002	**28,366**	25,773
Financing Activities				
Proceeds from capital stock issues	**-**	55,534	**-**	55,546
Decrease in bank loan *(note 7)*	**-**	(10,000)	**-**	-
Share issue costs	**-**	(3,334)	**-**	(3,334)
Cash provided by financing activities	**-**	42,200	**-**	52,212
Investing Activities				
Property, plant and equipment expenditures	**(2,957)**	(14,704)	**(22,757)**	(32,686)
Decrease (increase) in restricted cash and security deposits	**(1,000)**	1,450	**(1,000)**	1,450
Decrease in non-cash investing working capital *(note 9)*	**(7,187)**	(2,819)	**(19,800)**	(20,166)
Cash used in investing activities	**(11,144)**	(16,073)	**(43,557)**	(51,402)
Increase (decrease) in cash and cash equivalents	**(2,889)**	38,129	**(15,191)**	26,583
Cash and cash equivalents, beginning of period	**22,011**	2,833	**34,313**	14,379
Cash and cash equivalents, end of period	**$ 19,122**	$ 40,962	**$ 19,122**	$ 40,962
Cash and cash equivalents consists of:				
Cash (bank indebtedness)	**$ 4,852**	$ (3,538)	**$ 4,852**	$ (3,538)
Short-term investments	**14,270**	44,500	**14,270**	44,500
Cash and cash equivalents, end of period	**$ 19,122**	$ 40,962	**$ 19,122**	$ 40,962

See accompanying notes to the interim unaudited financial statements.

Notes to the Interim Unaudited Financial Statements
June 30, 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 as of January 1, 2009 but resulted in an increase of $392 thousand in intangible assets during the period. Intangible assets will be amortized over a 10 year period using the straight-line method.

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 IFRS.

3 Interest and finance costs

Interest and finance costs consist of the following:

(thousands of dollars)

	Three months ended June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Interest expenses	**$ 42**	$ 181	**$ 68**	$ 287
Foreign exchange losses	**463**	115	**408**	-
	$ 505	$ 296	**$ 476**	$ 287

4 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 (loss) before income taxes as follows:

(thousands of dollars)

	Three months ended June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Earnings (loss) before income taxes	**$ (3,471)**	$ 5,638	**$ 6,215**	$ 14,278
Canadian statutory income tax rate	**33%**	33%	**33%**	33%
Expected income tax expense (recovery)	**(1,152)**	1,874	**2,064**	4,747
Increase (decrease) resulting from:				
Non-deductible stock-based compensation	**55**	230	**152**	317
Originating temporary differences recorded at the future income tax rates expected to be in effect when realized	**146**	(285)	**(298)**	(686)
Effect of provincial tax rate change	**(3,600)**	-	**(3,600)**	-
Effect of change in estimate in provincial tax allocation	**960**	-	**960**	-
Other	**2**	3	**3**	3
	$ (3,589)	$ 1,822	**$ (719)**	$ 4,381

During the quarter, the Company reduced its future income tax rate from 28.75% to 26% following the New Brunswick Government's 2009 budget, which resulted in a decrease in future income tax expense of $3,600 thousand. New Brunswick's corporate income tax rate was reduced from 13% to 12% effective July 1, 2009, with further proposed annual reductions leading up to a rate of 8% effective July 1, 2012. The Company also decreased its estimate of the future allocation of taxable income from New Brunswick to Nova Scotia, which resulted in an increase in future income tax expense of $960 thousand.

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 June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Weighted average number of common shares - basic	**87,629**	83,206	**87,629**	82,913
Effect of stock options	**82**	673	**76**	555
Weighted average number of common shares - diluted	**87,711**	83,879	**87,705**	83,468

For the three and six months ended June 30, 2009, stock options of 1,484 thousand (three and six months ended June 30, 2008 – 232 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)

June 30, 2009	**Cost**	**Accumulated depletion and depreciation**	**Net book value**
Petroleum and natural gas properties	**$ 252,428**	**$ 43,060**	**$ 209,368**
Production facilities	**73,598**	**11,457**	**62,141**
Inventory	**5,493**	**-**	**5,493**
Future asset retirement costs	**1,685**	**245**	**1,440**
Office furniture and other equipment	**2,284**	**693**	**1,591**
	$ 335,488	**$ 55,455**	**$ 280,033**

(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 and six months ended June 30, 2009, Corridor capitalized to petroleum and natural gas properties general and administrative costs of $98 thousand and $210 thousand (three and six months ended June 30, 2008 - $151 thousand and $271 thousand). The calculation of depletion includes estimated future development costs relating to the development of proved reserves of $104 million for the three and six months ended June 30, 2009 (three and six months ended June 30, 2008 - $71 million).

7 Credit facility

At June 30, 2009, Corridor had a $40 million revolving short term credit facility with a Canadian chartered bank which expired on July 27, 2009. The interest rate on the loan was based on the bank's prime rate plus 0.25% and outstanding bank loans were secured by a $50 million demand debenture on the Company's property, plant and equipment. At June 30, 2009, there was 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)

	June 30, 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	**-**	**-**	67	316
amount recognized from contributed surplus	**-**	**-**	-	202
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

8 Capital stock (continued)

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:

	June 30, 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	**(3)**	**$ 9.48**	(44)	$ 5.83
Granted	**25**	**$ 2.86**	345	$ 8.38
Balance, end of period	**1,626**	**$ 5.29**	1,604	$ 5.34
Options exercisable, end of period	**1,363**	**$ 4.97**	1,038	$ 4.64

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

	June 30, 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 and six months ended June 30, 2009, the Company recorded stock-based compensation expense with an offsetting increase to contributed surplus of $165 thousand and $457 thousand (three and six months ended June 30, 2008 - $692 thousand and $956 thousand).

The range of exercise prices of stock options outstanding and exercisable as at June 30, 2009 is as follows:

	Outstanding options			**Exercisable options**	
Exercise prices	**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	0.1	$0.95	138	$0.95
$ 2.00 - $ 4.99	644	1.8	$4.34	607	$4.41
$ 5.00 - $ 5.99	508	2.0	$5.46	402	$5.46
$ 6.00 - $ 6.99	109	3.8	$6.80	104	$6.80
$ 7.00 - $10.99	227	3.9	$9.54	112	$9.54
	1,626	2.1	$5.29	1,363	$4.97

Notes to the Interim Unaudited Financial Statements
June 30, 2009

8 Capital stock (continued)

d) Contributed surplus

(thousands of dollars)

	June 30 2009	December 31 2008
Balance, beginning of period	**$ 4,446**	$ 3,083
Stock-based compensation expense	**457**	1,565
Stock options exercised	**-**	(202)
Balance, end of period	**$ 4,903**	$ 4,446

9 Supplemental cash flow information

(thousands of dollars)

	Three months ended June 30		**Six months ended June 30**	
	2009	2008	**2009**	2008
Increase (decrease) in non-cash operating working capital:				
Receivables	**$ 5,188**	$ 633	**$ 8,885**	$ (446)
Prepaids and security deposits	**127**	(57)	**(296)**	(107)
Accounts payable and accrued liabilities	**(320)**	(527)	**(537)**	(205)
Capital taxes	**43**	(89)	**(36)**	(60)
	$ 5,038	$ (40)	**$ 8,016**	$ (818)
Increase (decrease) in non-cash investing working capital:				
Receivables	**$ 3,564**	$ 1,851	**$ 4,240**	$ 1,835
Inventory	**(1,730)**	(613)	**(2,660)**	(904)
Accounts payable and accrued liabilities	**(10,325)**	(2,607)	**(20,217)**	(14,858)
Advances from joint venture partners	**1,304**	(1,450)	**(1,163)**	(6,239)
	$ (7,187)	$ (2,819)	**$ (19,800)**	$ (20,166)
Interest and taxes paid:				
Interest paid	**$ 41**	$ 189	**$ 63**	$ 289
Capital and other taxes paid	**$ (14)**	$ 207	**$ 95**	$ 299

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.

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.

10 Risk management (continued)

The Company had the following financial instruments denominated in U.S. dollars at the balance sheet dates.

(thousands of U.S. dollars)

	June 30, 2009	December 31, 2008
Cash	**$ 43**	$ 24
Receivables	**1,604**	7,745
Financial instruments in U.S. dollars	**$ 1,647**	$ 7,769

At June 30, 2009, a 5% decrease in the U.S. dollar relative to the Canadian dollar would have resulted in a decrease of approximately $100 thousand in the Company's net earnings due to a decrease in the financial instruments denominated in U.S. dollars.

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 June 30, 2009, the Company was holding cash and equivalents of $19,122 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.

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, credit facility 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 and six months ended June 30, 2009, legal expenses of $97 thousand are included in general and administrative expenses (three and six months ended June 30, 2008 - $90 thousand) and no share issue costs are included in capital stock as at June 30, 2009 (December 31, 2008 – $120 thousand). At June 30, 2009, $102 thousand 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 Commitments

During the period, the Company issued an irrevocable standby letter of credit in the amount of $1,000 thousand. The letter of credit, issued by a Canadian chartered bank, was issued in connection with a transportation agreement and expires January 5, 2010.

13 Contingencies

The Company was audited by the Canada Revenue Agency (“CRA”) in 2007 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 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 was audited by the New Brunswick Department of Finance in 2008 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.

14 Subsequent events

On July 31, 2009, Corridor entered into a revolving short term credit facility with a Canadian chartered bank for an initial amount of $20 million. The credit facility can be increased at any time up to the current approved borrowing base of $44 million, subject to the bank reconfirming this borrowing base. The interest rate on the new credit facility will be based on the bank’s prime rate plus 1.25% per annum. The loan will mature, subject to mutual agreement to extend, on July 31, 2010 and will be secured by a $75 million demand debenture on the Company’s property, plant and equipment.

On July 14, 2009, 814,000 stock options were granted to directors, officers, employees and consultants of the Company at an exercise price of $2.56 per share. These options vest over three years and will expire on July 14, 2014.

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
Canadian Imperial Bank of Commerce
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 July 31, 2009 – 87,767,134