Oil and Gas Corporation of Newfoundland and Labrador

2025 Annual Performance Report

June 2026

OILCO | NEWFOUNDLAND AND LABRADOR

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Message from the Board of Directors

Honourable Lloyd Parrott
Minister of Energy and Mines
Government of Newfoundland and Labrador
P.O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister Parrott:

In accordance with the **Oil and Gas Corporation Act** and the **Transparency and Accountability Act**, I am pleased to provide the 2025 Annual Performance Report for the Oil and Gas Corporation of Newfoundland and Labrador (OilCo or Corporation) on behalf of the Board of Directors (Board). As the Board, we are accountable for the preparation and achievement of the results reported in this document.

This report details OilCo's accomplishments for the 2025 calendar year, the final year of the Corporation's 2023-2025 Strategic Plan. Throughout 2025, OilCo remained focused on its mandate to maximize the value of Newfoundland and Labrador's offshore resources. We achieved this through disciplined exploration initiatives, advancing critical joint venture developments, and strategic optimization of the Bull Arm Fabrication Site. The deep technical expertise of our team remains our most significant asset in driving these results and championing the province's energy sector.

As we conclude this planning cycle, the Board and management look forward to collaborating with the Department of Energy and Mines to achieve the objectives of our next three-year strategic plan. We remain committed to reinvigorating global interest in our offshore and are eager to showcase the immense potential of offshore Newfoundland and Labrador to the international energy market.

Sincerely,



Dr. Charles Randell
Chair, Board of Directors

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1. Overview

Established in 2019 by the **Oil and Gas Corporation Act**, the Oil and Gas Corporation of Newfoundland and Labrador (OilCo or Corporation) is wholly owned by the Government of Newfoundland and Labrador (Government) and leads oil and gas activities in Newfoundland and Labrador's offshore area. OilCo is a Category 1 public body under the **Transparency and Accountability Act**.

OilCo is responsible for advancing Newfoundland and Labrador's offshore oil and gas potential through exploration, development, and strategic investment.

The Corporation leads the exploration of the province's frontier slope and deepwater basins. By leveraging strategic investments in data analysis and acquisitions, OilCo highlights the potential of undiscovered oil and gas resources.

In addition to its exploration pursuits, on behalf of Government, OilCo manages Nalcor Energy-Oil and Gas's (Nalcor-Oil and Gas) equity ownership in three producing offshore oil projects: (1) Hibernia Southern Extension; (2) Hebron; and (3) White Rose Extension project. OilCo is authorized to participate in future projects by acquiring equity at the development and production stages.

OilCo is also responsible for managing its subsidiary, Bull Arm Fabrication Inc. (BAF), a key industrial asset supporting large-scale marine and energy projects.

The Corporation advances exploration and development through targeted geoscience, disciplined stewardship of equity interests, and strategic use of the Bull Arm Fabrication Site.

Mandate

OilCo is responsible for maximizing growth opportunities in the province's offshore oil and gas industry. OilCo's mandate is to invest in, engage in, and carry out the following activities in the province and elsewhere, in accordance with the priorities of Government, including:

a) exploring for, developing, producing, refining, marketing, and transporting hydrocarbons and products from hydrocarbons; and,
b) research and development.

OilCo has operational autonomy; however, the Corporation receives financial, human resources, and other central services support from core Government, intended to create savings and a more efficient public sector.

Vision

A prosperous future full of economic opportunity for generations of Newfoundlanders and Labradorians.

Lines of Business

OilCo's operations focus on four key strategic areas that drive value for Newfoundland and Labrador: Exploration; Development and Production; Facilities Management - Bull Arm Fabrication; and Sustainability. A description of each business segment is provided below, with additional information about OilCo's strategic issues for 2025 included in Section 3 of this report. Learn more about OilCo and its business operations at www.oilconl.com.

Exploration

OilCo's strategy is to drive investment decisions through leading geoscience that lowers investment risk and enhances the likelihood of commercial exploration success. By focusing on targeted data acquisition and interpretation, the Corporation positions the province as a competitive jurisdiction for global exploration capital. This strategy results in mutual success and greater shareholder value for Government and the province.

With significant untapped prospectivity, our offshore remains a premier destination for global exploration. OilCo's deep technical expertise provides the critical insights required to transform this potential into reality, driving value for Newfoundland and Labrador.

Development and Production

OilCo manages Government equity interests in three producing oil and gas assets under a Management Services Agreement (MSA) with Nalcor-Oil and Gas. These include an 8.7 per cent working interest in the Hibernia Southern Extension, a 4.9 per cent working interest in Hebron, and a 5.0 per cent working interest in the White Rose Extension project. OilCo provides oversight and strategic advice to ensure these assets deliver long-term benefits aligned with Government priorities. OilCo may acquire equity in future projects on behalf of Government at the development and production stage of a project.

OilCo is maximizing returns through equity investments, earning more than $1.1 billion in dividends since 2010.

Facilities Management – Bull Arm Fabrication

OilCo operates the Bull Arm Fabrication Site (BAF Site or Site), a deep-water industrial facility supporting offshore development, marine fabrication, and emerging opportunities in the energy and defence sectors. As defined by the current lease boundaries, the Site is Atlantic Canada's largest fabrication site. It spans over 25 km^2 with 20,600 m^2 enclosed fabrication facilities and marine infrastructure, a 140,000 m^2 marine facility with numerous buildings, quays, and laydown areas, and a deep-water site that has collectively been an important industrial asset for economic activity.

Sustainability

OilCo works with stakeholders to support ongoing and future development projects and to explore partnerships and technologies that enhance the environmental performance of the province's offshore resources.

OilCo Team

OilCo and BAF had 19 staff at the end of 2025 based at OilCo’s head office in St. John’s. The gender composition at the end of 2025 was 53 per cent female and 47 per cent male. The OilCo team has extensive experience in engineering, geoscience, investment attraction, and business aspects of the oil and gas industry. In 2025, the team consisted of Geologists, Geophysicists, Engineers, Technologists, Accountants, IT Specialists, Communications, and Corporate Service professionals.

OilCo has an experienced team with a combined 300+ years of petroleum industry experience in Canada and around the world including in prolific petroleum basins.

Board of Directors

OilCo's Board of Directors is appointed by the Lieutenant-Governor in Council and comprises individuals from across the province with a variety of professional backgrounds and extensive experience in executive roles. On September 12, 2025, Richard Daw, a long-standing Director, resigned. The Board thanks Mr. Daw for his commitment and dedication to OilCo. The Board further acknowledges with regret and sadness Mr. Daw's passing in March 2026 and extends its sincere condolences to his family.

The following individuals were on the OilCo Board at the end of 2025:

- Dr. Charles Randell, Chair
- Wayne Chipman
- Bernard J. Collins [1]
- Leslie Grattan
- Shelly Leighton
- Jennifer Warren [2]

Biographies for the OilCo Board of Directors are provided in Appendix 1.

There are also two independent members on the Bull Arm Fabrication Board (BAF Board). The following individuals represented independent positions on the BAF Board as of December 31, 2025:

- Bill Fanning
- Frank Smyth

[1] Bernard Collins resigned from the OilCo Board on January 8, 2026.
[2] Jennifer Warren resigned from the OilCo Board on April 21, 2026.

2025 Consolidated Revenues and Expenses

In 2025, OilCo reported revenues from continuing operations of $13.1 million (M). The majority of OilCo's revenues were generated from a management fee charged to Nalcor-Oil and Gas ($4.2M), the lease of the BAF Site ($2.2M), and Government contributions ($6.4M).

Approximately 42 per cent of OilCo's expenditures from continuing operations relate to operating costs, which are comprised primarily of salaries and wages ($2.4M), professional services ($1.5M), software maintenance ($1.7M), and utilities ($0.8M).

2025 Key Business Highlights:

- $98.6M in dividends earned from the equity investments that OilCo manages in offshore developments.
- Average production in 2025 was approximately 8,900 barrels of oil equivalent per day.

Table 1: OilCo Consolidated Revenue and Expenses for the year ended December 31, 2025

For the period ended December 31, 2025 (in thousands of Canadian Dollars)	$	%
Continuing operations		
Grant revenue	6,407	49.0
Other revenue	4,212	32.2
Lease revenue	2,152	16.5
Net finance income	550	4.2
Other (expenses)	(246)	(1.9)
Revenue	13,075	
Operating costs	8,704	42.4
Amortization of exploration assets	11,395	55.5
Amortization of tangible capital assets	423	2.1
Exploration expenses	13	-
Expenses	20,535	
Annual loss from continuing operations	(7,460)	
Discontinued operations		
Loss for the year from discontinued operations	-	
Annual loss	(7,460)	

OilCo's 2025 Audited Consolidated Financial Statements is provided in Appendix 3.

2. Highlights and Partnerships

Throughout the 2023–2025 planning period, OilCo strengthened collaboration among Government, regulators, tenants, community partners, industry organizations, and academic institutions to advance Newfoundland and Labrador's offshore exploration, development, and industrial-readiness objectives. These partnerships supported Government decision-making, facilitated investment readiness, and contributed to the responsible management of provincially-owned offshore resources.

Department of Energy and Mines

OilCo worked with the Department of Energy and Mines (formerly the Department of Industry, Energy, and Technology) to support Government priorities in offshore exploration, development, and asset management. This work included: assisting on Government-led reviews of provincially owned oil and gas assets; providing technical, financial, and commercial analysis; and coordinating engagement with industry and prospective investors.

In late 2025, OilCo worked closely with Energy and Mines to advance negotiations related to the Bay du Nord development. This included providing technical, commercial, and financial analysis to support negotiations on key agreements, including one involving equity considerations. These agreements were finalized in March 2026.

OilCo supported the Energy and Mines-led RFP processes for the potential sale or lease of the BAF Site by providing technical input, information, tours of the BAF Site, and engagement with proponents. OilCo and BAF staff also attended defence conferences in St. John's and Halifax, supporting Energy and Mines representatives to promote the Bull Arm Site as a strategic defence location for Canada.

OilCo also collaborated with Energy and Mines to promote offshore Newfoundland at several domestic, national, and international oil and gas conferences and events, and to share information with potential investors prior to the November offshore Call for Bids by the Canada–Newfoundland and Labrador Energy Regulator (C-NLOER).

Department of Finance

The Department of Finance works with OilCo to address requirements related to financial structure, forecasts, and grant revenue for the Corporation's operating activities. In 2025, OilCo's economic modelling and financial forecasting, including the required grant funding, are examples of interactions between the Department of Finance and OilCo.

Other Departments, Organizations, and Public Bodies

Throughout the planning cycle, OilCo contributed technical expertise and supported collaborative initiatives focused on emissions-reduction pathways, lower-carbon technology options, and offshore sustainability research—especially as multi-year projects concluded and transitioned to knowledge-sharing phases.

OilCo worked closely with Nalcor-Oil and Gas under a MSA to manage Government's equity interests in three producing offshore developments. During the planning period, OilCo exercised joint venture voting rights and committee representation to support oversight of capital programs, operating activities, and project milestones.

OilCo engaged regularly with the C-NLOER to support offshore exploration planning and licensing processes. OilCo provided geoscientific input to Calls for Nominations and Areas of Interest, supporting the design and timing of multiple offshore licence rounds.

3. Report on Performance

OilCo's 2023-2025 Strategic Plan highlighted four strategic issues, each with associated goals, objectives, and indicators. For each strategic issue, the information presented in the Report on Performance reflects the work completed over the entire three-year planning period (2023-25), as well as highlights, achievements and accomplishments for 2025.

The following strategic issues reflect the key priorities of OilCo that are necessary to enable the Corporation to realize its mandate and support the strategic directions of Government:

- Issue 1: Exploring Newfoundland and Labrador's Offshore
- Issue 2: Offshore Development and Operations
- Issue 3: Bull Arm Fabrication Site Optimization
- Issue 4: Advance Sustainability Initiatives

Throughout 2025, OilCo advanced its mandate by strengthening Newfoundland and Labrador's offshore competitive position through high-quality geoscience and the active management of Government's equity interests. We achieved significant milestones across our core business areas, including advancing key joint venture developments, releasing critical resource assessments in frontier basins, and continuing to optimize the BAF Site. These efforts have ensured that we conclude our 2023-2025 Strategic Plan with a solid foundation for future growth and continued investment in Newfoundland and Labrador's offshore oil and gas sector.

Issue 1: Exploring Newfoundland and Labrador's Offshore

Over the 2023–2025 planning cycle, OilCo advanced Newfoundland and Labrador's offshore exploration readiness through a coordinated program of seismic interpretation, basin-scale studies, and petrophysical analysis. The Corporation focused on enhancing geoscientific understanding across frontier slope and deepwater regions, including the Jeanne d'Arc Basin and Southern Labrador (Hawke Basin). Key activities included the acquisition and interpretation of modern seismic datasets, comprehensive resource assessments, and the development of prospectivity materials to support scheduled offshore licence rounds administered by the C-NLOER.

Throughout the planning period, OilCo adapted its work for industry engagement, preparing prospectivity datasheets, maps, and data packages aligned with Calls for Nominations and Areas of Interest. These materials included current geological interpretations and resource assessments, reinforcing the province's position as an investment-ready offshore jurisdiction.

OilCo also promoted Newfoundland and Labrador's offshore potential by presenting findings at global geoscience conferences, holding one-on-one meetings with operators, and supporting investment attraction initiatives with the Department of Energy and Mines. This sustained outreach increased awareness of Newfoundland and Labrador's exploration opportunities.

Issue 1: Exploring Newfoundland and Labrador's Offshore	
Goal: By December 31, 2025, OilCo will have advanced opportunities to increase oil and gas exploration and investment activities in the province.	
Goal Indicators	**2023-2025 Activities and Accomplishments**
Advanced knowledge of resource potential from data in Newfoundland and Labrador frontier offshore basins	Carried out detailed analysis across exploration and delineation wells to improve understanding of offshore geological models and reduce uncertainty about future exploration opportunities. Prepared for and released the Southern Labrador (Hawke Basin) resource assessment, finalizing multi-year analytical work to support the C-NLOER's 2025 licence round.

	Commenced a study with Rock Wash-FIT on a detailed rock analysis of the cuttings acquired during the drilling of Ephesus F-94. Built a strengthened leads and prospects inventory. Through the planning period, OilCo inventoried 12 prospects and identified about 25 additional leads for the 2024–2025 licence rounds. These prospects represented ~30 billion barrels of unrisked oil and gas potential.
Prepared datasheets on prospectivity for scheduled offshore license rounds	Acquired and interpreted modern seismic datasets across frontier and mature basins, including the Hawke and Jeanne d'Arc basins. Strengthened basin-scale prospectivity models by integrating new seismic analysis results from datasets licensed during 2023–2024. Prepared prospectivity datasets, including technical summaries, geological maps, and lead/prospect descriptions to support scheduled offshore licence rounds. This material highlighted the resource potential, geological understanding, and exploration opportunities in defined licence round areas. Provided geoscientific input to C-NLOER's Calls for Nominations and Areas of Interest to support land tenure planning. In addition, OilCo incorporated insights from the 2024 Call for Nominations for the Labrador South and Eastern Newfoundland regions to refine parcel-level geological summaries.
Promoted prospects to industry and prospective investors	Engaged with global exploration and production companies. OilCo representatives attended international conferences, presenting at more than 15 events over the planning period. OilCo also met with more than 100 companies to promote the exploration potential of areas offered in licence rounds.

Objective: By December 31, 2025, OilCo will have made advancements in geoscience knowledge of oil and gas prospectivity in Newfoundland and Labrador slope and deepwater frontier basins through analysis and interpretation of modern datasets.	
Indicators	**2025 Activities and Accomplishments**
Advanced knowledge of resource potential from data in Newfoundland and Labrador frontier offshore basins	Continued using available data and newly licensed 3D survey from TGS to assess, evaluate, and re-evaluate additional areas of prospective interest for the offshore Newfoundland and Labrador basin. Working with Beicip-Franlab, OilCo conducted a petrophysical review, key stratigraphic interpretation, and a resource assessment within the newly acquired 3D area. In preparation for the fall 2025 licence round, OilCo released the detailed Southern Labrador (Hawke Basin) region resource assessment, identifying 16 billion barrels (P50 unrisked) of potential. The completion of the resource assessment of the Hawke Basin characterizes basin-scale exploration potential for companies interested in bidding on the Call for Bids area. Participated in a consortium session to review pre-drilling information for the Ephesus F-94 well and to develop a shared understanding of its risks and potential before it was drilled in 2023. Using results from the internal Jeanne d'Arc Basin assessment study completed by Beicip-Franlab, OilCo further investigated prospect potential in open acreage within this Basin. Completed a biostratigraphic analysis of CNOOC's exploration well, Pelles A-71, to identify stratigraphic markers for the well. OilCo also commenced a biostratigraphic analysis of BP's exploration well Ephesus F-94 to understand stratigraphic markers for this well. This work

	helps OilCo better understand the regional stratigraphic context of the Orphan Basin. Started and advanced an assessment of selected 3D seismic reprocessing in the Orphan Basin to improve how exploration opportunities on Crown lands near existing industry exploration licences are presented. Building on imaging improvements seen in recent industry work, OilCo engaged TGS to define priority areas and assess the best processing methods, costs, and timelines. The work creates a clear path to improve interpretation and generate new prospects ahead of the 2027 Call for Bids.
Prepared datasheets on prospectivity for scheduled offshore licence rounds	Developed 2025 prospectivity datasheets summarizing key plays, risks, data availability, and resource context for parcels aligned with the 2025 licence round. Refined prospectivity maps and technical summaries for offshore areas scheduled for the 2025 C-NLOER licence round. Submitted responses to the Call for Parcel Definition in the Hawke Basin in offshore Labrador. This work was done in advance of the C-NLOER's 2025 Call for Bids.
Promoted prospects to industry and prospective investors	Attending and presenting at industry conferences and trade shows enables OilCo to connect with professionals, experts, and potential investors. In 2025, OilCo's geoscience results were communicated to the global oil and gas industry at five conferences in North America and Europe. A member of OilCo's Exploration team presented an abstract at the EAGE conference in Europe, sharing their expert knowledge on the Hawke Basin and promoting this region, which was included in the 2025 Call for Bids. With this

	latest publication, OilCo has published 74 global journal papers since 2010. In addition to conference presentations, OilCo held meetings with global oil and gas companies to share new insights into the prospectivity of offshore Newfoundland and Labrador. These activities provide a platform to discuss emerging trends, challenges, and opportunities within the oil and gas sector, fostering knowledge exchange and collaboration.

Issue 2: Offshore Development and Operations

Over the 2023–2025 planning period, OilCo supported efforts to advance offshore project milestones and further enhance knowledge of Newfoundland and Labrador's oil and gas investment potential. During this period, OilCo worked toward achieving this goal through two core efforts: maintaining active involvement in current joint ventures at the committee and voting levels; and evaluating equity growth opportunities while providing advice to Government on potential acquisitions or divestitures. OilCo's work supported the advancement of major offshore projects—Hibernia Southern Extension, Hebron, and the White Rose Extension project—while contributing technical and commercial analyses to Government-led reviews of provincially owned oil and gas assets.

OilCo participated in joint venture committees responsible for approving work programs, budgets, capital expenditures, and long-term development plans across the three producing assets. This direct involvement helped ensure operational stability, optimal production performance, and the ongoing generation of dividends from Government's equity interests.

OilCo supported Government efforts related to the Bay du Nord development during the latter part of 2025, contributing technical, commercial, and financial input to assist the Department of Energy and Mines throughout the negotiation process. This work formed an important part of the due diligence and evaluation activities required to prepare for future decisions on the development. Final agreements were completed in early 2026.

Issue 2: Offshore Development and Operations	
Goal: By December 31, 2025, OilCo will have supported efforts to advance offshore project milestones and further enhance knowledge of the province's oil and gas investment potential.	
Goal Indicators	**2023-2025 Activities and Accomplishments**
Continued to exercise joint venture voting rights and committee representation in the three offshore developments as outlined in a Management Services Agreement with Nalcor-Oil and Gas	OilCo manages Nalcor-Oil and Gas's working interests in offshore developments under an MSA. The activities include participating in co-venture groups and committees that oversee and approve decisions regarding projects and sales specific to ownership shares. Exercised joint venture voting rights and committee representation in the Hibernia

	Southern Extension, Hebron, and White Rose Extension projects. Supported advancement of offshore project milestones, including drilling programs, maintenance and life-extension activities, and development planning across the three producing assets. Oversaw equity interests to maximize value and support the safe, efficient operation and long-term viability of the offshore projects, contributing to significant dividend generation over the planning period.
Continued to evaluate equity growth opportunities and provide advice to the Government on potential acquisitions or divestitures	Evaluated equity growth and divestment opportunities related to offshore oil and gas assets as they arose, considering technical, commercial, and financial factors. Provided advice and analysis to Government in support of its review of provincially-owned oil and gas assets and interests. Supported Government-led processes by preparing financial, technical, and market information related to current equity interests and potential future opportunities.
Objective: By December 31, 2025, OilCo will have advanced current and future joint venture partnerships.	
Indicators	**2025 Activities and Accomplishments**
Continued to exercise joint venture voting rights and committee representation in the three offshore developments as outlined in a Management Services Agreement with Nalcor-Oil and Gas	Participated in joint venture committees for Hibernia Southern Extension, Hebron, and White Rose Extension project, providing input into operational plans, budgets, and capital spending for 2025. Supported oversight of major project milestones, including continued progress toward completion and installation activities for the

	White Rose Extension project and ongoing optimization and maintenance activities, as well as opportunities to support ongoing production at Hibernia Southern Extension, Hebron, and White Rose Growth Lands. Monitored preparation work for future production stages, including integration with the SeaRose production and storage vessel. Earned almost $100 million in dividends through equity investments managed by OilCo in 2025. Supported Nalcor-Oil and Gas in the annual budgeting and financial planning process through financial modelling and production forecasting.
Continued to evaluate equity growth opportunities and provide advice to Government on potential acquisitions or divestitures.	In 2025, OilCo completed targeted technical and commercial analysis to support Government decisions on future offshore equity positions. This included: • Delivering detailed assessments that helped to inform the final stages of Bay du Nord negotiations, including evaluation of potential equity participation. • Providing analysis of market conditions, fiscal performance, production profiles, and risk factors for existing assets to help guide Government's 2025 asset strategy. • Completing assessments of potential divestiture and acquisition opportunities aligned with evolving Government priorities.

Issue 3: Bull Arm Fabrication Site Optimization

From 2023–2025, OilCo's subsidiary, BAF, focused on maintaining operational readiness and optimizing the use of the BAF Site—one of Newfoundland and Labrador's most significant industrial and deep-water assets. During the planning cycle, BAF advanced priority maintenance, supported leasing activity, strengthened stakeholder relationships, and provided technical and commercial support to Government as it explored future operational and ownership models for the Site.

In December 2023, the previous Government initiated a Request for Proposals (RFP) for the potential sale or lease of the Site. The RFP process concluded in March 2024, and in July 2025, Government entered a non-binding Memorandum of Understanding (MOU) with North Atlantic for the lease of the Bull Arm Site. On March 3, 2026, Government announced that it had canceled the non-binding MOU with North Atlantic. Throughout this period, BAF continued to actively manage the Site, promote its capabilities, and support Government-led processes by providing technical input, site information, and engagement with proponents. As the review progressed, BAF maintained business continuity, responded to inquiries from proponents, supported site assessments and tours, and engaged regularly with tenants, contractors, local communities, and industry stakeholders.

Across the three-year planning cycle, BAF carried out maintenance and improvement work at the Site including engineering work for several roof replacements, lighting upgrades, and ongoing preventive maintenance. It also supported activities such as cold stacking, equipment storage, docking, and fabrication work. These efforts ensured the Site remained safe, accessible, and investment-ready while Government assessed its long-term future.

Issue 3: Bull Arm Fabrication Site Optimization

Goal: By December 31, 2025, OilCo will have completed activities to optimize utilization of the Bull Arm Fabrication Site for industrial activity.

Goal Indicators	2023-2025 Activities and Accomplishments
Continued assessment of required Site infrastructure repairs and maintenance with priority initiatives completed	BAF conducted regular maintenance activities and completed capital upgrades, including roof replacement work on key buildings, assessment and engineering of a new roof for the Module Hall, and LED lighting upgrades to enhance energy efficiency and reduce long-term operating costs.
Implemented marketing and communications activities to promote the Site	Updated promotional materials outlining Site infrastructure, fabrication capacity, deep water access, and suitability for industrial, marine, and defence activities. Participated in business development activities to attract new business and investment focused on marine and defence opportunities.
Continued engagement with stakeholders	Provided Site tours, information sessions, and responded to inquiries. Continued engagement with local municipalities and business organizations, including providing meeting space and participating in regular communications with local stakeholders.
Continued management of Site leases	BAF renewed several key operating contracts, including water and sewer services, site security, and snow clearing. BAF managed leases with several tenants for various areas of the Site, including DF Barnes, North Atlantic Refinery Limited, ASL Innovations, Avalon Salt, and Rhenus.

Objective: By December 31, 2025, OilCo will have continued to advance planned engagement and site assessment activities to optimize utilization of the BAF Site for industrial activity.	
Indicators	**2025 Activities and Accomplishments**
Continued assessment of required Site infrastructure repairs and maintenance with priority initiatives completed.	In 2025, BAF continued routine assessment, monitoring, and maintenance of Site infrastructure to maintain operational readiness. Completed ongoing roof replacement work and advanced engineering for additional roof renewal projects. Executed preventative and reactive maintenance work on the water and sewer system, lift stations, fire protection systems, overhead doors, overhead cranes, and electrical systems.
Implemented marketing and communications activities to promote the Site	BAF's marketing and promotion activities in 2025 focused on maintaining awareness of the Site's capabilities and supporting Government RFP processes by providing technical information, responding to inquiries, and participating in review activities. Updated promotional materials and provided Site information packages to prospective tenants and proponents, with a focus on national defence. Continued targeted engagement with prospective users, including discussions related to marine, defence, industrial, and fabrication opportunities. Attended defence and marine-focused conferences, including MASS and DEFSEC Atlantic, to promote the Site's potential role in defence, marine, and industrial fabrication and servicing activities.

Continued engagement with stakeholders	BAF maintained ongoing engagement with the Department of Energy and Mines to support Government-led decisions regarding the future ownership and use of the Site. Continued engagement with existing tenants and service providers to support continuity of operations and lease administration. Responded to ongoing industry inquiries regarding Site access, capabilities, and potential new leasing arrangements.
Continued management of Site leases	BAF administered several dockside lease agreements for the Fabrication Yard quay, Fabrication Yard pier, and Marine Facility quay.

Issue 4: Advance Sustainability Initiatives

From 2023 to 2025, OilCo supported efforts to reduce emissions in the offshore industry and explore clean-energy opportunities through partnerships, research, and promotion of the province's environmental strengths. This work focused on practical ways to reduce emissions, including carbon capture, utilization, and storage (CCUS), low-carbon hydrogen, and other emerging technologies.

Throughout the planning cycle, OilCo contributed to net-zero pathway studies, supported CCUS feasibility research, and highlighted the comparatively low carbon intensity of our offshore crude. As several multi-year studies – such as the regional carbon dioxide storage assessment and the Net Zero Project – concluded, OilCo transitioned from initiating new technical studies to leveraging the insights generated over the planning period. This included applying findings from carbon dioxide storage assessments, hydrogen feasibility work, and net-zero modelling to support discussions with project operators and policymakers. Overall, these activities supported awareness of emissions-reduction opportunities, reinforced the positioning of Newfoundland and Labrador's offshore sector as a source of advantaged, responsibly produced oil and gas, and aligned with broader objectives to reduce global emissions by displacing higher-emissions supply.

Issue 4: Advance Sustainability Initiatives	
Goal: By December 31, 2025, OilCo will have supported the advancement of clean energy and reduced emissions initiatives that assist the oil and gas industry in achieving net zero emissions in a growing offshore sector.	
Goal Indicators	**2023-2025 Activities and Accomplishments**
Supported multi-stakeholder initiatives and projects focused on clean energy and reduced emissions	Provided in-kind and financial support to several multi-stakeholder initiatives, including the Net Zero Project, CCUS feasibility studies, and academic-industry research collaborations. Contributed technical expertise to Energy NL, econext, Memorial University, and Dalhousie University on CCUS study design, research priorities, and review of findings. Supported federal funding applications and regional carbon dioxide storage research

	proposals led by universities and industry partners. Participated in webinars, workshops, and technical sessions focused on low-emission technology pathways for Newfoundland and Labrador's offshore.
Explored options and technologies for a growing offshore industry to move towards the goal of becoming a net-zero producer as quickly as possible	Commissioned and advanced a regional study of carbon dioxide storage potential for offshore Newfoundland and Labrador, using OilCo's seismic database. Supported net-zero pathway studies evaluating the technical and economic feasibility of electrification, hydrogen, CCUS, and other emissions-reduction options for Canada's offshore industry. Contributed to feasibility analysis for blue hydrogen production offshore Newfoundland and Labrador, enabling a better understanding of future emissions reduction opportunities. Engaged industry and academic partners to assess new emission-reduction technologies and ensure assessments reflect operational realities in deepwater environments.
Increased promotion of the growth of offshore Newfoundland and Labrador's low-carbon and environmentally-advantaged oil and gas, further displacing higher-carbon oil and gas from international sources	Promoted the environmental and emissions advantages of Newfoundland and Labrador's offshore crude at multiple regional, national, and international conferences. Presented results of the offshore carbon dioxide storage assessment at industry forums, raising global awareness of Newfoundland and Labrador's potential role in emissions management. Contributed to stakeholder discussions on net-zero pathways and the role of lower-carbon oil in global markets.

	Engaged directly with policymakers, regulators, and industry associations to highlight Newfoundland and Labrador's competitive emissions profile. Reinforced Newfoundland and Labrador's position as a reliable source of lower-carbon offshore energy in global supply chains.
Objectives: By December 31, 2025, OilCo will have advanced partnerships and technologies that further lower the environmental footprint of the oil and gas sector.	
Indicators	**2025 Activities and Accomplishments**
Supported multi-stakeholder initiatives and projects focused on clean energy and reduced emissions.	In 2025, OilCo transitioned from initiating and conducting multi-year emissions-reduction projects to sharing results and providing input and knowledge derived from earlier work, following the completion of several multi-year initiatives, including the Net Zero Project. OilCo participated in the Angler Solutions/Memorial University Offshore NL Carbon Storage Hub proposed study administered by the Department of Energy and Mines. OilCo will provide data and in-kind support to this project. Provided technical advice to stakeholders regarding findings from multi-year emissions-reduction studies. Shared results of completed studies with Government to inform policy development and offshore emissions planning.
Explored options and technologies for a growing offshore industry to move towards the goal of becoming a net-zero producer as quickly as possible.	OilCo applied findings from previously completed assessments – such as carbon dioxide storage, hydrogen feasibility, and net-zero pathway modelling – to advise industry and Government discussions in 2025.

	Completed OilCo's final financial contribution to Memorial University's ultramafic rock carbon mineralization research, supporting potential Newfoundland and Labrador-based carbon credit generation. The purpose of this work was to assess and advance the carbon dioxide storage potential onshore Newfoundland and Labrador to generate made in Newfoundland and Labrador carbon credits that could ultimately be used to offset offshore carbon dioxide emissions.
Increased promotion of the growth of offshore Newfoundland and Labrador's advantaged oil and gas resources, further displacing higher-carbon oil and gas from international sources.	In 2025, OilCo's promotional efforts focused on reinforcing earlier messaging about the province's lower-carbon offshore resources, emphasizing global competitiveness and the potential to displace higher-emissions production internationally. This messaging was included in presentations that were used to promote offshore Newfoundland and Labrador's strategic advantages.

4. Opportunities and Challenges

Newfoundland and Labrador's offshore oil and gas sector continues to operate in a dynamic environment shaped by evolving federal policies and regulatory frameworks, as well as shifting market conditions. While these factors introduce complexity for long-term planning and capital investment, they also create opportunities to reinforce the province's position as a competitive, stable, and responsible jurisdiction for offshore investment.

The regulatory landscape continues to evolve through federal initiatives such as proposed emissions caps, Clean Fuel Regulations, and changes to environmental assessment processes, many of which remain under development. While this ongoing regulatory fluidity can influence long-range planning, capital allocation, and project certainty for offshore investors, OilCo has been proactively engaged in policy discussions, advocating for practical, evidence-based regulatory frameworks that support both emissions reduction and economic competitiveness for Newfoundland and Labrador.

At the same time, our offshore resource base represents a significant competitive advantage. Newfoundland and Labrador's light, sweet crude – globally recognized for its relatively lower carbon intensity – continues to play an important role in supporting global energy security and meeting demand for responsibly produced oil. Significant untapped potential in frontier basins, including deepwater and slope areas, combined with progress on key projects such as the West White Rose Expansion and Bay du Nord, underscores the region's technical capability and project execution capacity.

Offshore exploration remains capital-intensive, and long-term project timelines require careful navigation of market and regulatory conditions amid intensifying global competition for investment. In this context, the importance of high-quality geoscience, a stable fiscal environment, and disciplined asset stewardship – areas in which OilCo made measurable contributions throughout the 2023–2025 planning cycle – is palpable.

Looking ahead, Newfoundland and Labrador's offshore basins remain highly attractive for investment. OilCo's deep-water experience and technical expertise help translate this prospectivity into tangible opportunities for industry partners.

As global energy systems evolve, OilCo is well-positioned to support the province's role as a supplier of advantaged, lower-carbon offshore energy. As the Corporation enters its next planning cycle, it remains committed to balancing economic value creation with responsible development.

Appendices

Appendix 1: Biographies for the Board of Directors

Dr. Charles Randell, Chair

Dr. Randell began his oil and gas career in 1981 on seismic survey vessels. His foray into research and development began as a technician at C-CORE. He went on to become President and CEO of C-CORE in 2006, leading the corporation through significant growth and expansion. Dr. Randell has degrees in Electrical Engineering from Lakehead University and M.A Sc. and Ph.D. degrees in Engineering and Computer Science from University of Victoria. He was named one of Atlantic Canada's Top 50 CEOs (2012) and was inducted as a Fellow of the Canadian Academy of Engineering (2014). Retired from C-CORE (2017), he consults through his company Magellan Consulting Ltd.

Bernard J. Collins, B.BA, P.Log, CCS

Bernard J. Collins is the Chair and former President of PF Collins. Tasked with developing PF Collins' involvement in the emerging offshore petroleum industry, under his leadership, the company grew from a small customs brokerage firm into a progressive integrated logistics provider employing over 100 professionals in Newfoundland and Labrador, Nova Scotia, and Alberta. Mr. Collins has received numerous recognitions, including Noia's Outstanding Contribution Award (2005) and the Gardiner Centre Entrepreneur of the Year Award (2012). He has been listed among Atlantic Business Magazine's Top 50 CEOs and inducted into the Junior Achievement Business Hall of Fame. Mr. Collins holds a Bachelor of Business Administration from St. Francis Xavier University.

Wayne Chipman

Wayne Chipman is a graduate of Memorial University (Bachelor of Mechanical Engineering). Mr. Chipman began his 35-year career in the oil and gas industry in Calgary before returning to Newfoundland and Labrador to work with the Newfoundland and Labrador Petroleum Directorate. Following the signing of the Atlantic Accord, Mr. Chipman spent more than 20 years with the Canada-Newfoundland and Labrador Offshore Petroleum Board, where he was responsible for conservation, coordinating reservoir engineering, and petrophysical and measurement and production reporting activities. Mr. Chipman was instrumental in establishing the Nalcor-Oil and Gas division. While working with Nalcor Energy he was a member of the team that negotiated equity interests in the White Rose Extension project, Hebron, and Hibernia Southern Extension fields. In 2013, Mr. Chipman was awarded Noia's

Outstanding Contribution Award to recognize his contribution to Newfoundland and Labrador's oil and gas industry.

Leslie Grattan, FRCGS

As the owner of Leslie Grattan and Associates Inc., Ms. Grattan provides environmental consulting services. Ms. Grattan has held senior leadership positions in environmental management in the private and public sectors. She has extensive experience in offshore oil and gas, hydroelectricity generation, civil construction, and aquaculture, and is a committee member for the Regional Assessment of Offshore Wind Development in Newfoundland and Labrador. Ms. Grattan is a Director of the Atlantic Regional Board of the Nature Conservancy Canada, winner of the NEIA 2018 Industry Champion Award, and a member of the Coastal Zone Canada Association. She is a Fellow of the Royal Canadian Geographical Society and Women in Science and Engineering NL. Ms. Grattan is an Honorary Member of the Professional Engineers and Geoscientists of Newfoundland and Labrador.

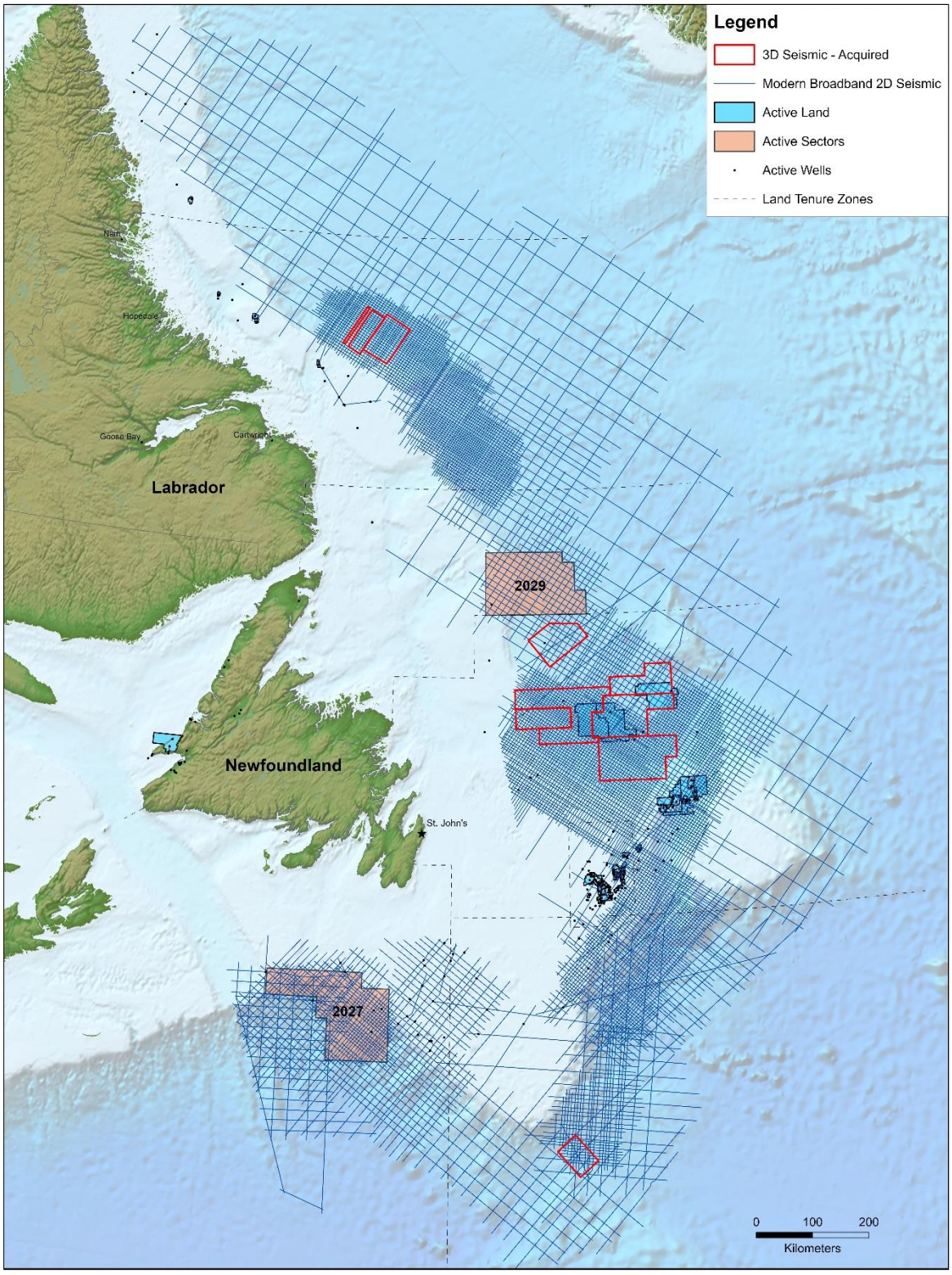
Shelly Leighton, P. Eng, CLS

Shelly Leighton is a graduate of the University of New Brunswick (Bachelor of Science and Engineering in Geodesy and Geomatics, 2007) and Memorial University (Masters in Oil and Gas Engineering, 2015). Ms. Leighton has spent several years working in the offshore oil and gas industry and on heavy civil projects in Newfoundland and Labrador. She is the owner and CEO of Advanced Access Engineering, an engineering firm specializing in autonomous vehicles, both on water and in the air. Ms. Leighton is an instructor with the School of Ocean Technology at the Marine Institute and Chair of the school's Ocean Mapping Program. She is an advocate for women in STEM and is a role model for young women interested in careers in science and technology.

Jennifer Warren

Jennifer Warren is a graduate of Memorial University with a Bachelor of Commerce Co-Op (2002) and is a Chartered Professional Accountant (2004). Ms. Warren has over 16 years of experience in finance, risk, and compliance for large, complex Crown corporations, with extensive experience in the natural resource sector and highly regulated industries. Ms. Warren's broad range of experiences and skills includes financial management and reporting, regulatory compliance, corporate governance, internal controls, and risk management. Ms. Warren has held progressively senior roles with Deloitte, Voisey's Bay Nickel, Fortis Inc., Nalcor Energy, RSA Canada, and belairdirect. Jennifer is a Senior Director, Enterprise Risk Management with Nasdaq.

Appendix 2: Offshore Newfoundland and Labrador Map



Appendix 3: 2025 Audited Consolidated Financial Statements

Oil and Gas Corporation of Newfoundland and Labrador

Consolidated financial statements
December 31, 2025

Management's responsibility for financial reporting

The accompanying consolidated financial statements and supplementary financial information schedules of **Oil and Gas Corporation of Newfoundland and Labrador** are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, the Office of the Auditor General of Newfoundland and Labrador, conduct an audit in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of **Oil and Gas Corporation of Newfoundland and Labrador** and meet when required.

Matthew Balsom
Director, Finance and Commercial

Jim Keating
Chief Executive Officer

OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oil and Gas Corporation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

Opinion

We have audited the consolidated financial statements of the Oil and Gas Corporation of Newfoundland and Labrador and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT (cont.)

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT (cont.)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (cont.)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sandra Russell

SANDRA RUSSELL, CPA
Deputy Auditor General

April 27, 2026
St. John's, Newfoundland and Labrador

Oil and Gas Corporation of Newfoundland and Labrador

Consolidated statement of financial position

[in thousands of Canadian dollars]

As at December 31

	2025 $	2024 $
Assets		
Cash	**15,155**	12,689
Accounts receivable *[notes 4 and 13]*	**2,943**	2,389
	18,098	15,078
Liabilities		
Accounts payable *[notes 5 and 13]*	**1,986**	2,114
Deferred contributions *[note 6]*	**441**	464
Deferred revenue *[note 7]*	**652**	664
	3,079	3,242
Net assets	**15,019**	11,836
Non-financial assets		
Exploration assets *[note 8]*	**29,674**	40,116
Tangible capital assets, net *[note 9]*	**7,320**	7,678
Prepaid expenses	**921**	764
	37,915	48,558
Accumulated surplus	**52,934**	60,394

Commitments and contingencies *[note 15]*
Subsequent events *[note 17]*

See accompanying notes

On behalf of the Board:

Director

Director

Oil and Gas Corporation of Newfoundland and Labrador

Consolidated statement of operations and accumulated surplus

[in thousands of Canadian dollars]

Year ended December 31

	Budget $ Unaudited *[note 16]*	2025 $	2024 $
Revenue			
Management fee related to management of Nalcor Energy – Oil and Gas Inc. assets *[note 13]*	4,200	**4,200**	4,200
Seismic revenue	1,000	**—**	—
Grant revenue *[note 13]*	—	**6,407**	14,730
Other revenue *[note 7]*	13	**12**	9
Lease revenue	850	**2,151**	1,089
Net finance income	(1)	**551**	790
Other (expenses) income [note 10]	—	**(246)**	448
	6,062	**13,075**	21,266
Expenses			
Operating costs *[notes 11 and 13]*	11,804	**8,704**	9,186
Amortization of exploration assets	10,049	**11,395**	10,551
Amortization of tangible capital assets	389	**423**	387
Exploration expenses	13	**13**	10
	22,255	**20,535**	20,134
Annual (deficit) surplus	(16,193)	**(7,460)**	1,132
Accumulated surplus, beginning of year	60,394	**60,394**	59,262
Accumulated surplus, end of year	44,201	**52,934**	60,394

See accompanying notes

Oil and Gas Corporation of Newfoundland and Labrador

Consolidated statement of change in net assets

[in thousands of Canadian dollars]

Year ended December 31

	2025 $	2024 $
Annual (deficit) surplus	**(7,460)**	1,132
Amortization of exploration assets	**11,395**	10,551
Acquisition of exploration assets	**(953)**	(14,151)
Amortization of tangible capital assets	**423**	387
Acquisition of tangible capital assets	**(76)**	(441)
Disposal of tangible capital assets	**11**	—
Adjustment of tangible capital assets	**—**	84
Increase prepaid expenses	**(157)**	(398)
Change in net assets	**3,183**	(2,836)
Net assets, beginning of year	**11,836**	14,672
Net assets, end of year	**15,019**	11,836

See accompanying notes

Oil and Gas Corporation of Newfoundland and Labrador

Consolidated statement of cash flows

[in thousands of Canadian dollars]

Year ended December 31

	2025 $	2024 $
Operating transactions		
Annual (deficit) surplus	**(7,460)**	1,132
Adjustments for		
Amortization of exploration assets	**11,395**	10,551
Amortization of tangible capital assets	**423**	387
	4,358	12,070
Changes in non-cash assets and liabilities related to operations		
Increase in accounts receivable	**(554)**	(315)
Decrease in accounts payable	**(128)**	(120)
Decrease in deferred contributions	**(23)**	(23)
Decrease in deferred revenues	**(12)**	(9)
Increase in prepaid expenses	**(157)**	(398)
Cash provided by operating transactions	**3,484**	11,205
Capital transactions		
Purchase of exploration assets	**(953)**	(14,151)
Purchase of tangible capital assets	**(76)**	(441)
Disposal of tangible capital assets	**11**	—
Adjustment of tangible capital assets	—	84
Cash used in capital transactions	**(1,018)**	**(14,508)**
Net increase (decrease) in cash during the year	**2,466**	(3,303)
Cash, beginning of year	**12,689**	15,992
Cash, end of year	**15,155**	12,689

See accompanying notes

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2025

1. Nature of the Entity

Oil and Gas Corporation of Newfoundland and Labrador ["OilCo"] is a Crown corporation established under its enabling statute, the **Oil and Gas Corporation Act** (NL), which was proclaimed on January 1, 2020. Reporting directly to the Minister of Energy and Mines, OilCo focuses on maximizing opportunities for growth in the Newfoundland and Labrador's offshore oil and gas industry and aims to position the province of Newfoundland and Labrador [the "province"] as a globally preferred location for oil and gas development. As well, Bull Arm Fabrication Inc., a subsidiary of OilCo, operates on a site leased from the Government of Newfoundland and Labrador ["Government"] for a term of 40 years for a nominal amount of **$1** per annum, which expires March 2032. This Bull Arm Fabrication Site is Atlantic Canada's largest industrial fabrication site and has a fully integrated infrastructure to support large scale fabrication. OilCo's activities are aimed at maximizing exploration investments in Newfoundland and Labrador, to acquire and manage Government's equity interests in OilCo projects.

OilCo is exempt from paying income taxes under Section 149(1) (d.2) of the **Income Tax Act** (Canada).

2. Summary of significant accounting policies

Basis for accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for government organizations, as recommended by the Public Sector Accounting Board.

OilCo does not prepare a statement of remeasurement gains and losses as OilCo does not enter into relevant transactions or circumstances that are addressed by that statement.

Basis of consolidation

Bull Arm Fabrication Inc. is a 100% owned subsidiary of OilCo. These consolidated financial statements reflect the assets, liabilities, revenues and expenses for the activity of these entities. All inter-entity assets, liabilities, revenues, and expenses have been eliminated.

Revenue recognition

Grant revenue is recognized when the grant is authorized and any eligibility criteria are met, except to the extent that grant stipulations give rise to an obligation that meets the definition of a liability. Grants are recognized as deferred revenue when transfer stipulations give rise to a liability. Grant revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.

Lease revenue is recognized when services have been rendered, recovery of the consideration is probable, and the amount of revenue can be reliably measured.

Revenue related to fees for services received in advance of the services being performed is deferred and recognized when the service is performed, amount of revenue can be reasonably measured, and collection is reasonably assured.

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2025

2. Summary of significant accounting policies continued...

Revenue recognition continued...

Revenue associated with the sale of geoscientific data is recognized when the terms and conditions governing sales have been met, the amount of revenue can be reliably measured, and recovery of the consideration is probable.

No revenue from non-recurring transactions.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes materials, labour, contracted services and professional fees.

Costs capitalized with the related asset include all those costs directly attributable to bringing the asset into operation. When significant parts of tangible capital assets are required to be replaced at intervals, OilCo recognizes such parts as individual assets with specific useful lives and amortization. Repairs and maintenance costs are expensed as incurred.

Amortization is recorded on a straight-line basis over the estimated life of the respective tangible capital asset commencing once the asset is available for productive use as follows:

Computer Hardware	5 years
Computer Software	10 years
Office Furniture and Equipment	20 years
Leasehold Improvements	3–50 years
Topside Module Hall Door	26 years
Visitor Information Centre	42 years
Buildings	18 years
General Shops & Engineering Bldg.	25 Years
Blast and Paint Shop	25 Years
Other	3–25 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to OilCo's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations and accumulated surplus. Construction in progress is not amortized until the asset is put in use.

Exploration assets

Exploration assets are purchased intangibles with finite lives and are recorded at cost less accumulated amortization. Cost is the amounts paid to acquire the intangible assets in arm's length transactions. Amortization of intangible assets commences when they are available to be put into service. Amortization is provided for on a straight-line basis over the estimated useful life of the assets of six years. The amortization period and method are reviewed at each reporting date and any changes are applied prospectively.

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2025

2. Summary of significant accounting policies continued...

Exploration assets continued...

Intangible assets are assessed at each reporting date for indicators of impairment, including any significant long-term change with an adverse effect on the service potential of the assets. Indictors could include but are not limited to changes in the government policy environment in which the entity operates, plans to discontinue or restructure the operations which may result in the assets becoming idle or a change in the technological environment or economic factors that may indicate the assets are obsolete. If there are indicators of impairment, OilCo measures the recoverable service amount of intangible assets by reference to the depreciated replacement cost of the asset, to reflect the already expired service potential of the assets. Intangible assets are impaired when the carrying amount of the asset exceeds its recoverable service amount. The net write-downs are accounted for as expenses in the statement of operations. Any write-downs are not subsequently reversed.

Employee future benefits

Employees participate in the Public Service Pension Plan, a multi-employer defined benefit plan. Contributions by OilCo to this plan are recognized as an expense when employees have rendered service entitling them to the contributions. Assets and liabilities associated with this Plan are held with Provident10.

Foreign currency translation

Transactions in currencies other than OilCo's functional currency are recognized using the exchange rate in effect at the date of transaction, approximated by the prior month end close rate. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates of exchange in effect at the year end date. Foreign exchange gains and losses are included in the consolidated statement of operations and accumulated surplus as other revenue.

Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting period. These estimates include useful lives of exploration assets and tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Accounting changes

In the current year, there are no new or revised accounting standards that are effective for the year ended December 31, 2025.

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2025

4. Accounts receivable

As at December 31 [thousands of Canadian dollars]

	2025 $	2024 $
0–60 days	**1,284**	341
60+ days	**1,456**	1,611
Due from related parties *[note 13]*	**403**	403
HST receivable	**-**	34
Allowance for doubtful accounts	**(200)**	-
	2,943	2,389

5. Accounts payable

As at December 31 [thousands of Canadian dollars]

	2025 $	2024 $
Trade payables	**1,831**	1,956
Due to related parties *[note 13]*	**55**	158
HST payable	**100**	-
	1,986	2,114

6. Deferred contributions

During 2020, Bull Arm Fabrication Inc. received Mooring Bollards with a fair value of $615,895 from an unrelated party in exchange for a rent concession in the amount of $51,700. The difference between the fair value and the rent concession was recorded as a deferred contribution and is amortized over the useful life of the asset, which is determined to be 25 years.

During 2021, an unrelated party completed work on a sewage system for Bull Arm Fabrication Inc. with a fair value of $13,000. This has been recorded as a deferred contribution and will be amortized over the useful life of the asset, which is determined to be 20 years.

As at December 31 [thousands of Canadian dollars]

	2025 $	2024 $
Deferred contribution, beginning of year	**464**	487
Less revenue recognized	**(23)**	(23)
Deferred contribution, end of year	**441**	464

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2025

7. Deferred Revenue

OilCo received funding from the Government towards two initiatives. The first is the Petroleum Exploration Enhancement Program (PEEP) which is designed to boost new petroleum exploration in Western Newfoundland through acquisition and assessment of seismic data. The second is the Offshore Geoscience Data Project (OGDP) which is designed to encourage new offshore petroleum exploration in Newfoundland and Labrador through the acquisition and assessment of seismic data. The funding is recognized as other revenue when the related expenditures are incurred.

As at December 31 [thousands of Canadian dollars]

	2025 $	2024 $
Deferred revenue, beginning of year	**664**	673
Less revenue recognized	**(12)**	(9)
Deferred revenue, end of year	**652**	664

8. Exploration assets

Exploration assets comprise expenditures related to 2D and 3D seismic data, geoscientific studies and resource assessments.

As at December 31 [thousands of Canadian dollars]

	2025 $	2024 $
Cost, beginning of year	**69,090**	54,939
Additions	**953**	14,151
Balance, end of year	**70,043**	69,090
Accumulated amortization, beginning of year	**28,974**	18,423
Amortization	**11,395**	10,551
Balance, end of year	**40,369**	28,974
Net carrying amount	**29,674**	40,116

Notes to consolidated financial statements

December 31, 2025

9. Tangible capital assets

As at December 31 [thousands of Canadian dollars]

	Computer hardware	Computer software	Office furniture and equipment	Leasehold improvements	Module hall door	Visitor centre	Buildings	General shops	Blast & paint shop	Other	Construction in progress	Total
	$	$	$	$	$	$	$	$	$	$	$	$
Cost												
Balance, January 1, 2025	386	977	39	72	240	532	31	-	-	1,833	4,953	9,063
Additions	-	-	-	-	-	-	-	-	-	35	41	76
Disposals	-	(70)	-	-	-	-	-	-	-	-	-	(70)
Transfers	-	-	-	-	-	-	-	3,122	1,466	-	(4,588)	-
Balance, December 31, 2025	386	907	39	72	240	532	31	3,122	1,466	1,868	406	9,069
Accumulated amortization												
Balance, January 1, 2025	168	671	10	17	80	80	22	-	-	337	-	1,385
Amortization	65	90	2	26	16	16	4	62	29	113	-	423
Disposals	-	(59)	-	-	-	-	-	-	-	-	-	(59)
Balance, December 31, 2025	233	702	12	43	96	96	26	62	29	450	-	1,749
Net book value, December 31, 2025	153	205	27	29	144	436	5	3,060	1,437	1,418	406	7,320

Notes to consolidated financial statements

December 31, 2025

9. Tangible capital assets continued...

As at December 31 [thousands of Canadian dollars]

	Computer hardware	Computer software	Office furniture and equipment	Leasehold improvements	Module hall door	Visitor centre	Buildings	Other	Construction in progress	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance, January 1, 2024	473	1,271	39	701	240	532	31	1,917	4,817	10,021
Additions	-	-	-	72	-	-	-	7	362	441
Disposals	(313)	(294)	-	(701)	-	-	-	(7)	-	(1,315)
Adjustments *(a)*	-	-	-	-	-	-	-	(84)	-	(84)
Transfers	226	-	-	-	-	-	-	-	(226)	-
Balance, December 31, 2024	386	977	39	72	240	532	31	1,833	4,953	9,063
Accumulated amortization										
Balance, January 1, 2024	410	819	8	701	64	64	18	229	-	2,313
Amortization	71	146	2	17	16	16	4	115	-	387
Disposals	(313)	(294)	-	(701)	-	-	-	(7)	-	(1,315)
Balance, December 31, 2024	168	671	10	17	80	80	22	337	-	1,385
Net book value, December 31, 2024	218	306	29	55	160	452	9	1,496	4,953	7,678

(a) – Adjustment is a Take Charge Rebate received for LED Lighting upgrades

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10. Other (expense) Income

Other income includes [thousands of Canadian dollars]

	2025 $	2024 $
Foreign currency (losses) gains	(246)	448
	(246)	448

11. Operating costs

Year ended December 31 [thousands of Canadian dollars]

	2025 $	2024 $
Salaries and benefits *[note 12]*	2,439	2,728
Software maintenance *[note 13]*	1,677	1,248
Professional fees *[note 13]*	1,494	2,396
Site maintenance and materials	833	772
Utilities	755	678
Building rental	538	531
Insurance	454	445
Other operating costs	314	388
Bad debt expense	200	-
	8,704	9,186

12. Employee future benefits

Employees participate in the Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions for the year ended December 31, 2025 of $207,024 [2024 – $222,385] were expensed as incurred *[note 11]*.

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13. Related party transactions

OilCo enters into various transactions with its parent and other related parties. Unless otherwise noted, these transactions occur within the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Outstanding balances due to or from related parties are non-interest bearing with settlement normally within 30 days.

Significant related party transactions, which are not otherwise disclosed separately in the financial statements, are summarized below:

[i] Bull Arm Fabrication Inc. operates on a site leased from Government for a term of 40 years for a nominal amount of $1 per annum, which expires March 2032.

[ii] OilCo received grants from Government totaling $6.4 million [2024 - $14.7 million] for operating costs and the purchase of tangible capital assets and exploration assets.

[iii] For the year ended December 31, 2025, OilCo earned $4.2 million [2024 – $4.2 million] for the management of Nalcor Energy – Oil and Gas Inc. assets. As at December 31, 2025, $402,500 [2024 - $402,500] is receivable *[note 4]*.

[iv] For the year ended December 31, 2025, Newfoundland and Labrador Hydro charged OilCo $216,501 [2024 – $224,628] for software maintenance, and $488,233 [2024 – $499,210] for professional services *[note 11]*. As at December 31, 2025, $54,911 [2024 - $158,000] is payable *[note 5]*.

14. Financial instruments and risk management

Financial instruments are classified in one of the following categories: [i] fair value or [ii] cost or amortized cost. OilCo determines the classification of its financial instruments at initial recognition.

Cash is classified at fair value. Other financial instruments, including accounts receivable and accounts payable, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

OilCo is exposed to certain credit, liquidity and foreign exchange risks from its financial instruments. This note describes OilCo's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. OilCo is exposed to credit risk through its accounts receivable. The degree of exposure to credit risk on cash and accounts receivable is determined by the financial capacity and stability of those customers and counterparties. The maximum exposure to credit risk on these financial instruments is represented by their carrying values on the consolidated statement of financial position at the reporting date. Credit risk on accounts receivable is considered minimal as receivables are made up of amounts owed from a small pool of customers with whom the Company is familiar. As at December 31, 2025, allowance for doubtful is $200,000 [2024 – nil] for doubtful accounts included in accounts receivables.

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14. Financial instruments and risk management continued...

Liquidity risk

Liquidity risk is the risk that OilCo will encounter difficulty in meeting obligations associated with financial liabilities. OilCo is exposed to liquidity risk through its accounts payable, and its potential inability to pay as a result of cash flow constraints. OilCo's liquidity risk management activities are directed to ensuring cash is available to meet those obligations as they become due. OilCo mitigates its liquidity risk through cash on hand and financial support from the Government of Newfoundland and Labrador.

Foreign exchange risk

OilCo is exposed to foreign exchange price risk on its sales, payables and purchases, some of which are denominated in US dollars.

As at December 31, 2025, total cash denominated in USD were $3.286 million (USD) (2024 - $3.466 million (USD)).

15. Commitments and contingencies

OilCo is subject to various legal proceedings and claims in the normal course of business. Although the outcome of such actions cannot be predicted with certainty, management currently believes OilCo's exposure to such claims and litigation, to the extent not covered by insurance policies or otherwise provided for, is not expected to materially affect the financial position of OilCo.

16. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from estimates approved by the Board of Directors of the Corporation. Budget number are unaudited.

17. Subsequent events

In December 2023, Government initiated a Request for Proposals for the potential sale or lease of the assets related to the Bull Arm Fabrication Site. The request for proposals process concluded in March 2024, and in July 2025, Government entered a non-binding Memorandum of Understanding with North Atlantic for the lease of the Bull Arm Fabrication Site. On March 3, 2026, Government announced that it has cancelled the non-binding memorandum of understanding with North Atlantic for the lease of the Bull Arm Fabrication Site and that it will maintain control and ownership of the site.

On March 3, 2026, Government reached a major milestone for Newfoundland and Labrador's offshore industry to advance the Bay du Nord project. Agreements on life-of-field benefits, royalties, and an equity option have been reached with partners, Equinor Canada Ltd. and BP Canada Energy Group ULC. This gives OilCo an equity option of up to ten per cent, a seat at the table and a piece of future growth in the Bay du Nord project. Another key part of the agreement is $200 million in fabrication funds, which will facilitate long-term fabrication trades jobs in the province, intended to expand the province's capacity for offshore and maritime fabrication and maintenance. Government plans to use this funding to secure capital to build a floating drydock at Bull Arm Fabrication Site.

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17. Subsequent events continued...

Management has assessed the potential impact of these subsequent events on the financial statements and has determined that as of the date of the auditor's report it is not possible to determine the outcome or estimate the financial impact of this event on the Company.

Accordingly, the financial statements do not reflect any adjustments related to these subsequent events.