



Oil and Gas Corporation of Newfoundland and Labrador

2024 Annual Performance Report

June 2025



This page is intentionally blank.

Message from the Board of Directors

Honourable Steve Crocker
Minister of Industry, Energy and Technology
Government of Newfoundland and Labrador
P.O. Box 8700
St. John's, NL A1B 4J6

Dear Minister Crocker:

In accordance with the **Oil and Gas Corporation Act** and the **Transparency and Accountability Act**, I am pleased to provide the 2024 Annual Performance Report for the Oil and Gas Corporation of Newfoundland and Labrador (OilCo or Corporation) on behalf of the Board of Directors (Board).

This report presents OilCo's performance results and accomplishments for the 2024 calendar year and is the second report under the Corporation's 2023-2025 Strategic Plan. As the Board of Directors of OilCo, we are accountable for the preparation and results of this report.

The Board thanks all OilCo staff for their continued dedication to the Corporation, the industry, and our province. OilCo's team of 20 has extensive experience in the oil and gas industry and works diligently every day to maximize value from our offshore for the benefit of the province.

Throughout 2024, the Corporation worked on two projects initiated by the Government of Newfoundland and Labrador (Government) – the review and evaluation of the province's oil and gas assets and OilCo, and the Request for Proposals (RFP) for the potential sale or lease of the Bull Arm Fabrication Site.

In support of Government's phased process for an external review of the provincial oil and gas assets and holdings, OilCo executed business development activities to attract potential bidders to the process. OilCo's team also worked with Department of Industry, Energy and Technology (IET) representatives to support the ongoing RFP process for the Bull Arm Site. The Board takes great pride in the significant work of the OilCo team in supporting these initiatives.

The Board, management, and staff look forward to working with IET and Government to progress OilCo's key strategic initiatives in 2025 as we work to reinvigorate global interest and investment in offshore Newfoundland and Labrador.



Dr. Charles Randell
Chair, Board of Directors
Oil and Gas Corporation of Newfoundland and Labrador

Table of Contents

1. Overview	1
2. Highlights and Partnerships	7
3. Report on Performance.....	8
4. Opportunities and Challenges	23

Appendices

Appendix 1	Biographies for the Board of Directors
Appendix 2	Offshore Newfoundland and Labrador Map
Appendix 3	2024 Audited Consolidated Financial Statements

1. Overview

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

OilCo continues to advance the province's oil and gas potential by delivering valuable knowledge and strategic insights to attract new investment to offshore Newfoundland and Labrador. The Corporation focuses on maximizing value to the province from equity investments while strengthening the province's reputation as a globally preferred destination for oil and gas development.

OilCo leads the exploration of the province's frontier slope and deepwater basins by leveraging strategic investments in data analysis and acquisition to unlock 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' (Nalcor-Oil and Gas) equity ownership in three producing offshore oil projects – Hibernia Southern Extension, Hebron, and the White Rose Extension project. OilCo can also participate in future projects by acquiring equity at the development and production stage of a project.

OilCo is also responsible for the management of its subsidiary company, Bull Arm Fabrication Inc. (BAF).

The Corporation actively identifies and promotes opportunities in the oil and gas industry, supporting responsible resource stewardship while enabling and capturing value creation through exploration and development activities. This is achieved through strategic leadership, expert guidance, and the application of advanced, investment-grade science.

Mandate

OilCo is responsible for maximizing opportunities for growth in the province's offshore oil and gas industry. Established in 2019 by the **Oil and Gas Corporation Act**, 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;
- b) research and development; and,
- c) the corporation may invest in and engage in those other activities that the Lieutenant-Governor in Council may approve.

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

Vision

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

Lines of Business

OilCo has four business focus areas: 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 2024 included in Section 3 of this report.

Exploration

OilCo's exploration work includes identifying leads and characterizing the oil and gas resource potential of offshore Newfoundland and Labrador's frontier basins; defining new areas for industry exploration; and increasing Newfoundland and Labrador's competitiveness to attract global exploration investment.

OilCo's strategy is to drive investment decisions through world-leading geoscience that reduces investment risk and enhances the likelihood of commercial exploration success. This strategy results in mutual success and greater shareholder value for Government and the people of Newfoundland and Labrador.

Offshore Newfoundland and Labrador holds immense potential for further exploration, with opportunities for significant discoveries and untapped prospectivity. Leveraging deep expertise, our team provides unique insights to support industry partners in realizing these opportunities.

Development and Production

OilCo manages participating interests in three producing oil and gas assets under a Management Services Agreement (MSA) with Nalcor-Oil and Gas:

- 8.7 per cent working interest in the Hibernia Southern Extension.
- 4.9 per cent working interest in Hebron.
- 5.0 per cent working interest in the White Rose Extension project. This project includes the North Amethyst field, West White Rose, and South White Rose Extension.

Future exploration activities and investments in prospective production developments reside with OilCo as the Corporation can participate in future projects on behalf of Government by acquiring equity at the development and production stage of a project.

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

Facilities Management – Bull Arm Fabrication

The Bull Arm Fabrication Site (BAF Site or Site) is a premier fabrication facility owned by Government and operated by BAF. BAF leases all or portions of the Site to industrial tenants while typically managing core site operations on behalf of tenants. This strategic approach enables local participation in the industrial, marine, and energy sectors by providing global and local companies competitively priced, as-needed access to large-scale waterside assets. This makes the BAF Site a critical asset for the execution of large-scale industrial work.

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

Headquartered in St. John's, OilCo had 20 staff at the end of 2024, with all staff located in St. John's. The gender composition of OilCo in 2024 was 50 per cent female and 50 per cent male.

The OilCo team has extensive experience in engineering, geoscience, investment attraction, and business aspects of the oil and gas industry. In 2024, the team consisted of Geologists, Geophysicists, Engineers, Technologists, Accountants, IT Specialists, Communications, and Corporate Service professionals. The group is high-performing and competent, fully trained in the industry, and has deep global industry knowledge and vast perspectives gained from working across multiple corporations and companies.

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 comprised of individuals from across the province with a variety of professional backgrounds and extensive experience in executive roles. The Board membership remains at the minimum required level. The following individuals were on the Board as of December 31, 2024:

- Dr. Charles Randell, Chair
- Wayne Chipman
- Bernard J. Collins
- Richard J. Daw
- Leslie Grattan
- Shelly Leighton
- Jennifer Warren

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

2024 Consolidated Revenues and Expenses

In 2024, OilCo reported revenues from continuing operations of \$21.3 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 (\$1.1M), and Government contributions (\$14.7M).

Approximately 46 per cent of OilCo's expenditures from continuing operations relate to operating costs, which are comprised primarily of salaries and wages (\$2.7M), professional services (\$2.4M), software maintenance (\$1.2M), and utilities (\$0.7M).

2024 Key Business Highlights:

- \$86M in dividends earned from the equity investments that OilCo manages in offshore developments.
- Average production in 2024 was approximately 6,400 barrels of oil equivalent per day.

Table 1: OilCo Consolidated Revenue and Expenses for the year ended December 31, 2024

For the period ended December 31, 2024 (in thousands of Canadian Dollars)	\$	%
Continuing operations		
Grant revenue	14,730	69.3
Other revenue	4,209	19.7
Lease revenue	1,089	5.1
Net finance income	790	3.7
Other (expenses)	448	2.1
Revenue	21,266	
Operating costs	9,186	45.6
Amortization of exploration assets	10,551	52.4
Amortization of tangible capital assets	387	1.9
Exploration expenses	10	-
Expenses	20,134	
Annual surplus from continuing operations	1,132	
Discontinued operations		
Loss for the year from discontinued operations	-	
Annual surplus	1,132	

OilCo's 2024 Audited Consolidated Financial Statements is provided in Appendix 3.

2. Highlights and Partnerships

OilCo has established strong, collaborative working relationships with regulators, government, operators in Newfoundland and Labrador, and the broader international oil and gas industry. Throughout 2024, the Corporation worked closely with diverse groups and organizations, further strengthening these connections to drive innovation, address shared challenges, and support the sustainable growth of the province's offshore oil and gas sector.

Department of Industry, Energy and Technology

Throughout 2024, OilCo's staff and Board reallocated both human and financial resources in support of the Department of Industry, Energy and Technology (IET) as Government undertook a review of the province's offshore oil and gas interests. OilCo also supported Government's Request for Proposals (RFP) for the sale or lease of the BAF Site. IET issued an RFP in late 2023, and work on the RFP process continued throughout 2024.

OilCo worked with IET to promote offshore Newfoundland and Labrador to attract and encourage additional investment in the province's oil and gas industry. OilCo employees joined IET representatives at several international oil and gas conferences to promote opportunities in offshore Newfoundland and Labrador, as well as the prospectivity of the region.

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 2024, OilCo's economic modelling and preparation of financial forecasts, including the required grant funding, are examples of interactions between the Department of Finance and OilCo.

Other Departments, Organizations, and Public Bodies

OilCo works closely with Nalcor-Oil and Gas. Under a MSA, OilCo manages participating interests in offshore developments on behalf of Nalcor-Oil and Gas.

3. Report on Performance

The 2023-2025 Strategic Plan for OilCo highlighted four strategic issues along with their associated goals and objectives. For each strategic issue, the information presented in our Report on Performance reflects the work completed in 2024, the second year of the three-year planning period.

The following strategic issues reflect the key priorities of OilCo are necessary to enable OilCo 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

Issue 1: Exploring Newfoundland and Labrador's Offshore

OilCo has developed and is executing an exploration strategy based upon global best practices to identify new oil and gas resources in Newfoundland and Labrador's offshore. This strategy is driven by a desire to aid in the discovery of new hydrocarbon resources, providing the basis for a long-term oil and gas industry that yields significant economic benefits for the province.

OilCo's strategy aims to encourage more exploratory drilling by exploration and production companies through investment in the provision and/or analysis and interpretation of high-quality seismic data. This work has the potential to lead to significant discoveries and new developments.

Throughout 2024, OilCo's exploration work focused on unlocking opportunities to attract new investment from the industry. Our Exploration team completed a resource assessment of offshore southern Labrador (Hawke basin); interpreted seismic data in the Jeanne d'Arc basin to identify additional prospectivity; initiated relative simultaneous seismic inversion screening, and, conducted petrophysical and biostratigraphic studies; and, met with geoscience professionals from around the world to strengthen our industry presence and promote offshore Newfoundland and Labrador's oil and gas potential.

In Budget 2023, Government announced a one-year budget for the acquisition of new seismic data. In 2024, OilCo acquired a licence to TGS's recently obtained seismic data in the Jeanne d'Arc basin and commenced interpretation and analysis. OilCo licensed this 3D survey to assess/reassess, and evaluate additional areas of interest within the basin. Beicip-Franlab was engaged to conduct a petrophysical review, key stratigraphic interpretation, and a resource assessment for the area. This work provides new insights into these areas, particularly on Crown lands.

OilCo aims to extend this petrophysical analysis to include all exploration and delineation wells, as well as more recent wells drilled that are no longer under, or soon will be removed from, confidentiality status. This work will enable OilCo's Exploration team to continue mapping leads and prospects within that area of the Jeanne d'Arc basin, potentially adding to our leads and prospects inventory, while continuing to focus our primary exploration efforts in regions with upcoming land sales.

In 2024, OilCo engaged Beicip-Franlab on a resource assessment for southern Labrador (Hawke basin). The detailed resource assessment, the 11th since 2015, identified a P50 unrisked resource potential of 16 billion barrels of oil equivalent in the Hawke basin. The resource assessment was released in advance of the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB)¹ licence round for this region, which is currently scheduled for fall 2025.

OilCo continued communicating the insights from its exploration strategy with a focused marketing and engagement plan to bring new information on offshore Newfoundland and Labrador's prospectivity to global exploration and production companies. Promotional highlights for 2024 included:

- presenting at international exploration and geoscience conferences;
- engaging global exploration and production companies through one-on-one presentations and meetings; and,
- attending industry conferences and trade shows highlighting the province's offshore potential.

¹ Newfoundland and Labrador's offshore regulator, the C-NLOPB, sets the land tenure schedule and licence round area. The areas OilCo promotes are based on the C-NLOPB's schedule for call for bid areas.

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.

Objective: By December 31, 2024, OilCo will have collected data and continued interpretation to advance geoscience knowledge in frontier basins of Newfoundland and Labrador in advance of scheduled call for bids.

Indicators	2024 Activities and Accomplishments
Acquired and interpreted geophysical and geoscientific data in the Jeanne d'Arc basin	<p>In 2024, OilCo acquired a licence to high-resolution 3D seismic dataset in the Jeanne d'Arc basin. OilCo licensed the 3D survey from TGS to assess and evaluate additional areas of prospective interest within this basin. Working with Beicip-Franlab, OilCo conducted a petrophysical review, key stratigraphic interpretation, and a resource assessment within the newly acquired 3D area.</p> <p>Upon reviewing Beicip-Franlab's initial petrophysical results for the Jeanne d'Arc basin project, OilCo's Exploration team expanded the study to all delineation and exploration wells offshore Newfoundland and Labrador. This information will provide a comprehensive and vetted petrophysical dataset to support advanced seismic analysis and the evaluation of leads and prospects.</p> <p>OilCo contracted Sharp Reflections to perform a relative simultaneous inversion screening, followed by a facies-based inversion workflow over high-graded leads and prospects. This work aims to enhance our understanding of reservoir</p>

	<p>distribution and properties by integrating seismic and well data to delineate potential hydrocarbon-bearing facies with greater confidence. The results will directly inform our prospect evaluation process within the Jeanne d'Arc basin, supporting efforts to reduce risk and assess resources for future exploration and development decisions.</p>
Promoted exploration potential of defined licence round areas	<p>Developed a presentation highlighting the exploration opportunities within the 2024 defined licence round areas, including maps, data summaries, and interpretive results.</p> <p>Engaged with five exploration and production companies from around the world to inform them of the potential prospectivity of the 2024 bid rounds.</p> <p>OilCo representatives attended 10 technical and business conferences promoting the 2024 licence round. They attended technical workshops and presentations to help disseminate findings and engage potential bidders.</p> <p>In preparation for the 2025 C-NLOPB licence round, we undertook a resource assessment with Beicip-Franlab for the Southern Labrador (Hawke basin) region. The resource assessment will be released in 2025 in advance of the C-NLOPB's licence round planned for fall 2025.</p> <p>OilCo presented to the C-NLOPB in response to their Call for Nominations (parcels) on Sector NL02-LS in the Labrador South region.</p> <p>Responses to the Call for Nominations help inform the C-NLOPB's decision on whether to proceed with its call for bids in this region in 2025 and, if so, which parcels would be offered.</p>

	<p>OilCo also presented to the C-NLOPB in response to their Call for AOI (Sector) Nominations for the Eastern Newfoundland region. These responses inform the C-NLOPB on new areas of interest and prospectivity within the region to maximize. This AOI will be considered by the C-NLOPB for the 2026 call for bids in that region.</p>
<p>Continued promotion and communication of the advanced understanding of our overall offshore petroleum resource potential to the local, national and global oil and gas industry</p>	<p>Attending and presenting at industry conferences and trade shows provides OilCo with the opportunity to connect with professionals, experts, and potential investors. In 2024, OilCo's geoscience results were communicated to the global oil and gas industry at seven conferences in Europe and North America. In 2024, an OilCo Exploration team member presented an abstract at the Conjugate Margins conference in Lisbon, sharing their expert knowledge on the material prospectivity of offshore Newfoundland and Labrador to an international audience. With this latest abstract, OilCo has published 73 global conference and journal papers since 2010. In addition to conference presentations, OilCo held meetings with global oil and gas companies to inform them of the new data insights on the prospectivity in 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.</p>

	Work commenced on planning for the Atlantic Conjugate Margins conference, which will be hosted by Newfoundland and Labrador in August 2026. A member of OilCo's Exploration team is chairing the international conference.
--	--

The objective and indicators for 2025 are consistent with the direction outlined in the 2023-2025 Strategic Plan.

2025 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.

2025 Indicators

- Advanced knowledge of resource potential from data in Newfoundland and Labrador frontier offshore basins.
- Prepared datasheets on prospectivity for scheduled offshore licence rounds.
- Promoted prospects to industry and prospective investors.

Issue 2: Offshore Development and Operations

Over the 2023-2025 planning period, OilCo will support efforts to advance offshore project milestones and further enhance knowledge of the province's oil and gas investment potential. Throughout 2024, OilCo worked towards achieving this goal through the following core efforts: continuing active involvement in current joint ventures at the committee and voting levels; and carrying out business development activities that highlighted the growth potential opportunities in offshore Newfoundland and Labrador.

OilCo prioritized offshore development and operations activity with joint venture partners to advance work plans and achieve project milestones. The revenues from these projects remain with Nalcor-Oil and Gas and are managed by OilCo through a MSA.

Throughout 2024, OilCo supported Government's review of oil and gas assets by preparing and compiling detailed information, reports, and analysis as required.

OilCo manages working interests in three offshore projects – Hibernia Southern Extension, Hebron, and White Rose Extension. As of December 31, 2024, Government had invested \$171 million to purchase the equity in these three projects, in addition to development costs. At the end of 2024, the initial purchase price plus costs had been recovered, and an additional \$1,032 million in free cash flow had been generated (\$86 million in 2024).

The following information provides an overview of key activities for each project.

Hibernia Southern Extension:

Hibernia Southern Extension continues to manage production from existing wells and execute infill wells as needed to sustain production and maximize ultimate recovery. An infill water injection well was spud in 2024 and is expected to begin providing additional injection support in the second quarter of 2025.

Hebron:

Hebron continues to execute a multi-year plan to optimize drilling and production from Pools 1, 4, and 5. Maintenance and upgrade activities are executed to maximize field and facility life. Planning is ongoing for the optimized development of Pool 3.

White Rose Extension:

Construction on the West White Rose Project progressed to about 88 per cent complete at the end of 2024. Mechanical completion was achieved on both the topsides in Ingleside, Texas, and the Concrete Gravity Structure in Argentia, Newfoundland and Labrador. Tow-out and installation are planned for 2025, and first oil is expected in 2026. The associated life extension work with the SeaRose production facility was completed in Belfast, Ireland. Plans are being optimized for additional development of discovered resources at White Rose once the West White Rose Project has been completed.

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.

Objective: By December 31, 2024, OilCo will have progressed current joint venture capital projects supporting the long-term viability of the projects.

Indicator	2024 Activities and Accomplishments
Continued to participate in 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' existing working interests in offshore developments under a MSA. The activities under the MSA include participating in partner joint venture groups and committees that oversee and approve decisions regarding the projects and the oversight of sales specific to the ownership shares. Throughout 2024, OilCo continued to pursue developments and approvals that maximize value from these equity interests. In 2024, the equity investments managed by OilCo earned \$86 million in dividends. OilCo held discussions with its partners regarding various capital projects within the three fields. OilCo also worked with partners to assess future development potential.

<p>Continued to evaluate equity growth opportunities and provided advice to Government on new potential acquisitions or divestitures</p>	<p>OilCo evaluates and assesses equity growth opportunities as they arise. The OilCo team continued to work with IET to ensure that Government received maximum value from its existing and potential future investments in offshore Newfoundland and Labrador.</p> <p>The Bay du Nord development remains in a deferral and optimization phase, with results from ongoing engineering efforts expected in 2026.</p>
---	--

The objective and indicators for 2025 are consistent with the direction outlined in the 2023-2025 Strategic Plan.

2025 Objective

By December 31, 2025, OilCo will have advanced current and future joint venture partnerships.

2025 Indicators

- 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.
- Continued to evaluate equity growth opportunities and provide advice to Government on potential acquisitions or divestitures.

Issue 3: Bull Arm Fabrication Site Optimization

BAF leases all or portions of the Site to industrial tenants while typically managing core Site operations on behalf of its tenants. Through open and transparent Site use terms, reliable up-to-date infrastructure, and a reputation for environmental stewardship, BAF offers the most viable and competitive fabrication centre in Atlantic Canada.

BAF prioritizes preparing the Site for present and future opportunities while actively seeking ways to optimize its utilization. Throughout the year, BAF employees engaged with multiple stakeholders, executing commercial leases, and capital and operating projects.

In December 2023, IET issued an RFP for the sale or lease of the BAF Site. IET received several responses to its RFP, which closed in March 2024. Throughout 2024, BAF worked with and assisted IET representatives as they evaluated proposals.

The ongoing RFP process for the sale or lease of the Site has had operational impacts on BAF, given the uncertainty of the future operations and ownership of the Site. This has led to some challenges for BAF in pursuing new mid-term leasing opportunities, which are leases longer than six months. BAF continues promoting the Site to potential tenants while the review process continues with Government.

BAF renewed, with DF Barnes as the service provider and leaseholder, the continued cold stacking of Transocean's Henry Goodrich in the Marine Yard drydock basin and continued equipment storage lease of Seadrill drill rig equipment.

BAF also progressed an ongoing roof replacement project to near completion, conducted engineering to support another roof replacement, and executed several smaller operating projects.

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.

Objective: By December 31, 2024, OilCo will have progressed planned engagement and Site assessment activities to optimize utilization of the BAF Site for industrial activity.

Indicator	2024 Activities and Accomplishments
Supported Government's work as it explores options for the possible sale or lease of the BAF Site	BAF engaged with Government as a technical advisor to the RFP for the sale or purchase of the Site. Through this process, BAF representatives provided information to Government and engaged with RFP proponents by providing information and tours of the Site.
Continued assessment of required Site infrastructure repairs and maintenance with priority initiatives completed	BAF continued its regular maintenance activities and progressed some capital projects, including work on a roof replacement project. In 2024, BAF's capital works focused mainly on executing engineering work scopes.
Continued engagement with stakeholders	BAF provides usage of its main Administration building to the local Chamber of Commerce. This includes providing a common meeting space for the Chamber and local municipalities to meet. BAF conducted business development activities related to potential work and the utilization of the Site. Information was provided, and site tours were conducted with several interested parties.

Continued management of Site leases	<p>BAF renewed several key operating contracts, including water and sewer, security services, and snow clearing.</p> <p>BAF extended its lease with DF Barnes, who has leased the Site almost continually since December 2018. In 2024, DF Barnes continued to support drilling companies through cold stacking and rig equipment storage, and provision of offhire port space for offshore supply vessels. DF Barnes also secured a contract to execute work on two provincial ferries.</p> <p>BAF leased the Module Hall to Aqualogic, who used the building to test components of an inflatable vessel.</p> <p>BAF had several berthage agreements with site users, including ASL Innovations, Rhenus, and Avalon Salt.</p> <p>BAF continued lease monitoring through the use of its Management of Change process.</p>
--	---

The objective and indicators for 2025 are consistent with the direction outlined in the 2023-2025 Strategic Plan.

2025 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.

2025 Indicators

- Continued assessment of required Site infrastructure repairs and maintenance with priority initiatives completed.
- Implemented marketing and communications activities to promote the Site.
- Continued engagement with stakeholders.
- Continued management of Site leases.

Issue 4: Advance Sustainability Initiatives

OilCo is involved in several initiatives to help support and advance potential lower-emission initiatives for the offshore oil and gas sector in Newfoundland and Labrador.

In 2024, OilCo provided in-kind and financial support to several energy projects and emissions reduction initiatives, fostering collaborations with industry, government, and academic partners. By leveraging our technical expertise and resources, we contributed to the development and deployment of innovative solutions designed to help reduce the carbon intensity of oil and gas production.

One such initiative was progressing the understanding of carbon capture, utilization, and storage (CCUS) potential in offshore Newfoundland and Labrador. Utilizing OilCo's vast database of seismic information collected since 2011, OilCo commissioned a study by Beicip-Franlab to quantify the carbon dioxide storage potential of offshore Newfoundland and Labrador within an area that encompasses the Orphan, Jeanne d'Arc, Flemish Pass, Carson Bonnition, and Salar basins. The results of the study were released at the Energy NL Conference in June 2024. While further work is needed to mature these areas, this project demonstrates that the carbon dioxide storage potential of offshore Newfoundland and Labrador is substantial.

While OilCo has concluded its studies on analyzing lower-emission pathways for the province's offshore, we will continue to provide information and advice to oil and gas stakeholders on advancing lower-carbon initiatives.

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.

Objective: By December 31, 2024, OilCo will have advanced environmentally and economically sustainable initiatives to progress low-emission technology.

Indicator	2024 Activities and Accomplishments
Continued to provide in-kind support on multi-stakeholder initiatives and projects focused on clean energy and reduced emissions	OilCo provided in-kind support to several initiatives, including two CCUS projects. We continue to support a pragmatic understanding of these emission reduction opportunities for offshore Newfoundland and Labrador.
Continued promotion of Newfoundland and Labrador's low-carbon and environmentally-advantaged oil and gas to the oil and gas sector	In June, OilCo and partner Beicip-Franlab released a study of the carbon dioxide storage assessment of offshore Newfoundland and Labrador. This project aimed to quantify the carbon dioxide storage potential of the province's offshore. Promoted Newfoundland and Labrador's oil and gas business and environmental advantages at four global conferences.
Participated in discussions to further technologies	OilCo continues to regularly engage with stakeholders on appropriate and economic emission reduction technologies for offshore Newfoundland and Labrador. Presented the results of the carbon dioxide storage assessment of offshore Newfoundland and Labrador at three conferences.

The objective and indicators for 2025 are consistent with the direction outlined in the 2023-2025 Strategic Plan.

2025 Objective

By December 31, 2025, OilCo will have advanced partnerships and technologies that further lower the environmental footprint of the oil and gas sector.

2025 Indicators

- Supported multi-stakeholder initiatives and projects focused on clean energy and reduced emissions.
- Explored options and technologies for a growing offshore industry to move towards the goal of becoming a net-zero producer as quickly as possible.
- 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.

4. Opportunities and Challenges

While the demand for reliable and affordable energy remains strong, the oil and gas industry must adapt to shifting market dynamics, regulatory changes, and sustainability expectations.

Ongoing developments in federal policies related to emissions reductions, carbon pricing, and environmental assessments are shaping the regulatory landscape for Canada's oil and gas sector. Measures such as the proposed cap on oil and gas emissions, the federal carbon pricing system, and Bill C-69 reflect the federal government's evolving approach to climate and environmental policy. While these initiatives aim to advance long-term sustainability goals, they also introduce new considerations for operational planning and capital allocation for the oil and gas industry. As companies adapt to this changing policy environment, careful navigation and proactive engagement will be key to maintaining competitiveness and attracting investment to offshore Newfoundland and Labrador.

Recently, the global energy sector has seen a renewed focus on deep water exploration. As the global energy landscape evolves, opportunities and challenges exist for offshore oil and gas activity in Newfoundland and Labrador.

With vast resources off our coast, the province remains a key contributor to the international energy sector. To capitalize on the full potential of our provincial hydrocarbon resources, OilCo remains committed to proactively engaging regulators, industry groups, and policymakers to ensure balanced and practical regulatory frameworks. The Corporation actively participates in industry consultations and discussions on emissions policies, carbon markets, and emerging low-carbon technologies, thereby supporting both economic and environmental objectives. OilCo also collaborates with stakeholders to advance responsible development practices and advocate for policy certainty that enables continued investment in the offshore.

One significant opportunity lies in attracting investment to the region and leveraging our offshore assets. From an exploration standpoint, Newfoundland and Labrador's offshore basins hold substantial hydrocarbon potential. The province's existing producing assets and the Bay du Nord development highlight the province's resource wealth, and continued exploration could lead to further promising finds.

Oil and gas will remain a critical part of the global energy mix for decades, and Newfoundland and Labrador has a significant role to play in this evolving landscape. Our offshore offers huge potential for exploration and development. Successfully managing regulatory and market factors is crucial to maintaining the province's role in the global energy market. OilCo is committed to working with industry and government partners to ensure that Newfoundland and Labrador's oil and gas industry remains competitive and sustainable, contributing responsibly to the world's energy needs.

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.

Wayne Chipman

Wayne Chipman is a graduate of Memorial University (Bachelor of Mechanical Engineering). Mr. Chipman started his 35-year oil and gas industry career 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 & 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.

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.

Richard J. Daw, FCPA, FCA, CMC

Richard J. Daw was a partner with Deloitte for almost 30 years, where he practiced as a Chartered Accountant, advising oil and gas contractors on tax and organizational matters. After retirement, Mr. Daw became an Executive in Residence with Memorial University's Faculty of Business and a founding member of the Institute of Corporate Directors – NL Chapter. He was also the Vice-Chair of the Audit Committee and the Chair of the HR Committee with the Canada Revenue Agency Board of Management (2010-2016). Mr. Daw served as Vice Chair and Director of the Dr. H. Bliss Murphy Cancer Care Foundation (2008-2014) and as a member of the Advisory Board of Memorial University's Faculty of Business Management (2010-2023). Mr. Daw is a member of the Institute of Certified Management Consultants of Atlantic Canada and the Association of Chartered Professional Accountants of Newfoundland and Labrador.

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.

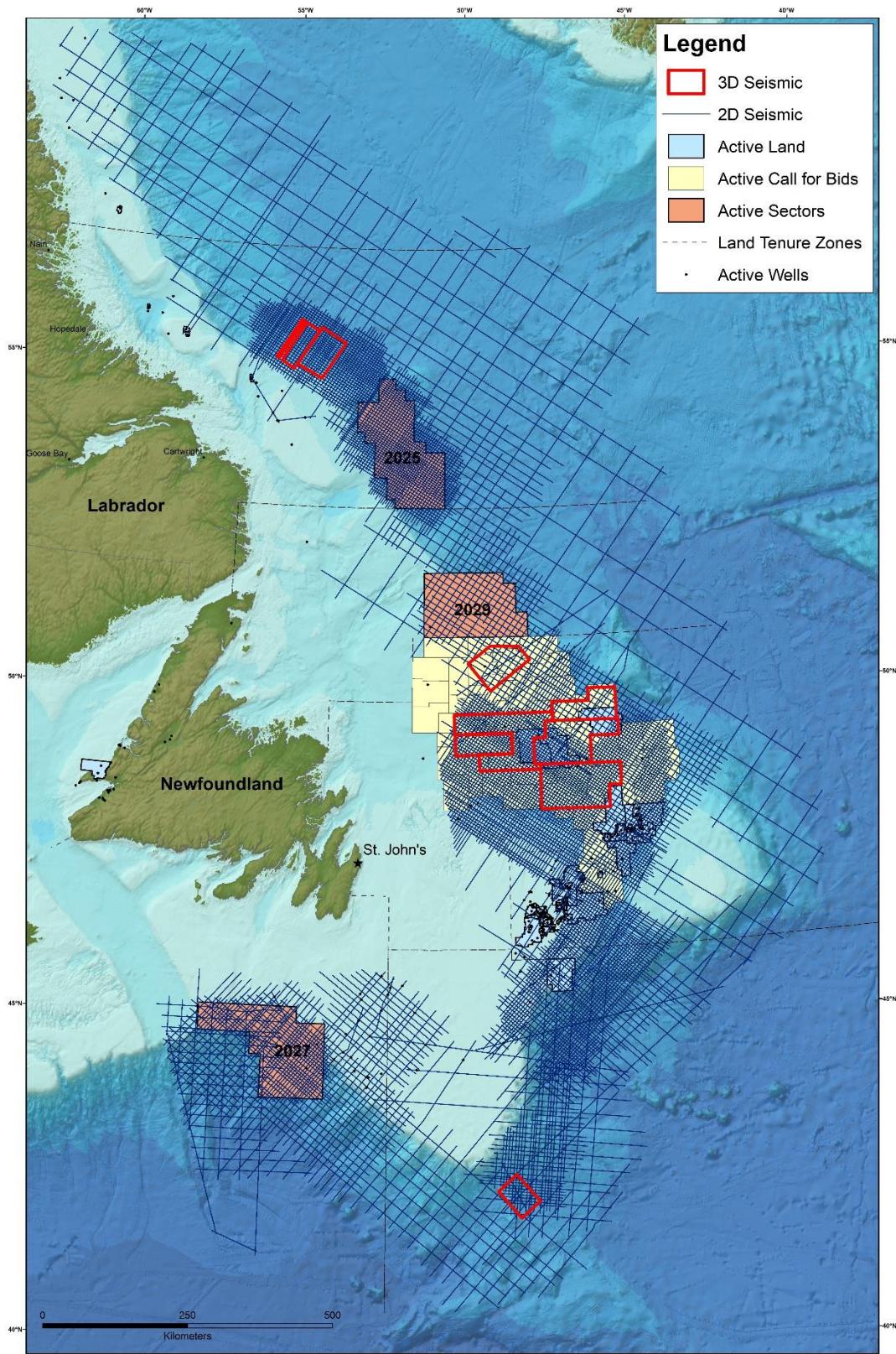
Shelly Leighton, P. Eng, CLS

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 in water and in 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, and RSA Canada. She is currently the Director of Compliance and Governance with Johnson Insurance.

Appendix 2 Offshore Newfoundland and Labrador Map



Appendix 3 2024 Audited Consolidated Financial Statements

Oil and Gas Corporation of Newfoundland and Labrador

**Consolidated financial statements
December 31, 2024**

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.

Richard J. Saw

Director

Charles Randal

Director



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 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, 2024, and the consolidated statements of operations, 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, 2024, 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.

Independent Auditor's Report (cont.)

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:

- 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, CPA
Deputy Auditor General

April 22, 2025
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

	2024	2023
	\$	\$
Assets		
Cash	12,689	15,992
Accounts receivable [notes 4 and 13]	2,389	2,074
	15,078	18,066
Liabilities		
Accounts payable [notes 5 and 13]	2,114	2,234
Deferred contributions [note 6]	464	487
Deferred revenue [note 7]	664	673
	3,242	3,394
Net assets	11,836	14,672
Non-financial assets		
Exploration assets [note 8]	40,116	36,516
Tangible capital assets, net [note 9]	7,678	7,708
Prepaid expenses	764	366
	48,558	44,590
Accumulated surplus	60,394	59,262

Commitments and contingencies [note 15]

Subsequent events [note 17]

See accompanying notes

On behalf of the Board:

Richard S. Saw

Director

Charles R. andall

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 \$	2024 \$	2023 \$
Unaudited <i>[note 16]</i>			
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	—	3,496
Grant revenue [note 13]	—	14,730	2,751
Other revenue [note 7]	13	9	42
Lease revenue	176	1,089	4,467
Net finance income	(1)	790	560
Other (expenses) income [note 10]	—	448	(187)
	5,388	21,266	15,329
Expenses			
Operating costs [notes 11 and 13]	10,701	9,186	9,333
Amortization of exploration assets	11,478	10,551	8,936
Amortization of tangible capital assets	634	387	370
Exploration expenses	13	10	8
	22,826	20,134	18,647
Annual (deficit) surplus	(17,438)	1,132	(3,318)
Accumulated surplus, beginning of year	59,262	59,262	62,580
Accumulated surplus, end of year	41,824	60,394	59,262

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

	2024	2023
	\$	\$
Annual surplus (deficit)	1,132	(3,318)
Amortization of exploration assets	10,551	8,936
Acquisition of exploration assets	(14,151)	(1,370)
Amortization of tangible capital assets	387	370
Acquisition of tangible capital assets	(441)	(1,180)
Adjustment of tangible capital assets	84	—
(Increase) decrease in prepaid expenses	(398)	166
Change in net assets	(2,836)	3,604
Net assets, beginning of year	14,672	11,068
Net assets, end of year	11,836	14,672

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

	2024	2023
	\$	\$
Operating transactions		
Annual surplus (deficit)	1,132	(3,318)
Adjustments for		
Amortization of exploration assets	10,551	8,936
Amortization of tangible capital assets	387	370
	<u>12,070</u>	<u>5,988</u>
Changes in non-cash assets and liabilities related to operations		
(Increase) decrease in accounts receivable	(315)	1,424
Decrease in accounts payable	(120)	(341)
Decrease in deferred contributions	(23)	(23)
Decrease in deferred revenues	(9)	(42)
(Increase) decrease in prepaid expenses	(398)	166
Cash provided by operating transactions	<u>11,205</u>	<u>7,172</u>
Capital transactions		
Purchase of exploration assets	(14,151)	(1,370)
Purchase of tangible capital assets	(441)	(1,180)
Adjustment of tangible capital assets	84	—
Cash used in capital transactions	<u>(14,508)</u>	<u>(2,550)</u>
Net (decrease) increase in cash during the year	(3,303)	4,622
Cash, beginning of year	<u>15,992</u>	<u>11,370</u>
Cash, end of year	<u>12,689</u>	<u>15,992</u>

See accompanying notes

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2024

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 Industry, Energy and Technology, 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 Province for a term of 40 years for a nominal amount of \$1 per annum, which expires March 2032. This 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 the Province's equity interests in Oilco projects and enhance local supply chain development opportunities in support of Advance 2030 – the Way Forward on Oil and Gas.

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, 2024

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	5–50 years
Buildings	18 years
Module hall door	26 years
Visitor centre	42 years
Other	5–25 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

Costs related to the purchase of seismic surveying are capitalized and amortized over their expected useful lives of six years. Exploration assets are tested for impairment when events or circumstances indicate that their carrying amount may not be recoverable.

Employee future benefits

Employees participate in the Province's 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 Provident 10.

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2024

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, 2024.

4. Accounts receivable

As at December 31 [thousands of Canadian dollars]

	2024 \$	2023 \$
0–60 days	341	203
60+ days	1,611	1,275
Due from related parties <i>[note 13]</i>	403	468
HST receivable	34	128
	2,389	2,074

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2024

5. Accounts payable

As at December 31 [thousands of Canadian dollars]

	2024 \$	2023 \$
Trade payables	1,956	2,078
Due to related parties [note 13]	158	58
HST payable	—	98
	2,114	2,234

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]

	2024 \$	2023 \$
Deferred contribution, beginning of year	487	510
Less revenue recognized	(23)	(23)
Deferred contribution, end of year	464	487

7. Deferred revenues

Oilco received funding from the Province 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.

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2024

7. Deferred revenues continued...

As at December 31 [thousands of Canadian dollars]

	2024 \$	2023 \$
Deferred revenue, beginning of year	673	715
Less revenue recognized	(9)	(42)
Deferred revenue, end of year	664	673

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]

	2024 \$	2023 \$
Cost, beginning of year	54,939	53,569
Additions	14,151	1,370
Balance, end of year	69,090	54,939
 Accumulated amortization, beginning of year	 18,423	9,487
Amortization	10,551	8,936
Balance, end of year	28,974	18,423
Net carrying amount	40,116	36,516

Notes to consolidated financial statements

December 31, 2024

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	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

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2024

9. Tangible capital assets continued...

As at December 31 [thousands of Canadian dollars]

	Computer hardware	Computer software	Office equipment	urniture and equipment	Leasenhoid improvements	Module hall door	Visitor centre	Buildings	Other	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, January 1, 2023	473	1,271	39	701	240	532	31	1,074	4,480	8,841	
Additions	—	—	—	—	—	—	—	—	18	1,162	1,180
Transfe	—	—	—	—	—	—	—	—	825	(825)	—
Balance, December 31, 2023	473	1,271	39	701	240	532	31	1,917	4,817	10,021	
Accumulated amortization											
Balance, January 1, 2023	373	610	6	699	48	48	14	145	—	—	1,943
Amortization	37	209	2	2	16	16	4	84	—	—	370
Balance, December 31, 2023	410	819	8	701	64	64	18	229	—	—	2,313
Net book value, December 31, 2023	63	452	31	—	176	488	13	1,688	4,817	7,708	

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

12. Employee future benefits

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions for the year ended December 31, 2024 of \$222,385 [2023 – \$232,363] were expensed as incurred [note 11].

December 31, 2024

10. Other income (expense)

Other income includes [thousands of Canadian dollars]

	2024	2023
	\$	\$
Foreign currency gains (losses)	448	(187)
	448	(187)

11. Operating costs

Year ended December 31 [thousands of Canadian dollars]

	2024	2023
	\$	\$
Salaries and benefits [note 12]	2,728	2,791
Professional services [note 13]	2,396	2,332
Software maintenance [note 13]	1,248	1,458
Utilities	678	718
Site maintenance and materials	772	709
Building rental	531	515
Insurance	445	429
Other operating costs	388	381
	9,186	9,333

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2024

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 the Province for a term of 40 years for a nominal amount of \$1 per annum, which expires March 2032.
- [ii] Oilco received grants from the Province totaling \$14.7 million [2023 - \$2.8 million] for operating costs and the purchase of tangible capital assets and exploration assets.
- [iii] For the year ended December 31, 2024, Oilco earned \$4.2 million [2023 - \$4.2 million] for the management of Nalcor Energy – Oil and Gas Inc. assets. As at December 31, 2024, \$402,500 [2023 - \$468,300] is receivable [note 4].
- [iv] For the year ended December 31, 2024, Nalcor Energy charged Oilco \$224,628 [2023 - \$199,464] for software maintenance, and \$499,210 [2023 - \$457,430] for professional services [note 11]. As at December 31, 2024, \$158,000 [2023 - \$57,882] 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 with and have no previous collections issues. As at December 31, 2024, there was no allowance [2023 - nil] for doubtful accounts included in accounts receivables.

Oil and Gas Corporation of Newfoundland and Labrador

Notes to consolidated financial statements

December 31, 2024

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.

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 numbers are unaudited.

17. Subsequent events

In the prior fiscal year, the Government of Newfoundland and Labrador initiated a request for proposals for the possible sale or lease of the assets related to the Bull Arm Fabrication Site. As of the date of the auditor's report, the process of selling or leasing the assets was still ongoing. Management has assessed the potential impact of this subsequent event 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 this subsequent event.