



CNSOER
CANADA - NOVA SCOTIA OFFSHORE ENERGY REGULATOR

June 24, 2025

The Honourable Tim Hodgson
Minister of Energy and Natural Resources
Government of Canada

The Honourable Trevor Boudreau
Minister of Energy
Government of Nova Scotia

Dear Ministers:

Pursuant to Section 30 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Renewable Energy Management Act* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Energy Management (Nova Scotia) Act*, we are pleased to present the Annual Report, together with the financial statements, of the Canada-Nova Scotia Offshore Energy Regulator for the fiscal year ending March 31, 2025.

Respectfully submitted,

Barbara B. Pike, ICD.D
Chair of the Board

Christine Bonnell-Eisnor, P. Eng., ICD.D
Chief Executive Officer

Acknowledgement

The Canada-Nova Scotia Offshore Energy Regulator respectfully acknowledges that our office in Dartmouth, Nova Scotia, is located in Mi'kma'ki, the traditional and ancestral territory of the Mi'kmaq people.

About the 2024-2025 Annual Report

The 2024-2025 Annual Report outlines the operations and performance of the Canada-Nova Scotia Offshore Energy Regulator (CNSOER) for the fiscal year beginning on April 1, 2024, and ending on March 31, 2025.

This report is produced digitally, with printed copies available upon request. Additional or supporting information is available on the [CNSOER website](#).

Should any of the links found in the 2024-2025 Annual Report fail to lead you to the correct page, please visit the main page of the [CNSOER website](#) and search by specific interest. You can also contact us directly by email at info@cnsoer.ca or by phone at 902-422-5588.

To receive a printed copy of the 2024-2025 Annual Report, please submit your request by email to info@cnsoer.ca.

The CNSOER encourages the public to visit the [CNSOER website](#) or our [LinkedIn](#) and [X](#) social media accounts for the latest news and to stay up to date on the regulation of renewable energy and oil and gas exploration and development activities that take place in the Canada-Nova Scotia offshore area.

CNSOER – Who We Are

Board of Directors

Our Board of Directors consists of up to seven members who are appointed for fixed terms of office. The Chair is jointly appointed by both the Government of Canada and the Government of Nova Scotia. Each Government may appoint two Board Members and one alternate Board Member. The term for each appointment is six years.

Board Member	Appointment Type
Barbara Pike	Chair
Corrina Bryson	Federal Board Member
Bernard Miller	Federal Board Member
Dr. Tareq Al-Zabet	Alternate Federal Board Member
Roger Percy	Provincial Board Member
Jim MacDonald	Provincial Board Member
Robert MacQueen	Alternate Provincial Board Member

CNSOER Staff

Christine Bonnell-Eisnor, the CNSOER's Chief Executive Officer, reports to our Board of Directors and is responsible for leading the day-to-day operations of our organization with a total staff of 24 people. The CNSOER team is made up of highly qualified individuals with a wide range of expertise and skills including health, safety, and environmental protection; resource and lands management; engineering; geoscience; governance; policy development; finance; information management; human resources; communications; industrial benefits; and corporate administration.

To learn more about our Board of Directors and the CNSOER staff, visit the [Who We Are](#) section of the CNSOER website.

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Message from the Chief Executive Officer

The 2024–2025 fiscal year has been pivotal for the Canada-Nova Scotia Offshore Energy Regulator (CNSOER), marking a time of preparation, progress, and transformation. As we celebrated the 35th anniversary of our founding as the Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) we also laid the groundwork for an exciting new chapter in our history—one that includes the regulation of offshore renewable energy in the Canada-Nova Scotia offshore area.

In anticipation of this expanded mandate, we developed and launched a new five-year strategic plan. This plan clearly defines our mission, vision, values, and strategic priorities, and will guide our efforts as the lead and lifecycle regulator for offshore energy. From land tenure and exploration through development, operations, and eventual decommissioning, the CNSOER is committed to overseeing offshore energy activities with rigour, transparency, and a continued focus on safety and environmental protection.

Our expanded mandate brings new responsibilities and opportunities. Over the past year, we have been actively preparing for the offshore renewable energy recommendations as part of the land tenure process and an upcoming offshore wind Call for Bids. There is also increased interest in activity authorizations, particularly for site assessment work. The CNSOER is well-prepared to regulate these activities, applying our extensive experience to ensure operators take all reasonable precautions to protect worker health and safety and the environment.

As we move forward, collaboration remains central to our work. We continue to engage with Indigenous groups and rights holders, the fishing sector, municipalities, the offshore workforce, and the public. These relationships are essential to our regulatory approach and ensure that decisions reflect a broad range of perspectives and knowledge.

Our collaborative efforts also extend to our work with other regulators and Government departments. We work closely with the Canada-Newfoundland and Labrador Offshore Petroleum Board and the Canada Energy Regulator, and we have strong relationships with our international peers who have extensive experience in regulating offshore wind.

In support of our expanded role, we launched a new website that offers current information about the CNSOER and our mandate. I encourage you to visit the site and stay informed as we continue to update it with new developments and resources.

In closing, I would like to express my sincere thanks to the staff of the CNSOER for their continued dedication and professionalism, and to our Board of Directors for their governance and support. We are excited to continue our work as the lead and lifecycle regulator for offshore energy in the Canada-Nova Scotia offshore area, and we thank you for your continued interest and engagement with our organization.



Christine Bonnell-Eisnor, P. Eng., ICD.D
Chief Executive Officer

Overview of the CNSOER

Established in 1990, the Canada-Nova Scotia Offshore Energy Regulator (CNSOER), formerly the Canada-Nova Scotia Offshore Petroleum Board, is an independent joint agency created by the Governments of Canada and Nova Scotia pursuant to the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Renewable Energy Management Act*, S.C. 1988, c.28, and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Renewable Energy Management (Nova Scotia) Act*, S.N.S. 1987, c.3 (Accord Acts).

The CNSOER is the lead and lifecycle offshore energy regulator, responsible for regulating renewable energy and petroleum exploration and development activities that take place in the Canada-Nova Scotia offshore area. We apply our extensive expertise to ensure that operators take all reasonable precautions to protect the health and safety of workers and the environment. Our regulatory responsibilities include:

- Health and safety of offshore workers
- Protection of the environment
- Administration of land tenure processes and management of licences
- Geoscience evaluation, data collection, curation and distribution
- Management and conservation of offshore petroleum resources
- Canada-Nova Scotia employment and industrial benefits for petroleum-related activities

Our core regulatory responsibilities span the full lifecycle of offshore energy activities ranging from land tenure, geoscience and resource management studies, resource assessments, exploration, development, and production through to decommissioning and abandonment.

Building trust and confidence in how we regulate energy activities in the Canada-Nova Scotia offshore area is priority for us. We recognize and understand the importance of engaging with Indigenous groups and rights holders, the fishing sector, and other stakeholders as we believe that they have unique and specific insights that should be taken into consideration prior to making decisions. We also work closely with other Government departments at federal and provincial levels through our established relationships and various Memoranda of Understanding.

Our mission and vision emphasize our important role as an offshore energy regulator in the Canada-Nova Scotia offshore area. Our values reflect the principles that guide the CNSOER's actions and how staff conduct themselves in the workplace as individuals, as a team, and as an organization.

MISSION

Independent regulatory oversight of offshore energy development.

VISION

A trusted regulator for the safe and environmentally responsible lifecycle development of offshore energy.

VALUES



INTEGRITY

We follow the principles of fairness, trust, and accountability.



INCLUSIVITY

We recognize the importance of equity, diversity, and inclusion.



TRANSPARENCY

We will provide clear information on risk-based decisions, operations, and actions.



INNOVATION

We continue to learn, adapt, and transform.



EXCELLENCE

We are an efficient regulator who recognizes the importance of engagement, effective teamwork, and professional development.



COLLABORATION

We engage with Indigenous groups, fishers, stakeholders, communities, and the offshore workforce to foster trust and confidence in decision making.

STRATEGIC PRIORITIES

MANAGING CHANGE

Predicting, preparing for, adapting to, and embracing change in our legislative mandate, regulatory activities, and organizational practices to innovate and keep pace with the evolving global landscape.

ORGANIZATIONAL EXCELLENCE

Promote a culture of learning, engagement, and collaboration with a focus on continual improvement. Provide access to the necessary information, tools, and systems required for informed decision-making and regulatory oversight.

INFORMATION & TECHNOLOGY TRANSFORMATION

Developing and enhancing a framework for managing information and technology in a way that aligns with our mission, legal requirements, and regulatory obligations. This transformation will encompass people, processes, and technology to ensure that information is accurate, reliable, accessible, and secure.

Expanded Mandate of the CNSOER

Effective January 31, 2025, our mandate expanded to include offshore renewable energy, and our organization officially became the CNSOER. Below is a brief timeline leading up to our mandate change. To read detailed information about past updates and other announcements, visit the [CNSOER website](#).

- On April 11, 2022, the Governments of Canada and Nova Scotia announced their intention to expand the CNSOER's mandate to include the regulation of offshore renewable energy.
- The Government of Nova Scotia's *Advancing Nova Scotia Opportunities Act*, Bill 471, received Royal Assent on September 20, 2024.
- On October 3, 2024, Bill C-49, *An Act to amend the Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act*, received Royal Assent.
- On January 31, 2025, the titles of the *Accord Acts* were amended and became the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Renewable Energy Management Act* (federal version) and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Renewable Energy Management (Nova Scotia) Act* (provincial version).

Throughout 2024-2025, the CNSOER continued to prepare for the expansion of our mandate guided by our internal Offshore Renewable Energy Transition Plan.

Preparation for an Offshore Wind Call for Bids and Offshore Renewable Energy Authorizations

The CNSOER anticipates initiating an offshore wind Call for Bids process in 2025 and in accordance with the *Accord Acts*, is actively preparing its offshore renewable energy recommendations to the Ministers related to an offshore wind Call for Bids for the issuance of submerged land licences.

In preparation for offshore renewable energy related activity authorizations, such as site assessment work in our offshore area, authorization application requirements and processes were developed. The regulatory requirements will be further outlined in *Offshore Renewable Energy Regulations* that are being developed by Governments in accordance with the *Accord Acts*. Given these regulations are not yet available, the *Canada Offshore Renewable Energy Regulations* that have been developed for the Canada Energy Regulator (CER) provide some information about what to expect.

Participation in Meetings, Working Groups, and Committees

The CNSOER participated in meetings, working groups, and committees with both the federal and provincial Governments and provided regulatory input related to our mandate expansion. The CNSOER also collaborated with other regulators including the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) and the CER.

In the transition to become the regulator for offshore renewable energy, the CNSOER continued to participate in regional, national, and global groups and organizations, as well as working with other global offshore renewable energy regulators. The CNSOER is a member of the Global Offshore

Wind Regulators Forum, which provides participating organizations the opportunity to share best practices, important information, resources, and experiential learning on the regulation of offshore wind projects and resources. In 2024, the CNSOER joined the Management of Ocean Noise by Multinational Energy Regulators (MONMER), which focuses on the effects of ocean noise on marine wildlife. The CNSOER also participated in the International Regulators' Forum Offshore Renewable Energy Subcommittee (IRFORES) to build awareness and competence in respect of safety risks in offshore renewables. Members of the CNSOER senior leadership team and staff have also participated in webinars, conferences, meetings, and other learning opportunities to advance knowledge of offshore renewable energy, in particular offshore wind energy.

Throughout 2024-2025, CNSOER staff followed the [Regional Assessment of Offshore Wind Development in Nova Scotia](#), as led by the Independent Committee appointed by the Governments of Canada and Nova Scotia, and worked with Governments to better understand and develop the process for the CNSOER to administer the first offshore wind Call for Bids.

Engagement with Indigenous Groups and Rights Holders and the Fishing Sector

With respect to Indigenous engagement, we continued to follow the processes established in the [Memorandum of Understanding](#) with Governments related to each organization's role with respect to the Crown's Duty to Consult and accommodate Indigenous peoples in relation to offshore petroleum activities in the Canada-Nova Scotia offshore area. In 2024-2025, we continued discussions with Governments regarding the role of the CNSOER in Indigenous engagement for offshore renewable energy. These discussions will continue in the 2025-2026 fiscal year.

The CNSOER's Fisheries Advisory Committee (FAC) continued to meet regularly. Throughout 2024-2025, the CNSOER facilitated discussions between the FAC and Governments regarding offshore renewable energy matters, specifically offshore wind. The FAC's Terms of Reference is being reviewed to incorporate consideration of offshore renewable energy.

Strategic Priorities – CNSOER’s Accomplishments in 2024-2025

The [CNSOER’s five-year strategic plan](#), spanning 2024 to 2029, defines our organization’s strategy and direction and ensures we take action to attain our goals. Our strategic priorities are:

- Managing Change
- Organizational Excellence
- Information and Technology Transformation

Managing Change

Managing change means predicting, preparing for, adapting to, and embracing change in our legislative mandate, regulatory activities, and organizational practices to innovate and keep pace with the evolving global landscape.

In 2024-2025, we:

- Provided support to Governments as they completed the legislative process for the *Accord Acts* amendments and associated offshore renewable energy regulations. This included our Chief Executive Officer representing the CNSOER as a witness during the legislative process.
- Monitored the development of the CER’s offshore renewable energy regulations and provided input where appropriate.
- Undertook appropriate training and learning to continue to build the necessary organizational offshore renewable energy competencies.
- Actively prepared for recommending, initiating and administering the first offshore wind Call for Bids and developing the associated offshore renewable energy submerged land licences
- Worked with the C-NLOPB and CER on development of offshore renewable energy guidelines.
- Made progress on offshore renewable energy communications and engagement plans for Indigenous groups and rights holders, the fishing sector and stakeholders associated with our expanded mandate.
- Held regular FAC meetings to better understand the needs and concerns of the fishing industry and to provide updates on our expanded mandate. It was agreed that FAC’s Terms of Reference include offshore renewable energy.
- Worked with the OHS Advisory Council to include offshore renewable energy in their Terms of Reference.
- Continued to actively participate in the Regional Assessment of Offshore Wind Development in Nova Scotia and review of the Committee’s draft and final reports.
- Collaborated with Fisheries and Oceans Canada, Environment and Climate Change Canada, Impact Assessment Agency of Canada, and other federal regulatory partners in preparation for the CNSOER’s role as the lead and lifecycle regulator for offshore renewable energy.

- Rebranded to the CNSOER, which included updating and modernizing our website, social media accounts, email addresses and documentation.
- Began updating the various agreements we have in place with Government departments and agencies to ensure the continuation of effective coordination and avoid duplication of work and activities.
- Continued to adapt, implement, and guide internal change management processes for regulating within a more performance-based regulatory system.

Organizational Excellence

Organizational excellence means promoting a culture of learning, engagement and collaboration with a focus on continual improvement, and providing access to the necessary information, tools and systems required for informed decision-making, and regulatory oversight.

In 2024-2025 we:

- Participated in the International Regulators' Forum; International Regulators' Forum Offshore Renewable Energy Sub-committee; International Offshore Petroleum Environmental Regulators; International Upstream Forum; and the Global Offshore Wind Regulators Forum's meetings to benefit from global perspectives and experiences and improve our offshore energy regulatory competency.
- Continued building and maintaining the technical competencies and professional development of our staff. This included:
 - A focus on technical training, with an emphasis on maintaining and upgrading skill sets required to competently regulate offshore energy activities.
 - Participation in webinars and conferences to enhance skills, with a focus on offshore renewable energy.
- Reviewed our organizational structure and skills to determine the required changes for future growth, development and success of the organization.
- Conducted an employee engagement survey and followed up on the survey results; recruited new staff members to fulfil our expanded mandate.
- Evaluated options for updating and maintaining our management system including the use of artificial intelligence.
- Collaborated with the C-NLOPB on the required changes to successfully regulate within a more performance-based regulatory system.
- Continued support for operations of the OHS Advisory Council.
- Continued to collaborate with the geoscience initiatives of Government departments, research organizations, and academia, including data acquisition projects, shallow geoscience/geotechnical studies, and data compilations.
- Published a geoscience report, "[Quantitative petroleum resource assessment in the Canada-Nova Scotia Offshore Area \(Scotian Shelf, Scotian Slope, and Sydney Basin\)](#)", which provides an up-to-date assessment of the oil and gas resources in the Canada-Nova Scotia offshore area. This information will be used by Natural Resources Canada and the Nova Scotia Department of Energy to inform discussions with Fisheries and Oceans Canada on marine spatial planning initiatives.

- Continued to provide technical expertise and guidance respecting external research and development and standards development, e.g.:
 - Canadian Standards Association
 - Dalhousie University
 - Environmental Studies Research Fund
 - Geological Survey of Canada
 - International Maritime Organization
 - Net Zero Atlantic
 - Nova Scotia Department of Energy
 - Office for Energy Research and Development (Natural Resources Canada)

Information and Technology Transformation

Information and technology transformation means developing and enhancing a framework for managing information and technology in a way that aligns with our mission, legal requirements, and regulatory obligations. This transformation will encompass people, processes, and technology to ensure that information is accurate, reliable, accessible, and secure.

In 2024-2025 we:

- Improved our information technology (IT) infrastructure to meet our changing organizational needs. These improvements are complementary to our ongoing data management initiatives which enhance security, provide efficient access to information, and use resources effectively.
- Modernized the [CNSOER corporate website](#) and included information that reflected the addition of offshore renewable energy. The new site also included an updated content management system and amalgamated English and French versions.
- Upgraded the CNSOER's internal intranet to reflect technology and user experience requirements.
- Participated in a national cyber security exercise organized by Natural Resources Canada. This exercise tested the CNSOER's IT continuity and recovery and communications plans.
- Evaluated options to digitize the core/cuttings collections curated at our facility to allow visitors to plan for an onsite visit, provide business recovery in the event of loss, and allow for efficient study.
- Developed a framework to modernize the CNSOER's Information Management Centre to include online submissions, auto classification and validation, and manage additional information types. The CNSOER plans to upgrade and launch the updated Centre in the 2026-2027 fiscal year.
- Started the process to replace the CNSOER's primary content management system (Documentum) with Microsoft SharePoint to improve CNSOER's information governance program.

Core Regulatory Responsibilities – Achievements of 2024-2025 Activities

Our core regulatory responsibilities span the full lifecycle of offshore energy activities ranging from land tenure, geoscience and resource management studies, exploration and project activity authorizations, construction, installation and development through to decommissioning and abandonment.

Offshore Renewable Energy Activity Oversight

In 2024-2025, we continued to prepare for our expanded mandate. Staff attended training and learning opportunities, and participated in regional, national and global forums that share important information, best practices, resources, and experiential learning of offshore renewable energy projects.

We actively participated in meetings with Governments as they developed offshore renewable energy legislation, regulations and policies including reviewing the work completed by the Regional Assessment of Offshore Wind Development in Nova Scotia Committee.

In preparation to recommend, initiate and administer the first offshore wind Call for Bids and to subsequently issue submerged land licences, the CNSOER actively prepared for its offshore renewable energy recommendations to the Ministers. In addition, companies may apply for authorization for site assessment programs, such as environmental, metocean, geophysical, geological and geotechnical as they relate to potential offshore wind development. The CNSOER must be operationally prepared to authorize, regulate, and have proper oversight of future offshore renewable energy activities.

Petroleum Activity Oversight

In 2024-2025, the CNSOER reviewed the terms and conditions associated with petroleum-related Call for Bids. Proposed changes are intended for these terms and conditions and will be included in future petroleum-related Call for Bids.

Draft guidelines were developed in collaboration with the C-NLOPB to support the new Framework Regulations developed by the Governments. An engagement plan was implemented and executed, all feedback received was considered, and changes were made where necessary. These guidelines will remain as drafts for one year as they are implemented and as further refinements are made.

CNSOER staff also collaborated with the C-NLOPB, industry, and workforce stakeholders in updating the “Atlantic Canada Offshore Petroleum Industry Code of Practice for the Training and Qualifications of Personnel.” This and a number of other collaboratively updated Codes of Practice are expected to be published in 2025-2026 and can be found on the [CNSOER website](#).

CNSOER staff participated in regional committees, such as the Atlantic Canada Offshore Petroleum

Training and Qualifications Committee, the Well Operations Committee, and the Helicopter Offshore Safety Committee, to maintain awareness of developing issues and to help ensure consistent approaches to safety in the offshore areas

The timing of future petroleum-related exploration in the Canada-Nova Scotia offshore area is uncertain and depends on receiving nominations and the results of future petroleum-related Call for Bids. The CNSOER continues to remain in a state of operational readiness to authorize and regulate potential future offshore petroleum activity.

Developing and Maintaining Readiness for Offshore Work Activities

Authorization Process

No offshore renewable energy or petroleum-related activity can take place in the Canada-Nova Scotia offshore area without a specific authorization from the CNSOER. During 2024-2025, the CNSOER maintained readiness for petroleum-related authorizations in consideration of the Framework Regulations which came into effect in October 2024. Operators undergo a rigorous review process prior to the CNSOER issuing any offshore energy activity authorization, which includes submission of a comprehensive suite of documents, e.g.:

- Summary of Proposed Operations
- Safety Plan
- Certificate of Fitness
- Project-Specific Environmental / Impact Assessment (EA/IA), which includes opportunities for public input
- Environmental Protection Plan
- Emergency Response, Spill Response, and Contingency Plans
- Canada-Nova Scotia Benefits Plan
- Financial Requirements
- Declaration of Operator

The CNSOER requires operators to conduct audits and inspections of all vessels and installations (e.g., drilling units, production units, heavy lift vessels, supply, and support vessels) to be used in any program prior to the granting of an authorization. In addition, the CNSOER conducts its own independent audits and inspections as part of the authorization process.

In 2024-2025, the CNSOER began preparing for offshore renewable energy development, including offshore renewable energy authorizations.

Authorizations and Approvals

During the 2024-2025 fiscal year, there were no authorizations or approvals issued by the CNSOER.

When there are active authorizations and approvals for offshore activities, related information can be found on the CNSOER website:

- [Offshore Renewable Energy Current Activity](#)
- [Petroleum Energy Current Activity](#)

Monitoring and Oversight

In 2024-2025, the CNSOER maintained and developed readiness for monitoring and oversight of petroleum-related and offshore renewable energy-related activities, respectively.

The CNSOER has an effective monitoring and oversight program to evaluate operator compliance with regulatory requirements while authorized work activities are being conducted. Operators are required to submit reports (e.g., daily, monthly, quarterly, and/or annually) detailing the status of their work programs, along with documentation to demonstrate ongoing compliance with regulatory requirements. CNSOER Occupational Health and Safety Officers, Operational Safety Officers and Conservation Officers perform audits and inspections. A summary of these audits and inspections is updated quarterly in the monitoring and compliance section of the [CNSOER website](#).

Operators found to be noncompliant may face enforcement action, including facilitated compliance, issuance of orders or directives, cancellation or suspension of authorizations or approvals, monetary penalties, and/or prosecution through the courts.

Health, Safety and Environmental Protection

Safety Performance

In 2024-2025, there was no offshore activity. Should an injury or other reportable incident occur during offshore activities, CNSOER Occupational Health and Safety Officers and Operational Safety Officers follow up to ensure that root causes are identified and that necessary corrective actions are taken to prevent reoccurrence. Disabling injury statistics and person hours from past offshore activity can be found on the CNSOER website:

- [Offshore Renewable Energy Health, Safety & Environmental Performance](#)
- [Petroleum Activity Health, Safety & Environmental Performance](#)

Offshore activity safety performance and the CNSOER's administration and enforcement of the offshore occupational health and safety regime are a focus of the OHS Advisory Council. CNSOER staff also meet quarterly with Government representatives to discuss occupational health and safety matters.

Environmental Performance

Operators must report spills and unauthorized discharges that occur in the Canada-Nova Scotia offshore area. Each spill and/or unauthorized discharge is reviewed by CNSOER Conservation Officers, with an emphasis on prevention of recurrence. Staff conduct trends analysis of spill incidents on a regular basis. If a trend with a particular installation or piece of equipment is observed, the operator is notified, and appropriate follow-up is conducted to ensure concerns are addressed.

In 2024-2025, there were no offshore activities and therefore no new spills or unauthorized

discharges occurred.

The spills to the sea and unauthorized discharges for past activity are outlined on the [CNSOER website](#).

Environmental Compliance Monitoring

During any offshore activities, CNSOER staff monitor all operations to ensure they are conducted in compliance with environmental requirements. There was no offshore activity in the 2024-2025 fiscal year.

Environmental Assessments

Strategic Environmental Assessments

Prior to issuing a petroleum-related Call for Bids within a given area, the CNSOER typically conducts Strategic Environmental Assessments (SEAs) to identify specific environmental sensitivities, and to provide a preliminary assessment of potential mitigation measures that may be required should exploration activity be proposed within the area in the future. The completion of a SEA provides early opportunities for input from Indigenous groups and rights holders, the fishing sector, interested stakeholders, and the public in advance of the CNSOER's consideration of the issuance of Exploration Licences within the study area, and are published on the [CNSOER website](#).

CNSOER SEAs are reviewed and updated as appropriate. No new SEAs were written or updated in the 2024-2025 fiscal year.

Project-Specific Environmental Assessments

No new Environmental / Impact Assessments (EAs/IAs) were completed for work in the Canada-Nova Scotia offshore area in 2024-2025.

An archive of previously completed EAs is published on the [CNSOER website](#).

Rights Management

Petroleum-Related Licences and Licensing Update

Four Production Licences (PL) expired and reverted to Crown lands on July 25, 2024. These PLs were all issued during the Sable Offshore Energy Project.

The expired PLs are:

- PL 2903 – Venture (ExxonMobil Canada Ltd.)
- PLs 2904, 2905 – Thebaud (ExxonMobil Canada Ltd.)
- PL 2906 – North Triumph (ExxonMobil Canada Ltd.)

A map of the active Significant Discovery and Production Licences can be found on the [CNSOER website](https://www.cnsor.ca/) and the current listing of active Exploration, Significant Discovery and Production Licences are available on the [CNSOER website](https://www.cnsor.ca/).

Figure 1: Interests in the Canada-Nova Scotia Offshore Area

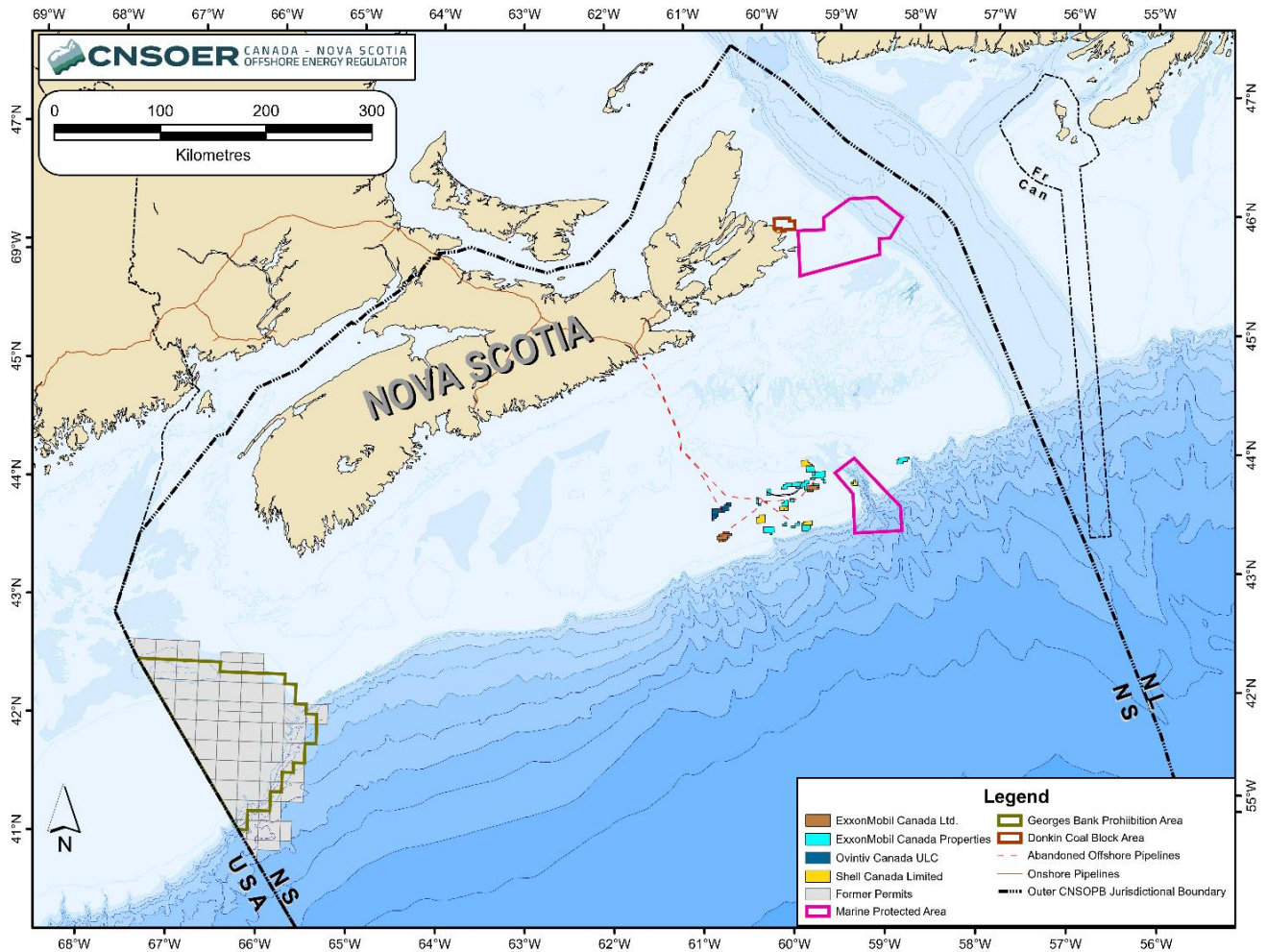


Figure 1 shows the active licences in the Canada-Nova Scotia offshore area as of March 31, 2025. Additional maps, tables, and information specific to all active and inactive licences, Exploration Licences, Significant Discovery Licences and Production Licences in the Canada-Nova Scotia offshore area is published to the [CNSOER website](https://www.cnsor.ca/).

Offshore Renewable Energy Licences and Licensing Update

On March 4, 2025, the CNSOER received joint direction from The Honourable Jonathan Wilkinson, Federal Minister of Energy and Natural Resources, and The Honourable Trevor Boudreau, Provincial Minister of Energy, to issue an order that prohibits the issuance of submerged land licences within the Georges Bank Prohibition Area, as described in Schedule IV of the *Accord Acts*.

On March 7, 2025, the CNSOER issued a Prohibition Order pursuant to sections 60(1A) and 57(1.1) of the *Accord Acts* which prohibits the issuance of submerged land licences for the purposes of carrying out offshore renewable energy projects over the portions of the offshore area known as the Georges Bank Prohibition Area as defined in Schedule IV of the *Accord Acts* for a period beginning on March 7, 2025, and ending on December 31, 2032. The CNSOER's Prohibition Order is found [here](#).

Resource Management

Geoscience, Resource Management and Resource Assessment Studies

During the 2024-2025 fiscal year, CNSOER staff completed a resource assessment titled, [*"Quantitative petroleum resource assessment in the Canada-Nova Scotia Offshore Area \(Scotian Shelf, Scotian Slope, and Sydney Basin\)."*](#)

The offshore area covered by this resource assessment is the largest undertaken at the CNSOER to date. While there have been deepwater specific studies and several that focused specifically on significant discoveries, this is the first quantitative assessment to cover such a broad region. The prospect specific mapping assigned risk parameters and statistical calculations were all completed over the last three years. This report also incorporates knowledge gained throughout many historical mapping projects and considers production details from completed projects and other specific reservoir details from studies completed by the CNSOER.

The results of this study assists users in marine spatial planning when petroleum resources are being considered and is a valuable reference for future Calls for Bids.

Throughout 2024-2025, CNSOER staff also continued to collaborate with staff from the Geological Survey of Canada, the Nova Scotia Department of Energy, and Net Zero Atlantic. These collaborations included providing geosciences advice and expertise and conducting detailed seismic interpretation at both the regional and field-scale levels. Staff collaborations on these geoscience projects are expected to support new projects throughout 2025.

Industrial Benefits

More information on Canada-Nova Scotia benefits, including benefits plans and annual benefits reports filed by producing operators, can be found on the [CNSOER website](#).

Regional, National and International Collaboration

In addition to the established relationships described in CNSOER's Memoranda of Understanding with various organizations, the CNSOER participates in regional, national, and international committees and attends relevant conferences, forums, and symposiums to stay up to date and ensure that the appropriate safety, environmental, operational, and regulatory practices are being used in the Canada-Nova Scotia offshore area. Information about some of the outcomes from these collaborations have been highlighted in this annual report. More information on the committees and

associations in which CNSOER staff participate is available on the [CNSOER website](#).

The CNSOER conducts engagement with Indigenous groups and rights holders, the fishing sector, offshore industry, other interested stakeholders, and the public as part of its regulatory activities, including the Call for Bids cycles.

Information Services

The Information Services department is responsible for managing and supporting the CNSOER's vast electronic and physical records collection, its geoscientific subsurface materials, and its computer systems and communication tools. Additional information about Information Services is published on the [CNSOER website](#).

The CNSOER office includes archives of all final well history, geological and wellsite survey reports. The CNSOER office is also used to archive and make available for study all subsurface samples, including cores, cuttings, fluids and related materials from petroleum exploration and development wells drilled in the Canada-Nova Scotia offshore area.

The CNSOER maintains the digital Information Management Centre, which is an online system designed to manage well logs, geological and geophysical reports, seismic navigation and image files, licence information, and maps for registered users. For the 2024-2025 fiscal year, users of the CNSOER's office and the Information Management Centre included industry (local, national, and international), Governments, academic organizations, and drilling/service organizations. The online system saw a 35 percent increase in 2024-2025 with 100 new users and downloads. Many of these users were interested in data complementary to offshore renewable energy.

The CNSOER's information technology and management infrastructure continues to be modernized to ensure it meets our organizational needs for an onsite and remote workforce. For the 2024-2025 fiscal year, these modernizations included enhancements to onsite/offsite security solutions, server/workstation/application upgrades, and project planning for the CNSOER's new mandate.

The Information Services department processes requests through the *Access to Information Act* and the *Privacy Act*. Additional information and reports on these requests can be found on the [CNSOER website](#).

Financial Statements

The 2024-2025 audited Financial Statements, prepared by Belliveau Veinotte Inc., follow.

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

FINANCIAL STATEMENTS

MARCH 31, 2025

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The accompanying financial statements are the responsibility of the management of the Canada-Nova Scotia Offshore Energy Regulator ("CNSOER") and have been prepared in compliance with legislation and generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Management is also responsible for the notes and schedules to the financial statements, and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Audit, Evaluation and Human Resources Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through regular meetings with them. The Committee met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The external auditors, Belliveau Veinotte Inc., conducted an independent examination, in accordance with Canadian generally accepted auditing standards, and expressed their opinion on the financial statements. The external auditors have full and free access to the financial management of the CNSOER and meet when required.

On behalf of management of the Canada-Nova Scotia Offshore Energy Regulator:



Christine Bonnell-Eisnor
Chief Executive Officer

May 13, 2025



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR:

Opinion

We have audited the financial statements of the Canada-Nova Scotia Offshore Energy Regulator (the "CNSOER"), which comprise the statement of financial position as at March 31, 2025, and the statement of operations and accumulated operating surplus, remeasurement gains (losses), changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CNSOER as at March 31, 2025, and the results of its operations and its 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 Financial Statements* section of our report. We are independent of the CNSOER in accordance with the ethical requirements that are relevant to our audit of the 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the CNSOER'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 CNSOER or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 CNSOER'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 CNSOER'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 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 CNSOER to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Halifax, Nova Scotia
May 13, 2025

Belliveau Veinotte Inc.

Chartered Professional Accountants

 **Belliveau Veinotte Inc.**
CHARTERED PROFESSIONAL ACCOUNTANTS

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF FINANCIAL POSITION MARCH 31, 2025

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 3,033,312	\$ 3,005,364
Receivables	93,300	48,518
Investments (note 2(j)) (note 3)	<u>3,437,035</u>	<u>3,085,587</u>
	<u>6,563,647</u>	<u>6,139,469</u>
LIABILITIES		
Payables and accruals	778,842	631,219
Payable to governments (note 4)	-	132,708
Supplementary employee retirement plan obligation (note 5)	1,579,181	1,394,482
Post-retirement health and retiring allowance obligation (note 6)	<u>1,823,333</u>	<u>1,814,409</u>
	<u>4,181,356</u>	<u>3,972,818</u>
Net financial assets	<u>2,382,291</u>	<u>2,166,651</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	117,414	79,035
Tangible capital assets (page 17)	<u>355,062</u>	<u>392,454</u>
	<u>472,476</u>	<u>471,489</u>
Accumulated surplus	\$ <u>2,854,767</u>	\$ <u>2,638,140</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus (page 5)	\$ 2,831,868	\$ 2,718,491
Accumulated remeasurement gains (losses) (page 6)	<u>22,899</u>	<u>(80,351)</u>
	\$ <u>2,854,767</u>	\$ <u>2,638,140</u>
Commitments (note 9)		

Approved by the Board



Chair



Board member

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS YEAR ENDED MARCH 31, 2025

	(Note 11) <u>Budget</u>	<u>2025</u>	<u>2024</u>
Revenue			
Government grants			
Government of Canada	\$ 2,956,000	\$ 2,956,000	\$ 2,803,677
Government of Nova Scotia	2,956,000	2,956,000	2,803,677
Government of Nova Scotia - Digitization project	-	-	25,000
Costs recovered from industry	-	-	530,830
Interest and other	<u>-</u>	<u>128,612</u>	<u>113,100</u>
	5,912,000	6,040,612	6,276,284
Less: Cost recoveries refunded to government (page 18)	<u>-</u>	<u>-</u>	<u>530,830</u>
Net revenue	5,912,000	6,040,612	5,745,454
Expenses			
Regulation of offshore activities (page 18)	<u>6,050,536</u>	<u>5,894,216</u>	<u>4,851,126</u>
Operating surplus (deficit) before other revenue (expenses)	<u>(138,536)</u>	<u>146,396</u>	<u>894,328</u>
Other revenue (expenses):			
Amortization of tangible capital assets	-	(119,777)	(105,212)
Severance expenditures	-	-	(175,704)
Net investment income (note 7)	<u>-</u>	<u>86,758</u>	<u>78,365</u>
	<u>-</u>	<u>(33,019)</u>	<u>(202,551)</u>
Operating surplus (deficit)	(138,536)	113,377	691,777
Accumulated operating surplus, beginning of year	<u>2,718,491</u>	<u>2,718,491</u>	<u>2,026,714</u>
Accumulated operating surplus, end of year	<u>\$ 2,579,955</u>	<u>\$ 2,831,868</u>	<u>\$ 2,718,491</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF REMEASUREMENT GAINS (LOSSES) YEAR ENDED MARCH 31, 2025

	<u>2025</u>	<u>2024</u>
Accumulated remeasurement losses, beginning of the year	\$ (80,351)	\$ (94,224)
Unrealized gain arising during the year on investments	<u>103,250</u>	<u>13,873</u>
Accumulated remeasurement gains (losses), end of year	\$ <u>22,899</u>	\$ <u>(80,351)</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED MARCH 31, 2025

	(Note 11) <u>Budget</u>	<u>2025</u>	<u>2024</u>
Operating surplus	\$ -	\$ 113,377	\$ 691,777
Change in tangible capital assets			
Acquisition of tangible capital assets (page 17)	(40,000)	(82,385)	(189,452)
Amortization of tangible capital assets (page 17)	<u>-</u>	<u>119,777</u>	<u>105,212</u>
Decrease (increase) in tangible capital assets	<u>(40,000)</u>	<u>37,392</u>	<u>(84,240)</u>
Change in other non-financial assets			
Use of prepaid expense	<u>-</u>	<u>(38,379)</u>	<u>(17,616)</u>
Net remeasurement gain (page 6)	<u>-</u>	<u>103,250</u>	<u>13,873</u>
Increase (decrease) in net financial assets	(40,000)	215,640	603,794
Net financial assets, beginning of the year	<u>2,166,651</u>	<u>2,166,651</u>	<u>1,562,857</u>
Net financial assets, end of the year	<u>\$ 2,126,651</u>	<u>\$ 2,382,291</u>	<u>\$ 2,166,651</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2025**

	<u>2025</u>	<u>2024</u>
Operating Activities		
Operating surplus	\$ 113,377	\$ 691,777
Amortization of tangible capital assets	119,777	105,212
Loss (gain) on disposal of investments	(4,833)	1,239
Increase in supplementary employee retirement plan obligation	184,699	199,027
Increase (decrease) in post-retirement health and retiring allowance obligation	<u>8,924</u>	<u>(66,517)</u>
	421,944	930,738
Net change in non-cash working capital balances (note 8)	<u>(68,247)</u>	<u>415,477</u>
	<u>353,697</u>	<u>1,346,215</u>
Investing Activities		
Decrease (increase) in accrued interest on investments	(6,076)	3,516
Purchase of investments	(1,390,441)	(607,511)
Proceeds on disposal of investments	<u>1,153,976</u>	<u>523,468</u>
	<u>(242,541)</u>	<u>(80,527)</u>
Capital Activities		
Purchase of		
Leasehold improvements	-	(43,106)
Furniture and equipment	(22,896)	-
Computer equipment	<u>(59,489)</u>	<u>(146,346)</u>
	<u>(82,385)</u>	<u>(189,452)</u>
Increase in cash and cash equivalents during year	28,771	1,076,236
Cash and cash equivalents, beginning of year	<u>3,012,473</u>	<u>1,936,237</u>
Cash and cash equivalents, end of year	<u>\$ 3,041,244</u>	<u>\$ 3,012,473</u>
Represented by:		
Cash	\$ 3,033,312	\$ 3,005,364
Investment cash	<u>7,932</u>	<u>7,109</u>
	<u>\$ 3,041,244</u>	<u>\$ 3,012,473</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

1. Purpose of organization

The Canada-Nova Scotia Offshore Energy Regulator (formerly the Canada-Nova Scotia Offshore Petroleum Board) is an independent agency that was originally formed to administer the relevant provisions of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Acts as enacted by the Parliament of Canada and the Legislature of Nova Scotia.

Effective January 31, 2025, the Accord Acts were amended to expand the mandate to include offshore renewable energy, at which time the name was changed to Canada-Nova Scotia Offshore Energy Regulator (CNSOER). The Government of Nova Scotia's Advancing Nova Scotia Opportunities Act, Bill 471, received Royal Assent on September 20, 2024. On October 3, 2024, Bill C-49, An Act to amend the Canada-Newfoundland and Labrador Atlantic Accord Implementation Act and the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act, received Royal Assent.

The CNSOER is funded primarily by grants from the Federal and Provincial Governments in equal contributions. The CNSOER also collects and remits to the Governments cost recovery charges assessed against industry from regulatory reviews, up to a maximum of 100% of the CNSOER's approved budget. The CNSOER is a non-profit organization and is, therefore, exempt from income tax under Section 149 of the Income Tax Act.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared by management in accordance with the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada) and reflect the following significant accounting policies.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and cash held within the investment portfolio.

(c) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the operating surplus or deficit and the net remeasurement gains or losses, provides the change in net financial assets or net debt for the year.

(d) Tangible capital assets

Tangible capital assets are recorded at cost which includes all costs directly attributable to the acquisition, construction, development, installation or betterment of the tangible capital asset. The CNSOER capitalizes assets with a value greater than \$2,500 and a useful life greater than one year. Amortization is recorded using the straight-line method over four years for furniture, fixtures and equipment and over three years for computer equipment and software. Leasehold improvements are amortized over the life of the lease.

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

2. Significant accounting policies (continued)

(e) Impairment of long-lived assets

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer contributes to the CNSOER's ability to provide services resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(f) Use of estimates

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Such uncertainty exists when there could be a material difference between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. The preparation of the financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. The supplementary employee retirement plan obligation and the post-retirement health and retiring allowance obligation are items requiring the use of significant estimates because actual results may differ significantly from the various assumptions about plan members and economic conditions in the marketplace.

Estimates are based upon the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements and actual results could differ from these estimates.

(g) Revenue recognition

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Government transfers are recognized when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

Cost recoveries from industry are recognized when invoiced which are based upon estimated costs and units of CNSOER time for the fiscal year, as per the Cost Recovery Regulations. Cost recoveries are adjusted at the end of each fiscal year based upon the actual full cost of providing regulatory services, as defined in the Cost Recovery Regulations.

Investment income is recorded as earned.

(h) Supplementary employee retirement plan obligation

The projected unit credit method prorated on services has been used to determine the accrued benefit obligation and current service cost. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases and the plan's benefit allocation formula.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

2. Significant accounting policies (continued)

(i) Post-retirement health and retiring allowance obligation

Employees of the CNSOER participate in the Province of Nova Scotia Pensioners Extended Health Plan upon retirement. This plan provides health care coverage to age 65. Employees are also eligible for one week of salary for each year of pensionable service, to a maximum of 26 weeks for CNSOER staff who retire upon becoming eligible for retirement. These retirement benefits are recorded on an accrual basis based on an actuary's estimate.

Effective June 30, 2015, employees are no longer eligible to earn and accrue a retirement allowance. In 2018, those employees who were employed by the CNSOER prior to this date, were offered a one-time option to receive a service payout in place of the retirement allowance. Employees who did not choose this option have been advised in writing of their accrued entitlement, which will be payable to them on their retirement date so long as they are eligible to retire and are entitled to receive benefits from the Public Service Superannuation Plan.

(j) Investments

The CNSOER has designated its investment portfolio to fund the CNSOER's obligations for supplementary employee retirement plans and post-retirement health and retiring allowances.

(k) Financial instruments

All financial instruments are measured using either the amortized cost method or the fair value method. Financial instruments included in the amortized cost category are recorded at either cost or amortized cost using the effective interest rate method. Transaction costs are included in the initial cost of financial instruments recognized using the cost method. Financial instruments included in the fair value category are initially recorded at fair value with each subsequent change in fair value recognized in the statement of remeasurement gains and losses until such time that the financial instrument is derecognized. When the financial instrument is derecognized the accumulated remeasurement gain or loss is reversed and recognized on the statement of operations. Transaction costs associated with financial instruments in the fair value category are expensed when incurred.

Accounts receivable, payables and accruals, payable to governments, supplementary employee retirement plan obligation and post-retirement health and retiring allowance obligations are recorded using the cost method. Cash and investments are recorded using the fair value method utilizing quoted prices in active markets to determine the fair value.

3. Investments

	<u>2025</u>	<u>2024</u>
Investments, at cost	\$ 3,364,634	\$ 3,123,335
Accrued investment income	41,570	35,494
Unrealized gain (loss) on investments	22,899	(80,351)
Investment cash	<u>7,932</u>	<u>7,109</u>
Investments, at fair market value	<u>\$ 3,437,035</u>	<u>\$ 3,085,587</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

4. Payable to governments

	<u>2025</u>	<u>2024</u>
Federal government - cost recovery funds	\$ -	\$ 66,354
Provincial government - cost recovery funds	<u>-</u>	<u>66,354</u>
	<u>\$ -</u>	<u>\$ 132,708</u>

5. Pension obligations

(a) Supplementary employee retirement plan (SERP)

The CNSOER Supplementary Employee Retirement Plan provides benefits to its employees who are members of the Public Service Superannuation Plan (PSSP). Employees are eligible for membership in this plan once their pensionable earnings have reached a level such that their benefits under the PSSP are limited by the maximum pension limits under the Income Tax Act.

The CNSOER measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year. An actuarial valuation of the retirement plan for funding purposes was completed as of March 31, 2023 and was extrapolated to March 31, 2025. An updated actuarial valuation is completed at least every three years.

The CNSOER has adopted the recommendations of Section 3250, *Retirement Benefits*, of the Public Sector Accounting Standards Handbook. The following is required for disclosure purposes:

	<u>2025</u>	<u>2024</u>
<u>Components of Supplementary Employee Retirement Plan Cost</u>		
Current service cost	\$ 38,061	\$ 38,955
Interest cost	56,717	53,669
Amortization of net actuarial losses	<u>151,873</u>	<u>166,615</u>
Supplementary Employee Retirement Plan Cost	<u>\$ 246,651</u>	<u>\$ 259,239</u>
 <u>Weighted-Average Assumptions for Expense</u>		
Discount rate	<u>2.96 %</u>	<u>2.74 %</u>
Rate of compensation increase	<u>2.50 %</u>	<u>2.50 %</u>
 <u>Weighted-Average Assumptions for Disclosure</u>		
Discount rate	<u>3.18 %</u>	<u>2.96 %</u>
Rate of compensation increase	<u>2.50 %</u>	<u>2.50 %</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

5. Pension obligations (continued)

Change in Accrued Benefit Obligation

Accrued benefit obligation at the end of the prior year	\$ 1,928,061	\$ 1,969,349
Current service cost	38,061	38,955
Interest cost	56,717	53,669
Benefits paid	(61,952)	(60,212)
Actuarial gain	<u>(69,583)</u>	<u>(73,700)</u>

Accrued benefit obligation at the end of the year	\$ <u>1,891,304</u>	\$ <u>1,928,061</u>
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Reconciliation of Funded Status to Accrued Benefit Liability

Benefit obligation at end of year	\$ 1,891,304	\$ 1,928,061
Unamortized net actuarial loss	<u>(312,123)</u>	<u>(533,579)</u>

Accrued benefit liability	\$ <u>1,579,181</u>	\$ <u>1,394,482</u>
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(b) Multiemployer defined benefit pension plan

The CNSOER contributes to a pension plan under the Public Service Superannuation Act administered by the Public Service Superannuation Plan Trustee Inc. The CNSOER matches employees' contributions calculated as follows: 8.4% (2024 - 8.4%) on that part of their salary that is equal to or less than the "Year's Maximum Pensionable Earnings" (YMPE) under the Canada Pension Plan and 10.9% (2024 - 10.9%) on the part of their salary that is in excess of the YMPE. The CNSOER has recognized contributions of \$277,897 in 2025 (2024 - \$254,315). There is no further liability with respect to past service at March 31, 2025.

6. Post-retirement health and retiring allowance obligation

The CNSOER provides other retirement benefits to its employees by participating in the Province of Nova Scotia's post-retirement health insurance program and also provides retiring allowance benefits to those employees who retire from the CNSOER. Both benefits are funded on a pay-as-you-go basis. The CNSOER funds on a cash basis as contributions are made.

An actuarial valuation of the retirement plan for funding purposes was completed as of March 31, 2023 and was extrapolated to March 31, 2025. The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the CNSOER's best estimates.

	<u>2025</u>	<u>2024</u>
<u>Components of Post-Retirement Health and Retiring Allowance Cost</u>		
Current service cost (employer portion)	\$ 30,818	\$ 31,464
Interest cost	41,520	39,899
Actuarial gains	<u>(62,542)</u>	<u>(65,965)</u>
Post-Retirement Health and Retiring Allowance Cost	\$ <u>9,796</u>	\$ <u>5,398</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

6. Post-retirement health and retiring allowance obligation (continued)

Weighted-Average Assumptions for Expense

Discount rate	<u>2.96</u> %	<u>2.74</u> %
Rate of compensation increase	<u>2.50</u> %	<u>2.50</u> %
Initial weighted average health care trend rate	<u>7.00</u> %	<u>7.00</u> %
Ultimate weighted average health care trend rate	<u>4.00</u> %	<u>4.00</u> %
Year ultimate rate reached	<u>2043</u>	<u>2043</u>

Weighted-Average Assumptions for Disclosure

Discount rate	<u>3.18</u> %	<u>2.96</u> %
Rate of compensation increase	<u>2.50</u> %	<u>2.50</u> %
Initial weighted average health care trend rate	<u>7.00</u> %	<u>7.00</u> %
Ultimate weighted average health care trend rate	<u>4.00</u> %	<u>4.00</u> %
Year ultimate rate reached	<u>2043</u>	<u>2043</u>

Change in Accrued Benefit Obligation

Accrued benefit obligation at the end of the prior year	\$ 1,395,062	\$ 1,491,175
Current service cost (employer portion)	30,818	31,464
Interest cost	41,520	39,899
Benefits paid	(15,527)	(101,511)
Actuarial gain	<u>(62,542)</u>	<u>(65,965)</u>

Accrued benefit obligation at the end of the year	\$ <u>1,389,331</u>	\$ <u>1,395,062</u>
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Reconciliation of Funded Status to Accrued Benefit Liability

Benefit obligation at the end of year	\$ 1,389,331	\$ 1,395,062
Unamortized net actuarial gain	<u>434,002</u>	<u>419,347</u>

Accrued benefit liability	\$ <u>1,823,333</u>	\$ <u>1,814,409</u>
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7. Net investment income

	<u>2025</u>	<u>2024</u>
Investment income	\$ 97,635	\$ 94,512
Gain (loss) on disposal of investments	4,833	(1,239)
Portfolio management fees	<u>(15,710)</u>	<u>(14,908)</u>
	\$ <u>86,758</u>	\$ <u>78,365</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

8. Net change in non-cash working capital balances

	<u>2025</u>	<u>2024</u>
Increase (decrease) in cash from changes in:		
Receivables	\$ (44,782)	\$ 339,180
Prepaid expenses	(38,379)	(17,616)
Payables and accruals	147,622	162,354
Payable to governments	(132,708)	(58,440)
Deferred grants	-	(10,000)
	<u>\$ (68,247)</u>	<u>\$ 415,478</u>

9. Commitments

The CNSOER has entered into lease agreements for premises and equipment. The approximate minimum payments required over the next five fiscal years are as follows:

2026	\$ 167,163
2027	170,518
2028	175,633
2029	180,902
2030	<u>186,329</u>
	<u>\$ 880,545</u>

10. Financial instruments

The following are the significant risks that the CNSOER is exposed to through its financial instruments:

(a) 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. The carrying amount of financial assets represents the maximum credit exposure. The CNSOER's main credit risks relate to its accounts receivable. In order to reduce its credit risk, the CNSOER has adopted credit policies which include the analysis of the financial position of its regulated entities and the regular review of their credit limits. The CNSOER does not have a significant exposure to any individual regulated entity or counterpart. Management reviews accounts receivable on a case by case basis to determine if an allowance is necessary to reflect an impairment in collectability.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The CNSOER has investments in guaranteed investment certificates, debentures, bonds, mid and medium term notes and high-interest savings accounts which bear interest at fixed rates ranging between 1.10% and 5.38%. Consequently, the CNSOER's exposure to interest rate risk on these investments is at the time of maturity when funds are reinvested.

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

10. Financial instruments (continued)

(c) Market rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The debentures, bonds and mid and medium term notes held in the CNSOER's investment portfolio expose the CNSOER to market risk as such investments are subject to price changes in the open market.

(d) Liquidity risk

Liquidity risk is the risk that the CNSOER will encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The CNSOER's ability to meet its obligations depends on the receipt of funds whether in the form of revenue or advances.

11. Budget information

The budget figures presented are for comparison purposes and are unaudited. Amortization was not contemplated in the development of the budget and, as such, has not been included.

12. Related party transactions

The CNSOER is jointly controlled due to ability to appoint board members by the federal Government of Canada and the provincial Government of Nova Scotia. The CNSOER had the following transactions with these governments:

	<u>2025</u>	<u>2024</u>
Operating grants from the Government of Canada	\$ 2,956,000	\$ 2,803,677
Operating grants from the Government of Nova Scotia	\$ 2,956,000	\$ 2,803,677
Cost recoveries refunded to the Government of Canada	\$ -	\$ 265,415
Cost recoveries refunded to the Government of Nova Scotia	\$ -	\$ 265,415

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED MARCH 31, 2025

COST

	<u>Opening</u>	<u>Additions</u>	Write Downs/ <u>Disposals</u>	<u>Closing</u>
Leasehold improvements	\$ 76,659	\$ -	\$ -	\$ 76,659
Furniture and fixtures	478,441	22,896	-	501,337
Computer equipment	510,384	59,489	-	569,873
Computer software	435,174	-	-	435,174
Equipment	<u>239,474</u>	<u>-</u>	<u>-</u>	<u>239,474</u>
	<u>\$ 1,740,132</u>	<u>\$ 82,385</u>	<u>\$ -</u>	<u>\$ 1,822,517</u>

ACCUMULATED AMORTIZATION

	<u>Opening</u>	<u>Amortization</u>	Write Downs/ <u>Disposals</u>	<u>Closing</u>
Leasehold improvements	\$ 9,345	\$ 9,104	\$ -	\$ 18,449
Furniture and fixtures	461,440	3,959	-	465,399
Computer equipment	242,790	104,170	-	346,960
Computer software	435,174	-	-	435,174
Equipment	<u>198,929</u>	<u>2,544</u>	<u>-</u>	<u>201,473</u>
	<u>\$ 1,347,678</u>	<u>\$ 119,777</u>	<u>\$ -</u>	<u>\$ 1,467,455</u>

NET BOOK VALUE

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 58,210	\$ 67,313
Furniture and fixtures	35,938	17,002
Computer equipment	222,913	267,594
Equipment	<u>38,001</u>	<u>40,545</u>
	<u>\$ 355,062</u>	<u>\$ 392,454</u>

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

SCHEDULE OF EXPENSES YEAR ENDED MARCH 31, 2025

	(Note 11) <u>Budget</u>	<u>2025</u>	<u>2024</u>
Cost recoveries refunded to government			
Government of Canada	\$ -	\$ -	\$ 265,415
Government of Nova Scotia	<u>-</u>	<u>-</u>	<u>265,415</u>
Total cost recoveries refunded to government	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 530,830</u></u>
 Regulation of offshore activities			
Personnel and Board members	\$ 4,099,500	\$ 4,017,554	\$ 3,440,519
General office and support	806,650	729,923	684,073
Office and laboratory premise costs	379,000	380,932	348,891
Consulting and legal	490,386	494,705	83,410
Supplementary employee retirement plan cost	250,000	246,651	259,239
Post-retirement health and retiring allowance cost	<u>25,000</u>	<u>24,451</u>	<u>34,994</u>
Total regulation of offshore activities	<u><u>\$ 6,050,536</u></u>	<u><u>\$ 5,894,216</u></u>	<u><u>\$ 4,851,126</u></u>