2025-2026 Annual Report

Prepared by:
Canada-Nova Scotia Offshore Energy Regulator

Date:
June 25,2026

CNSOER
CANADA - NOVA SCOTIA OFFSHORE ENERGY REGULATOR

June 25, 2026

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

The Honourable Marco MacLeod
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, 2026.

Respectfully submitted,

[redacted]

Barbara B. Pike, ICD.D
Chair
Canada-Nova Scotia Offshore Energy Regulator

[redacted]

Christine Bonnell-Eisnor, P. Eng., ICD.D
Chief Executive Officer
Canada-Nova Scotia Offshore Energy Regulator

Acknowledgement

The Canada-Nova Scotia Offshore Energy Regulator (CNSOER) 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, who have lived on this territory for millennia.

The CNSOER also recognizes the people of African descent and the members of the more than 50 African Nova Scotia communities throughout our region who have made Nova Scotia their home for more than 400 years.

About the 2025-2026 Annual Report

The 2025-2026 Annual Report outlines the operations and performance of the Canada-Nova Scotia Offshore Energy Regulator (CNSOER) for the fiscal year beginning on April 1, 2025, and ending on March 31, 2026.

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 2025-2026 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 2025-2026 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

Members of the Regulator

As set out in Section 10 (1) of our statutes *the Regulator shall consist of five 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 Members, and each Government may also appoint one alternate Member. The term for each appointment is six years.

Member	Appointment Type
Barbara Pike	Chair
Corrina Bryson	Federal Member
Bernard Miller	Federal Member
Vacant	Alternate Federal Member
Roger Percy	Provincial Member
Jim MacDonald	Provincial Member
Robert MacQueen	Alternate Provincial Member

CNSOER Staff

Christine Bonnell-Eisnor, the CNSOER's Chief Executive Officer, reports to our Members and is responsible for leading the day-to-day operations of our organization. The CNSOER team is made up of a total of 28 people who are highly qualified with a wide range of expertise and skills including health, safety, and environmental protection; resource and lands management; offshore wind and petroleum-related operations; engineering; geoscience; governance; policy development; legal; finance; information management; human resources; communications and engagement; industrial benefits; and corporate administration.

Other statutory officers are appointed by our Members, including the Chief Safety Officer, Robert Normore, and the Chief Conservation Officer, Kris Kendell. At the request of our Members, Governments have designated certain CNSOER employees as Operational Safety Officers, Occupational Health and Safety Officers, and Conservation Officers pursuant to the *Accord Acts*. Collectively, these statutory officers are empowered to carry out specific legislative duties and responsibilities as detailed in the *Accord Acts* and the regulations.

To learn more about our Members and the CNSOER staff, visit the Who We Are section of our website.

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Message from the Chief Executive Officer

The 2025-2026 fiscal year marked a significant milestone for the CNSOER as we completed our first full year operating under our expanded mandate as the lead and lifecycle regulator for both offshore petroleum-related and renewable energy-related activities in the Canada-Nova Scotia offshore area.

Over the course of the year, the pace and breadth of our work accelerated. We continued to advance our core regulatory responsibilities while responding to increasing complexity, heightened public interest, and evolving expectations from Indigenous groups and rights holders, the fishing sector, industry, governments, and other interested stakeholders. This engagement was essential to building trust and confidence in our regulatory processes and ensuring that diverse perspectives inform our decision-making. These demands required careful prioritization of work, disciplined use of resources, and a continued focus on organizational readiness, regulatory integrity, and transparency.

A central focus of the year was the commencement of the offshore wind land tenure process. The work done through the offshore wind Call for Information NS25-1R and the offshore wind Prequalification NS25-1R represents an important step toward the potential issuance of Canada's first offshore wind Call for Bids. In parallel with offshore renewable energy work, the CNSOER issued the petroleum-related Call for Bids NS25-1P, completed a 60-day public written comment period, and maintained a state of readiness to regulate potential petroleum exploration and development activities.

We continued to evaluate and refine our regulatory frameworks, policies, and internal processes to ensure they remain efficient, effective, and fit for purpose. This includes working closely with federal and provincial partners, other regulators, and agencies to align roles, responsibilities, and timelines across the offshore energy lifecycle.

None of this work would be possible without the dedication, professionalism, and adaptability of CNSOER staff. Over the past year, our team has taken on new responsibilities, built new competencies, supported increased engagement activity, and advanced complex regulatory initiatives – all while maintaining our core commitment to safety, environmental protection, and effective oversight. I would like to sincerely thank all CNSOER employees for their commitment, resilience, and continued excellence in support of our mandate. Thank you is also extended to our Members of the Regulator for their governance and oversight this past year.

As we look ahead, we remain focused on maintaining readiness, strengthening our regulatory systems, and continuing to engage openly and transparently as offshore energy activities in the Canada-Nova Scotia offshore area evolve.

[redacted]

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

Overview of the CNSOER

Established in 1990, the CNSOER, formerly the Canada-Nova Scotia Offshore Petroleum Board, is an independent joint agency created by the Government of Canada and the Government of 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, generation 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, industry, governments, and other interested 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 government departments at federal and provincial levels through our established relationships and various Memoranda of Understandings (MOUs).

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.

CNSOER
CANADA - NOVA SCOTIA OFFSHORE ENERGY REGULATOR

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.

Core Regulatory Responsibilities – Achievement of 2025-2026 Activities

As the lead and lifecycle regulator, our regulatory mandate spans the full lifecycle of offshore energy activities. Below is an overview of our achievements associated with our core regulatory responsibilities.

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 2025-2026, the CNSOER maintained readiness for petroleum-related authorizations. 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 expects that operators develop and implement engagement plans and engage early and often with Indigenous groups, rights holders, fishers and other interested stakeholders. This is an integral part of any offshore activity program.

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 2025-2026, the CNSOER continued its preparations for offshore renewable energy development, including offshore renewable energy authorizations.

- A work plan was developed to guide the internal CNSOER work associated with offshore wind authorization applications and authorizations.
- A draft Site Assessment Authorization Application form was posted to the CNSOER website.
- Research related to other offshore wind regulator authorization processes was conducted to inform the CNSOER as it continued to develop its processes.
- A preliminary archaeological framework was developed for the assessment and protection of archaeological and paleontological resources to inform future offshore wind site assessment activities and project impact assessments.
- A jurisdictional scan of fisheries and offshore wind co-existence was conducted to learn from other countries.
- A Mi'kmaq Ecological Knowledge Study (MEKS) of the four government-designated Wind Energy Areas was initiated, as well as a CNSOER regional assessment of offshore wind site assessment activities.
- The CNSOER collaborated with federal government departments such as Fisheries and Oceans Canada (DFO), Environment and Climate Change Canada (ECCC), and the Impact Assessment Agency of Canada (IAAC) on matters related to the authorization process.

The regulatory requirements will be further outlined in the *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.

Authorizations and Approvals

During the 2025-2026 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-related Current Activity

Monitoring and Oversight

In 2025-2026, the CNSOER maintained readiness for monitoring and oversight of petroleum-related and offshore renewable energy-related activities.

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 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 2025-2026, 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 the 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 Occupational Health and Safety Advisory Council. CNSOER staff meet quarterly with government representatives to discuss occupational health and safety matters.

Environmental Performance

Operators must report spills and/or 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 2025-2026, there were no offshore activities and therefore no spills or unauthorized discharges. Historical spills to the sea and unauthorized discharges from past activity are posted 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 2025-2026 fiscal year.

Environmental Assessments

<u>Strategic Assessments (SAs)</u>

Prior to issuing a petroleum-related Call for Bids within a given area, the CNSOER typically conducts SAs 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 SA provides early opportunities for input from Indigenous groups and rights holders, the fishing sector, and other interested stakeholders in advance of the CNSOER's consideration of the issuance of Exploration Licences within the study area. The results of the SA are published on the CNSOER website. CNSOER SAs are reviewed and updated as appropriate. No new SAs were written or updated in 2025-2026.

<u>Regional Assessments (RAs)</u>

In the 2025-2026 fiscal year, the CNSOER contracted a consulting firm to conduct a Regional Assessment of Offshore Wind Site Assessment Activities. This work is underway and expected to be completed by the end of 2026. The purpose of this work is to build awareness and inform Indigenous groups, fishers, and other interested stakeholders regarding the nature of offshore wind site assessment activities (e.g., vessels and equipment used, duration, emissions, etc.) as well as the potential interactions and effects associated with these activities and possible mitigation; limit the extent of the assessment of environmental effects submitted with each Activity Authorization application for site assessment surveys to ultimately reduce the administrative and regulatory burden of individual applications for all involved; and streamline engagement for Indigenous groups, commercial fish harvesters and other interested stakeholders for participating in the regulatory review process for each authorization application, particularly given the lengthy and repetitive nature of individual assessments.

<u>Project-Specific Environmental Assessments (EAs) / Impact Assessments (IAs)</u>

No new EAs/IAs were completed for work in the Canada-Nova Scotia offshore area in 2025-2026. An archive of previously completed EAs is published on the CNSOER website.

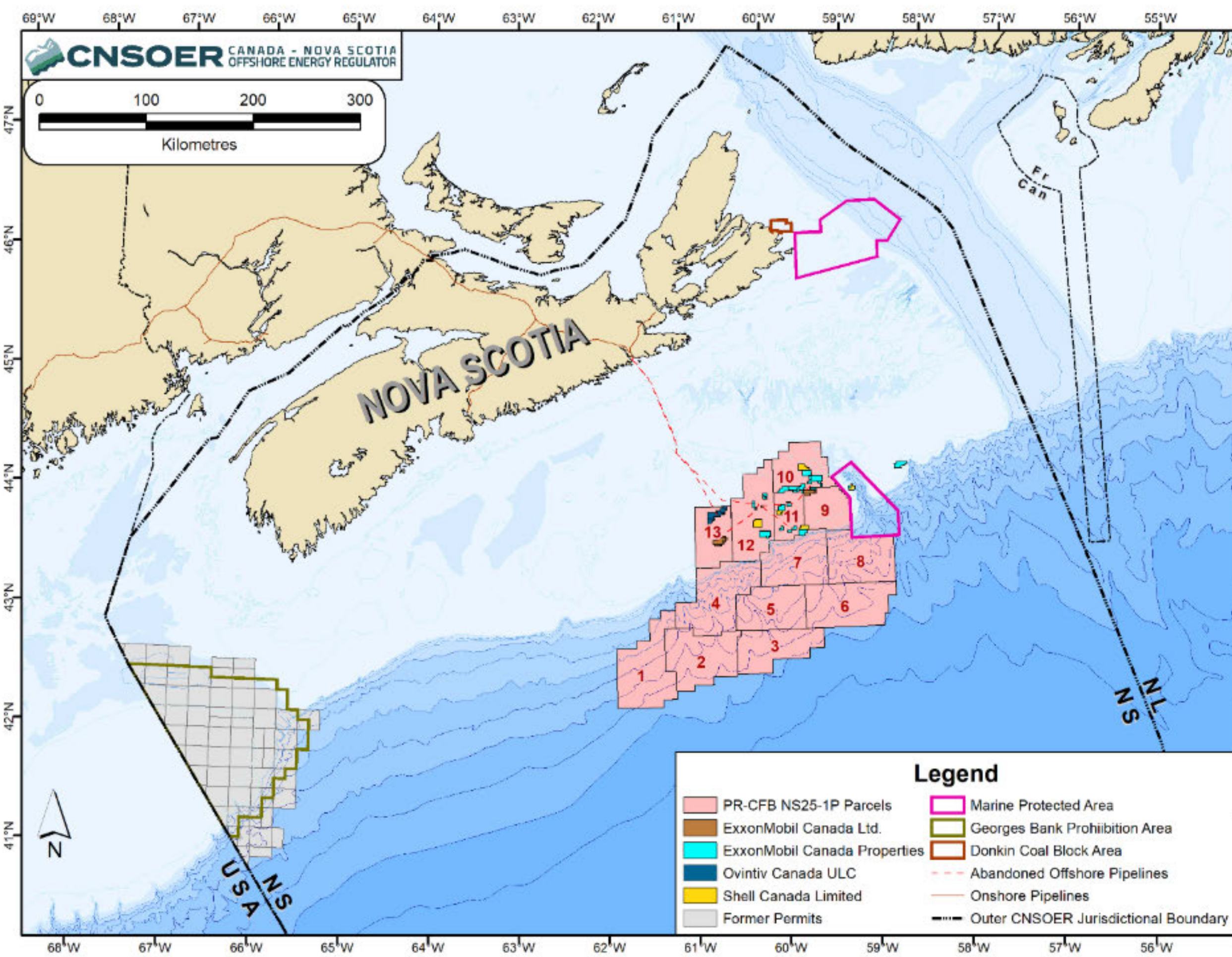
Rights Management

Petroleum-related Call for Bids NS25-1P

Petroleum-related Call for Bids NS25-1P included 13 nominated parcels located on the central Scotian Shelf and Slope and was issued on July 7, 2025, with bidding closing on April 28, 2026. Indigenous groups and rights holders, the fishing sector, industry, governments, and other stakeholders were invited to provide written comments on the petroleum-related Call for Bids NS25-1P. All comments received were reviewed by the Members and CNSOER staff and compiled in a publicly available What We Heard report and for potential bidders to review prior to bidding on a parcel. In 2026, we may issue Exploration Licences in response to the petroleum-related Call for Bids NS25-1P.

The timing of future petroleum-related exploration in the Canada-Nova Scotia offshore area is uncertain and depends on the results of the petroleum-related Call for Bids NS25-1P, receiving future land nominations, and issuing future petroleum-related Calls for Bids. In 2026-2027, it is important that we continue a state of operational readiness to address, respond, authorize and regulate potential future offshore petroleum-related activity.

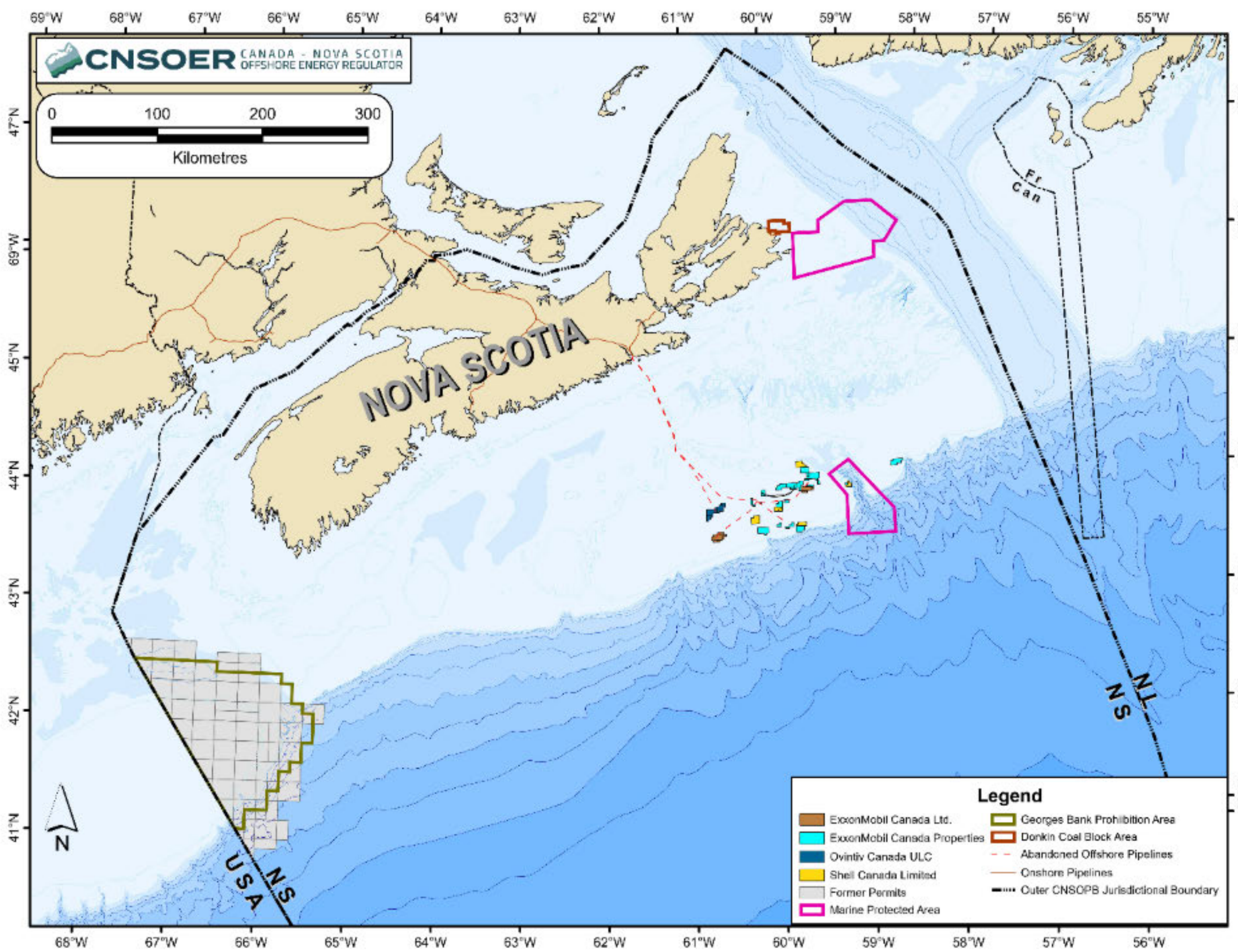
The following map shows the parcel locations of the petroleum-related Call for Bids NS25-1P. Additional information is available on the CNSOER website.



Petroleum-Related Licences and Licensing Update

A map of the active Significant Discovery and Production Licences can be found on the CNSOER website and the current listing of active Exploration, Significant Discovery and Production Licences are available on the CNSOER website.

The following map shows the active licences in the Canada-Nova Scotia offshore area as of March 31, 2026. 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.



Offshore Wind Land Tenure Process NS25-1R

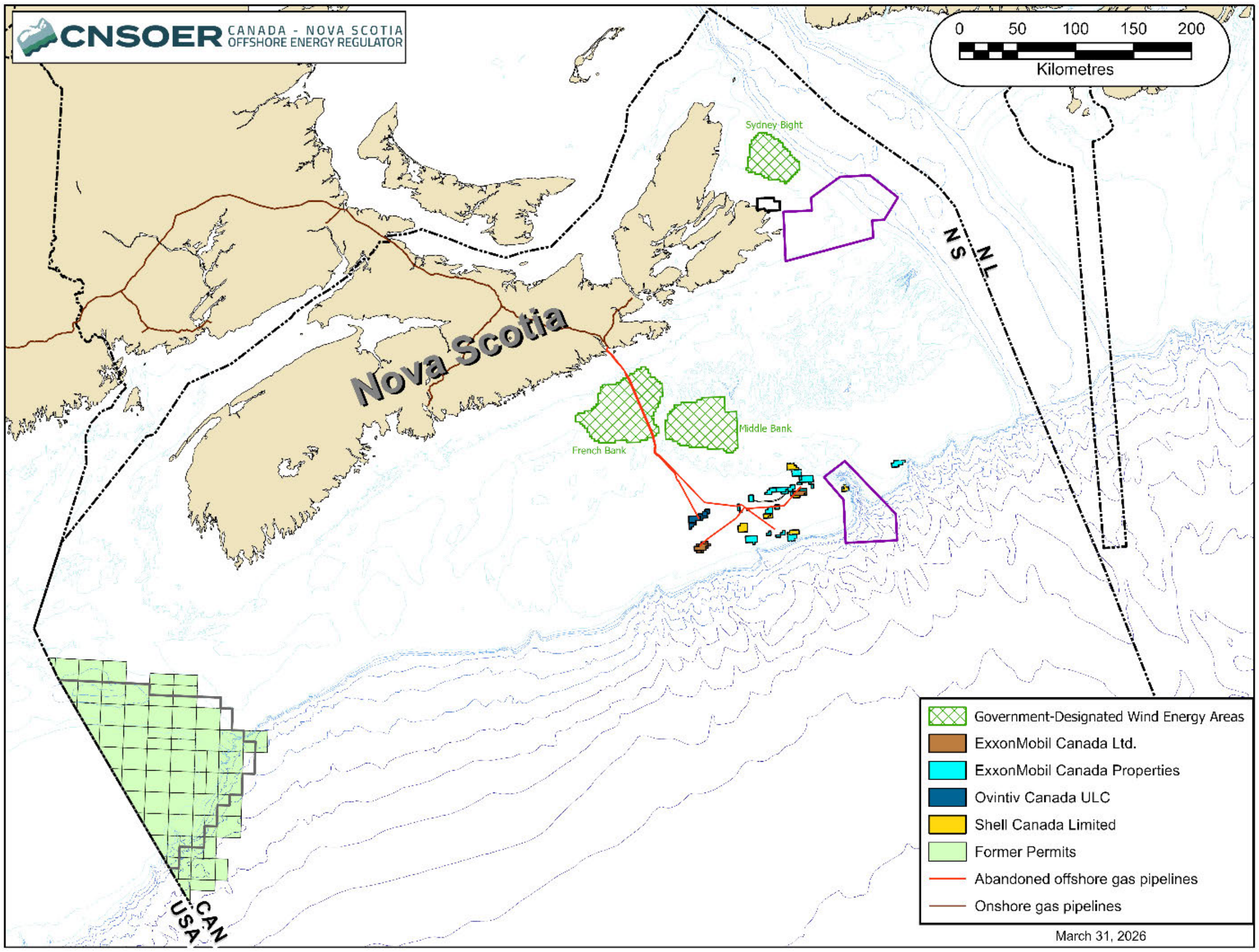
In July 2025, the governments designated four Wind Energy Areas (WEAs) in the Canada-Nova Scotia offshore area. The CNSOER received joint Strategic Direction from the governments on September 18, 2025, to formally initiate the process to issue an offshore wind Call for Bids NS25-1R. As part of the process, we commenced a 90-day offshore wind Call for Information NS25-1R, which informs our recommendations to the Ministers to make an offshore wind Call for Bids and the terms and conditions of a Submerged Land Licence, and we launched the offshore wind Prequalification NS25-1R process, both of which closed on January 13, 2026.

Members and CNSOER staff are actively reviewing all information received through the offshore wind Call for Information and Prequalification processes in preparation to make an offshore renewable energy recommendation to make an offshore wind Call for Bids. In addition to the offshore wind land tenure process, other geophysical, geological, geotechnical, and environmental programs could be undertaken as they relate to potential offshore wind development.

It is important that we continue with a state of readiness, being prepared to administer the first offshore wind Call for Bids NS25-1R, and to subsequently issue Submerged Land Licences, depending on the results of the call. We are operationally prepared to authorize, regulate, and have proper oversight of future offshore renewable energy activities.

To support this in the 2026-2027 fiscal year, CNSOER staff will continue to follow our offshore renewable energy transition plan and associated work plans; attend training and learning opportunities; and participate in regional, national and global forums. These opportunities provide our staff with the means to acquire knowledge, share important information, obtain best practices and resources, and experiential learning of offshore renewable energy projects.

The following map, on the next page, shows the locations of the three government-designated WEAs for consideration in offshore wind Call for Bids NS25-1R. When considering parcels for this first offshore wind Call for Bids, the WEAs are Sydney Bight, Middle Bank, and French Bank. More information about the government-designated WEAs and the offshore wind land tenure process is available on the CNSOER website.



Resource Management

Geoscience, Resource Management and Resource Assessment Studies

Throughout 2025-2026, CNSOER staff continued to collaborate with staff from the Geological Survey of Canada, the Nova Scotia Department of Energy, Net Zero Atlantic, and local universities. 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 2026-2027.

Industrial Benefits for Petroleum

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.

Information Services

The Information Services department is responsible for managing and supporting the CNSOER's extensive electronic and physical records, geoscientific subsurface materials, and corporate computer systems and communication tools. Additional information about Information Services is available on the CNSOER website.

The CNSOER office maintains archives of all final well history, geological, and wellsite survey reports. It also serves as the repository for, and provides access to, subsurface samples including cores, cuttings, fluids, and related materials collected from petroleum exploration and development wells drilled in the Canada-Nova Scotia offshore area.

The CNSOER maintains the Information Management Centre (IMC), an online system designed to manage and provide access to well logs, geological and geophysical reports, seismic navigation and image files, licence information, and maps for registered users. During the 2025-2026 fiscal year, users of the CNSOER office and the IMC included industry stakeholders (local, national, and international), governments, academic institutions, and drilling and service organizations. Use of the online system increased significantly in 2025-2026, with 110 new users registering. These users accessed information related to both offshore renewable energy activities and oil and gas activities.

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 2025-2026 fiscal year, these modernizations included enhancements to onsite/offsite security solutions, server/workstation/application upgrades, and project planning to support 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.

Engagement and Collaboration

The CNSOER conducts engagement with Indigenous groups and rights holders, the fishing sector, offshore industry, governments, other interested stakeholders as part of its regulatory activities, including the Call for Bids cycles. Engagement with these groups allows us to gain a better understanding of perspectives and concerns of the many communities, businesses, and organizations throughout Nova Scotia and helps us to make informed decisions.

In addition, we have a number of MOUs and work closely with other government departments (both federally and provincially) and organizations to support information sharing and coordination of activities, among other things, helping us leverage expertise, exchange knowledge, and share resources to advance our mandate. To see a list of MOUs with other government departments and organizations, visit the CNSOER website.

Throughout 2025-2026, the CNSOER engaged or communicated with Indigenous groups and rights holders, the fishing sector, industry, governments, and other interested stakeholders a variety of regulatory activities and topics including, but not limited to:

- Updated Codes of Practice including:
  - Fatigue Management in the Atlantic Canada Offshore Petroleum Industry
  - Transportation by Helicopter to or from a Workplace in the Atlantic Canada Offshore Petroleum Industry
  - Atlantic Canada Offshore Petroleum Code of Practice for the Training and Qualifications of Offshore Personnel
- New Code of Practice, Transportation by Vessel to or from a Workplace in the Atlantic Canada Offshore Petroleum Industry
- Petroleum-related Call for Bids NS25-1P
- Offshore wind Call for Information NS25-1R
- Offshore wind Prequalification NS25-1R

Indigenous Groups and Rights Holders

The CNSOER recognizes and understands the importance of engaging, communicating, building relationships, and consulting with Indigenous groups and rights holders and believe they have unique and specific insights that should be taken into consideration prior to making decisions. We work to engage and consult with Indigenous communities throughout the lifecycle of offshore energy projects and actively look for opportunities to effectively engage and encourage Indigenous peoples' participation in processes that may impact them.

Throughout 2025-2026, we continued to follow our established internal processes that guide our Indigenous engagement and consultation when conducting regulatory activities.

In 2015, we signed a MOU with governments (as represented by Natural Resources Canada and the Nova Scotia Department of Energy) to help bring clarity and describe more formally the CNSOER's role regarding the Crown's duty to consult with Indigenous peoples in relation to offshore energy activities in the Canada-Nova Scotia offshore area. Through this MOU, governments can use and rely on, where appropriate, our existing practices to assist in discharging the Crown's consultation and accommodation obligations. Recognizing the MOU was signed in 2015, the CNSOER and governments may make updates to this existing MOU. You can learn more about the MOU on the CNSOER website.

Fishing Sector Engagement

To assist us in better understanding the needs and concerns of the fishing industry, the CNSOER has a long-standing Fisheries Advisory Committee (FAC). The purpose of the FAC is to facilitate a two-way dialogue between the CNSOER and representatives of the commercial fishing industry on matters that fall within the regulatory authority and scope of responsibility of the CNSOER. To this extent, the FAC serves as a mechanism to put forward advice and recommendations with respect to the CNSOER's regulatory activities to allow both parties to learn about, meet, discuss, and address issues faced by the offshore energy and fishing industries co-existing within the same ocean environment. The CNSOER is committed to considering advice provided by FAC members in the fulfillment of its regulatory mandate.

FAC members provide advice and suggestions to us for consideration in such things as activity authorization applications and offer input into our guidelines. Committee members are provided with notice of all EAs, SAs, RAs, and Calls for Bids, and are invited to submit comments during the review process. You can learn more about the purpose and structure of the FAC in their Terms of Reference on the CNSOER website.

The FAC continued to meet regularly throughout 2025-2026 on the CNSOER's regulatory activities that have been highlighted throughout this Annual Report.

Regional, National and International Collaboration

The CNSOER participates in regional, national, and global groups and organizations, as well as working with other global offshore energy regulators. We also attend 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. More information on the committees and associations in which CNSOER staff participate is available on the CNSOER website.

CNSOER 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 2025-2026, CNSOER staff participated in meetings, working groups, and committees with governments and provided regulatory input related to our mandate expansion. The CNSOER also collaborated with other regulators including the Canada-Newfoundland and Labrador Offshore Energy Regulator (C-NLOER) and the Canada Energy Regulator (CER).

Strategic Priorities – Accomplishments in 2025-2026

The CNSOER's five-year strategic plan, spanning from 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

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 2025-2026, we:

- Prioritized projects and work activities that have the greatest impact on the organization as we continue our transition with our expanded mandate.
- Finalized new land tenure processes as they pertain to offshore renewable energy.
- Initiated and administered the Call for Information and Prequalification processes for offshore wind Call for Bids NS25-1R and associated engagement activities.
- Provided ongoing support to governments as they draft and prepare new offshore renewable energy regulations and policies.
- Continued to participate in government-led technical working groups.
- Worked with governments on relevant recommendations resulting from the Regional Assessment of Offshore Wind Development in Nova Scotia.
- In collaboration with the C-NLOER, maintained existing guidelines recognizing the amended *Accord Acts* and regulations, and continued developing offshore renewable energy expectations and guidance to support the initial site assessment phase of offshore activity.
- Continued to work in close collaboration with Fisheries and Oceans Canada, Environment and Climate Change Canada, the Impact Assessment Agency of Canada, Transport Canada and other federal regulatory partners as the lead and lifecycle regulator of offshore energy projects.
- Reviewed and revised the Terms of Reference of the Occupational Health and Safety Advisory Council to include offshore renewable energy.

- Continued to review and update existing MOUs incorporate our expanded mandate.
- Further developed our role and responsibilities with respect to engagement and consultation with Indigenous groups and rights holders regarding offshore energy.
- Continued to engage with Indigenous groups and rights holders, the fishing sector, industry, governments, and other interested stakeholders regarding our expanded mandate and the new offshore wind energy sector.
- Continued to hold regular FAC meetings as the CNSOER continued to transition with our expanded mandate. The Terms of Reference were reviewed and revised based on feedback from the FAC.
- Established and administered an introductory Participant Funding Program (PFP) for use during offshore wind Call for Information NS25-1R in accordance with the *Accord Acts*.
- Continued to review and update internal policies and procedures to incorporate our expanded mandate and regulatory responsibilities.
- Participated in training and learning opportunities to continue to build the necessary organizational competencies.
- Continued to participate in the Global Offshore Wind Regulators Forum to learn lessons and best practices from other regulators.
- Continued to participate in the International Regulators' Forum Offshore Renewable Energy Sub-committee to build awareness and competence in respect to safety risks in offshore renewables.
- Participated in and provided input to the Offshore Wind Impact Assessment Readiness Team established by the Impact Assessment Agency of Canada.

Organizational Excellence

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 2025-2026 we:

- Continued our commitment to building and maintaining the competencies and professional development of our staff, particularly for a more performance-based regulatory regime and our expanded mandate.
- Completed an annual review of our organizational structure to incorporate learnings for regulatory oversight and responsibilities related to offshore

renewable energy. During this exercise, we also assessed staff and resource needs to achieve our mandate.

- Actively recruited, onboarded and trained new staff required for increased activities.
- Maintained our internal management system, incorporating ongoing learnings for regulatory oversight of offshore energy activities.
- Completed an internal audit on an aspect of our management system.
- Conducted an employee engagement survey and actioned feedback received.
- Continued to leverage association with forums to maintain and continuously improve our regulatory practices.

Information and 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.

In 2025-2026 we:

- Investigated technology used in regulatory oversight for offshore wind facilities in other jurisdictions.
- Modernized our digital Information Management Centre.
- Managed and enhanced the information security program including security assessments, cyber security, equipment lifecycles, reporting, investigation, and security awareness training.
- Continued to modernize our Information Technology (IT) infrastructure as it transitions from onsite to cloud storage and management.
- Managed and enhanced the information governance program.
- Continued to assess and analyze organizational data to identify improvements and engagement regarding the information we share with Indigenous groups and rights holders, the fishing sector, industry, governments, and other interested stakeholders.
- Continued to update our internal Intranet to share organizational updates, connect with staff, find relevant information, and increase collaboration.

2025-2026 Financial Statements

The 2025-2026 audited Financial Statements, prepared by Belliveau Veinotte Inc., follow.

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

FINANCIAL STATEMENTS
MARCH 31, 2026

INDEX

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:

[redacted]

Christine Bonnell-Eisnor
Chief Executive Officer
May 12, 2026

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS
Member of The AC Group of Independent Accounting Firms

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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, 2026, 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, 2026, 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.

[redacted]

Halifax, Nova Scotia
May 12, 2026

Chartered Professional Accountants

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026

	2026	2025
FINANCIAL ASSETS		
Cash and cash equivalents	**$ 4,064,984**	$ 3,033,312
Receivables	**91,680**	93,300
Investments (note 2) (note 3)	**3,446,869**	3,437,035
	7,603,533	6,563,647
LIABILITIES		
Payables and accruals	**957,342**	778,842
Supplementary employee retirement plan obligation (note 4)	**1,747,177**	1,579,181
Post-retirement health obligation (note 5)	**1,825,735**	1,823,333
	4,530,254	4,181,356
Net financial assets	**3,073,279**	2,382,291
NON-FINANCIAL ASSETS		
Prepaid expenses	**177,624**	117,415
Tangible capital assets (page 16)	**395,652**	355,062
	573,276	472,477
Accumulated surplus	**$ 3,646,555**	$ 2,854,768
Accumulated surplus is comprised of:		
Accumulated operating surplus (page 5)	**$ 3,617,784**	$ 2,831,869
Accumulated remeasurement gains (page 6)	**28,771**	22,899
	$ 3,646,555	$ 2,854,768

Commitments (note 8)

Approved by the Board

[redacted] [redacted]

Chair **Board member**

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
YEAR ENDED MARCH 31, 2026

	(Note 10) Budget	2026	2025
Revenue			
Government grants			
Government of Canada	$ 4,156,000	$ 4,156,000	$ 2,956,000
Government of Nova Scotia	4,156,000	4,156,000	2,956,000
Interest and other	-	94,215	128,612
	8,312,000	8,406,215	6,040,612
Expenses			
Regulation of offshore activities (page 17)	8,305,000	7,440,748	5,894,216
Operating surplus before other revenue (expenses)	7,000	965,467	146,396
Other revenue (expenses):			
Amortization of tangible capital assets	-	(154,332)	(119,777)
Severance recovery	-	4,000	-
Net investment income (note 6)	-	80,052	86,758
	-	(70,280)	(33,019)
Operating surplus	7,000	895,187	113,377
Accumulated operating surplus, beginning of year	2,831,869	2,831,869	2,718,492
Repayment to Government of Canada - prior year surplus	-	(54,636)	-
Repayment to Government of Nova Scotia - prior year surplus	-	(54,636)	-
Accumulated operating surplus, end of year	$ 2,838,869	$ 3,617,784	$ 2,831,869

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF REMEASUREMENT GAINS (LOSSES)
YEAR ENDED MARCH 31, 2026

	2026	2025
Accumulated remeasurement gains (losses), beginning of the year	**$ 22,899**	$ (80,351)
Unrealized gain arising during the year on investments	**5,872**	103,250
Accumulated remeasurement gains, end of year	**$ 28,771**	$ 22,899

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2026

	(Note 10) **Budget**	**2026**	2025
Operating surplus	**$ -**	**$ 895,187**	$ 113,377
Repayment to Government of Canada	**-**	**(54,636)**	-
Repayment to Government of Nova Scotia	**-**	**(54,636)**	-
Change in tangible capital assets			
Acquisition of tangible capital assets (page 16)	**(7,000)**	**(194,921)**	(82,385)
Amortization of tangible capital assets (page 16)	**-**	**154,332**	119,777
Decrease (increase) in tangible capital assets	**(7,000)**	**(40,589)**	37,392
Change in other non-financial assets			
Use of prepaid expense	**-**	**(60,210)**	(38,379)
Net remeasurement gain (page 6)	**-**	**5,872**	103,250
Increase in net financial assets	**(7,000)**	**690,988**	215,640
Net financial assets, beginning of the year	**2,382,291**	**2,382,291**	2,166,651
Net financial assets, end of the year	**$ 2,375,291**	**$ 3,073,279**	$ 2,382,291

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2026

	2026	2025
Operating Activities		
Operating surplus	**$ 895,187**	$ 113,377
Amortization of tangible capital assets	**154,332**	119,777
Loss (gain) on disposal of investments	**11,632**	(4,833)
Repayment to Government of Canada	**(54,636)**	-
Repayment to Government of Nova Scotia	**(54,636)**	-
Increase in supplementary employee retirement plan obligation	**167,996**	184,699
Increase in post-retirement health obligation	**2,402**	8,924
	1,122,277	421,944
Net change in non-cash working capital balances (note 7)	**119,907**	(68,247)
	1,242,184	353,697
Investing Activities		
Decrease (increase) in accrued interest on investments	**384**	(6,076)
Purchase of investments	**(1,071,695)**	(1,390,441)
Proceeds on disposal of investments	**1,050,572**	1,153,976
	(20,739)	(242,541)
Capital Activities		
Purchase of		
Leasehold improvements	**(24,328)**	-
Furniture and equipment	**(26,337)**	(22,896)
Computer equipment	**(112,798)**	(59,489)
Computer software	**(23,166)**	-
Equipment	**(8,292)**	-
	(194,921)	(82,385)
Increase in cash and cash equivalents during year	**1,026,524**	28,771
Cash and cash equivalents, beginning of year	**3,041,244**	3,012,473
Cash and cash equivalents, end of year	**$ 4,067,768**	$ 3,041,244
Represented by:		
Cash	**$ 4,064,984**	$ 3,033,312
Investment cash	**2,784**	7,932
	$ 4,067,768	$ 3,041,244

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 amended Accord Acts are now titled the Canada–Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Renewable Energy Management Act (Federal Version) and Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and Offshore Renewable Energy Management (Nova Scotia) Act (Provincial Version).

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.

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 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.

2. Significant accounting policies (continued)

(i) Post-retirement health 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. These retirement benefits are recorded on an accrual basis based on an actuary's estimate.

(j) 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.

Receivable, payables and accruals, supplementary employee retirement plan obligation and post-retirement health 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

	2026	2025
Investments, at cost	**$ 3,374,128**	$ 3,364,634
Accrued investment income	**41,186**	41,570
Unrealized gain on investments	**28,771**	22,899
Investment cash	**2,784**	7,932
Investments, at fair market value	**$ 3,446,869**	$ 3,437,035

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

4. 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, 2026. An updated actuarial valuation is completed at least every three years.

4. Pension obligations (continued)

(a) Supplementary employee retirement plan (SERP) (continued)

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:

	2026	2025
Components of Supplementary Employee Retirement Plan Cost		
Current service cost	**$ 37,373**	$ 38,061
Interest cost	**59,746**	56,717
Amortization of net actuarial losses	**133,233**	151,873
Supplementary Employee Retirement Plan Cost	**$ 230,352**	$ 246,651
Weighted-Average Assumptions for Expense		
Discount rate	**3.18 %**	2.96 %
Rate of compensation increase	**2.50 %**	2.50 %
Weighted-Average Assumptions for Disclosure		
Discount rate	**3.67 %**	3.18 %
Rate of compensation increase	**2.50 %**	2.50 %
Change in Accrued Benefit Obligation		
Accrued benefit obligation at the end of the prior year	**$ 1,891,304**	$ 1,928,061
Current service cost	**37,373**	38,061
Interest cost	**59,746**	56,717
Benefits paid	**(62,356)**	(61,952)
Actuarial loss (gain)	**247,050**	(69,583)
Accrued benefit obligation at the end of the year	**$ 2,173,117**	$ 1,891,304
Reconciliation of Funded Status to Accrued Benefit Liability		
Benefit obligation at end of year	**$ 2,173,117**	$ 1,891,304
Unamortized net actuarial loss	**(425,940)**	(312,123)
Accrued benefit liability	**$ 1,747,177**	$ 1,579,181

(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% (2025 - 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% (2025 - 10.9%) on the part of their salary that is in excess of the YMPE. The CNSOER has recognized contributions of $332,453 in 2026 (2025 - $277,897). There is no further liability with respect to past service at March 31, 2026.

5. Post-retirement health obligation

The CNSOER provides other retirement benefits to its employees by participating in the Province of Nova Scotia's post-retirement health insurance program. 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, 2026. 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.

	2026	2025
Components of Post-Retirement Health Obligation Cost		
Current service cost (employer portion)	**$ 30,338**	$ 30,818
Interest cost	**44,407**	41,520
Actuarial gains	**(344,600)**	(62,542)
Post-Retirement Health Obligation Cost	**$ (269,855)**	$ 9,796
Weighted-Average Assumptions for Expense		
Discount rate	**3.18 %**	2.96 %
Rate of compensation increase	**2.50 %**	2.50 %
Initial weighted average health care trend rate	**7.00 %**	7.00 %
Ultimate weighted average health care trend rate	**4.00 %**	4.00 %
Year ultimate rate reached	**2046**	2043
Weighted-Average Assumptions for Disclosure		
Discount rate	**3.67 %**	3.18 %
Rate of compensation increase	**2.50 %**	2.50 %
Initial weighted average health care trend rate	**7.00 %**	7.00 %
Ultimate weighted average health care trend rate	**4.00 %**	4.00 %
Year ultimate rate reached	**2046**	2043
Change in Accrued Benefit Obligation		
Accrued benefit obligation at the end of the prior year	**$ 1,389,331**	$ 1,395,062
Current service cost (employer portion)	**30,338**	30,818
Interest cost	**44,407**	41,520
Benefits paid	**(16,109)**	(15,527)
Actuarial gain	**(344,600)**	(62,542)
Accrued benefit obligation at the end of the year	**$ 1,103,367**	$ 1,389,331
Reconciliation of Funded Status to Accrued Benefit Liability		
Benefit obligation at the end of year	**$ 1,103,367**	$ 1,389,331
Unamortized net actuarial gain	**722,368**	434,002
Accrued benefit liability	**$ 1,825,735**	$ 1,823,333

6. Net investment income

	2026	2025
Investment income	**$ 108,250**	$ 97,635
Gain (loss) on disposal of investments	**(11,632)**	4,833
Portfolio management fees	**(16,566)**	(15,710)
	$ 80,052	$ 86,758

7. Net change in non-cash working capital balances

Increase (decrease) in cash from changes in:	2026	2025
Receivables	**$ 1,618**	$ (44,782)
Prepaid expenses	**(60,210)**	(38,379)
Payables and accruals	**178,499**	147,623
Payable to governments	**-**	(132,708)
	$ 119,907	$ (68,246)

8. Commitments

The CNSOER has entered into a lease agreement for their premises. The approximate minimum payments required over the next four fiscal years are as follows:

2027	$ 170,518
2028	175,633
2029	180,902
2030	186,329
	$ 713,382

9. 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.

9. Financial instruments (continued)

(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 1.65% and 4.68%. Consequently, the CNSOER's exposure to interest rate risk on these investments is at the time of maturity when funds are reinvested.

(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.

10. 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.

11. Related party transactions

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

	2026	2025
Operating grants from the Government of Canada	$ 4,156,000	$ 2,956,000
Operating grants from the Government of Nova Scotia	$ 4,156,000	$ 2,956,000

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2026

COST

	Opening	Additions	Write Downs/ Disposals	Closing
Leasehold improvements	$ 76,659	$ 24,328	$ -	$ 100,987
Furniture and fixtures	501,338	26,337	-	527,675
Computer equipment	569,873	112,798	-	682,671
Computer software	435,174	23,166	-	458,340
Equipment	239,474	8,292	-	247,766
	$ 1,822,518	$ 194,921	$ -	$ 2,017,439

ACCUMULATED AMORTIZATION

	Opening	Amortization	Write Downs/ Disposals	Closing
Leasehold improvements	$ 18,449	$ 12,145	$ -	$ 30,594
Furniture and fixtures	465,399	10,113	-	475,512
Computer equipment	346,960	125,462	-	472,422
Computer software	435,174	3,861	-	439,035
Equipment	201,473	2,751	-	204,224
	$ 1,467,455	$ 154,332	$ -	$ 1,621,787

NET BOOK VALUE

	2026	2025
Leasehold improvements	**$ 70,393**	$ 58,209
Furniture and fixtures	**52,163**	35,939
Computer equipment	**210,249**	222,913
Computer software	**19,305**	-
Equipment	**43,542**	38,001
	$ 395,652	$ 355,062

CANADA-NOVA SCOTIA OFFSHORE ENERGY REGULATOR

SCHEDULE OF EXPENSES
YEAR ENDED MARCH 31, 2026

	(Note 10) **Budget**	**2026**	2025
Regulation of offshore activities			
Personnel and Board members	**$ 5,172,500**	**$ 4,889,878**	$ 4,017,554
General office and support	**1,210,000**	**1,075,832**	729,923
Office and laboratory premise costs	**397,000**	**379,872**	380,932
Consulting and legal	**986,500**	**846,303**	494,705
Supplementary employee retirement plan cost	**260,000**	**230,352**	246,651
Post-retirement health obligation cost	**29,000**	**18,511**	24,451
Participant funding program	**250,000**	**-**	-
Total regulation of offshore activities	**$ 8,305,000**	**$ 7,440,748**	$ 5,894,216