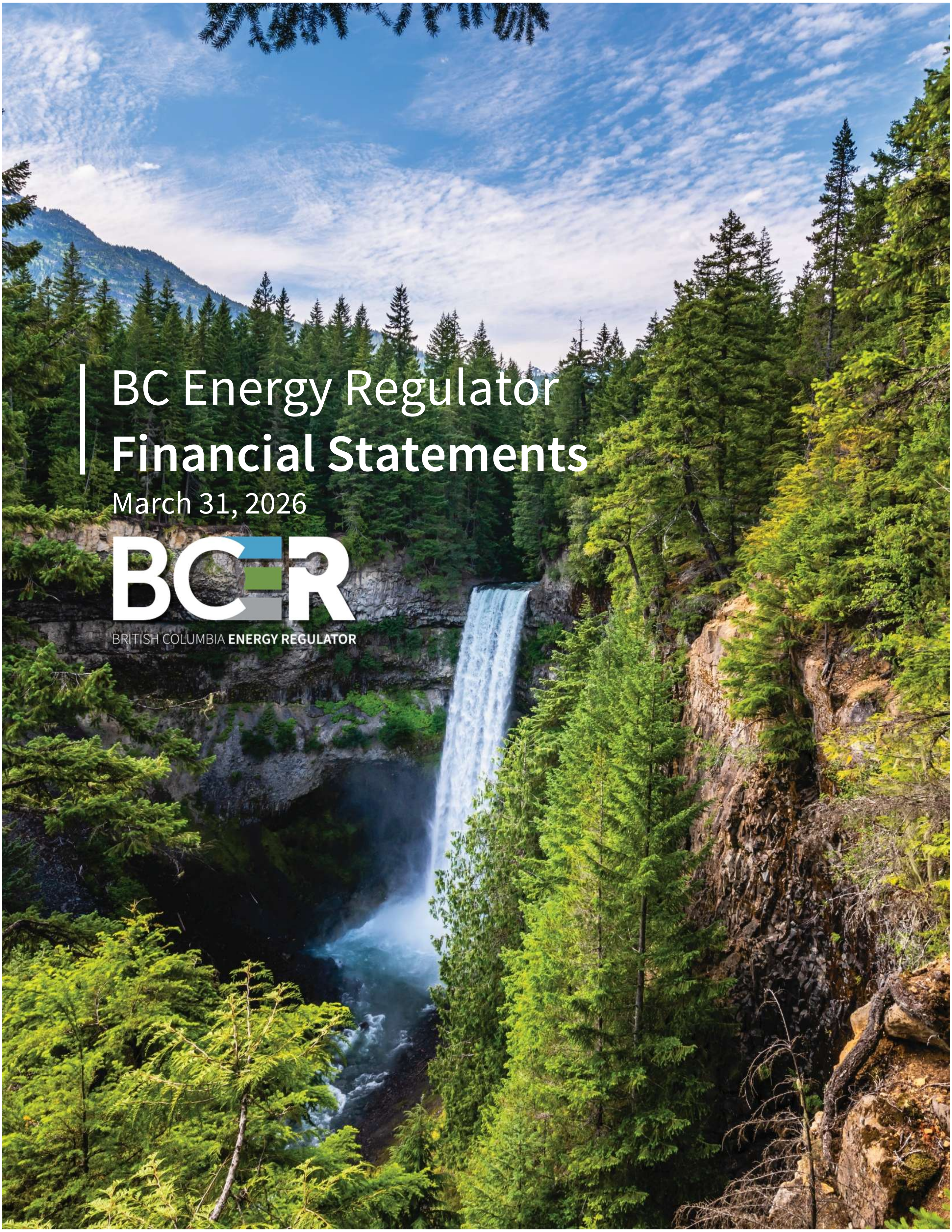
BC Energy Regulator
Financial Statements

March 31, 2026

BCER

BRITISH COLUMBIA ENERGY REGULATOR



Statement of Management Responsibility

The financial statements of the British Columbia Energy Regulator (BCER) for the year ended March 31, 2026 have been prepared by management, in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for the notes to the financial statements and 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 Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements annually.

The external auditors, Doane Grant Thornton, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the Audit Committee and management of the BCER and meet when required.

The accompanying Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the British Columbia Energy Regulator

Michelle Carr, Commissioner &
Chief Executive Officer

Dean Skinner, CPA, CMA
Chief Financial Officer, Executive Vice President, People & Transformation

June 17, 2026

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Independent auditor's report

To the Board of Directors of the British Columbia Energy Regulator, and
To the Ministry of Energy, Mines and Low Carbon Innovation, Province of British Columbia

Opinion

We have audited the financial statements of the British Columbia Energy Regulator ("the Entity"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and accumulated deficit, changes in net debt 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 British Columbia Energy Regulator as at March 31, 2026, and its results of operations, its changes in net debt, 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 Entity 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 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

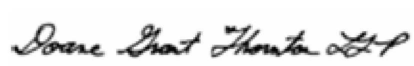
Auditor’s Responsibilities for the Audit of the Financial Statements

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 judgment 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 Entity'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 Entity'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 Entity 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.



Victoria, Canada — Chartered Professional Accountants
June 18, 2026

BRITISH COLUMBIA ENERGY REGULATOR

Statement of Financial Position
(Amounts in thousands of dollars)
As at March 31, 2026

	Note	2026	2025
Financial assets			
Cash		$ 38,759	$ 11,052
Investments	*3*	60,424	58,011
Accounts receivable	*4*	11,017	8,940
Due from government	*5*	15,146	14,533
		125,346	92,536
Liabilities			
Accounts payable & accrued liabilities	*6*	11,758	8,576
Employee future benefits	*7*	1,417	1,311
Due to government	*8*	2,071	1,059
Deferred revenue	*9 & 15*	1,978	3,396
Capital lease obligation		278	-
Liability for orphan sites	*10 & 15*	65,932	81,294
Security deposits	*11*	41,545	29,366
		124,979	125,002
Net financial asset		367	(32,466)
Non-financial assets			
Tangible capital assets	*12*	16,813	17,864
Prepaid expenses		2,020	2,517
		18,833	20,381
Accumulated surplus/(deficit)		**$ 19,200**	**$ (12,085)**

Contractual obligations	*13*
Contingent liabilities	*14*
Measurement uncertainty	*15*

The accompanying notes are an integral part of these statements.

Approved on behalf of the Board

Natascha Kiernan
Board Chair

Robbin Sinclaire
Acting Audit Committee Chair

BRITISH COLUMBIA ENERGY REGULATOR

Statement of Operations and Accumulated Deficit
(Amounts in thousands of dollars)
For the Year Ended March 31, 2026

	Note	**Budget** *(Note 19)*	**2026**	**2025**
Revenues				
Production levies		$ 54,510	$ 55,346	$ 52,976
Orphan site restoration levy		15,000	24,000	15,000
Application fees		12,070	17,724	16,132
Infrastructure levies		6,575	7,207	7,399
Certificate recoveries		-	2,750	-
Interest		1,950	3,171	3,591
Receivership recoveries		-	1,400	-
Remediation recoveries		-	4,817	5,694
Other		-	348	322
		90,105	116,763	101,114
Expenses				
Operations	18	74,605	75,319	77,367
Orphan site reclamation fund	18	15,500	10,159	46,468
		90,105	85,478	123,835
Annual surplus/ (deficit)		-	31,285	(22,721)
Accumulated (deficit)/ surplus, beginning of year		(12,085)	(12,085)	10,636
Accumulated surplus/(deficit), end of year		**$ (12,085)**	**$ 19,200**	**$ (12,085)**

The accompanying notes are an integral part of these statements.

BRITISH COLUMBIA ENERGY REGULATOR

Statement of Changes in Net Financial Debt
(Amounts in thousands of dollars)
For the Year Ended March 31, 2026

	Budget *(Note 19)*	2026	2025
Annual surplus/(deficit)	$ -	$ 31,285	$ (22,721)
Acquisition of tangible capital assets	(6,000)	(5,905)	(4,571)
Disposals of tangible capital assets	-	319	194
Amortization of tangible capital assets	6,750	6,637	6,555
	750	1,051	2,178
Acquisition of prepaid expense	-	497	(604)
Increase/(decrease) in net financial assets	750	32,833	(21,147)
Net financial debt, beginning of year	(32,466)	(32,466)	(11,319)
Net financial asset, end of year	**$ (31,716)**	**$ 367**	**$ (32,466)**

The accompanying notes are an integral part of these statements.

BRITISH COLUMBIA ENERGY REGULATOR

Statement of Cash Flows
(Amounts in thousands of dollars)
For the Year Ended March 31, 2026

	2026	2025
Operating transactions		
Cash generated from:		
Production levies	$ 54,722	$ 52,350
Orphan site restoration levy	23,622	14,486
Infrastructure levies	6,842	6,610
Application fees	16,810	14,710
Certificate recoveries	1,400	-
Interest	3,349	3,641
Other	621	441
Remediation recoveries	4,817	4,843
Security deposits received	17,887	4,628
	130,070	101,709
Cash used for:		
Salaries and benefits	(44,022)	(41,045)
Payments to Indigenous communities	(6,300)	(6,439)
Operating expenses	(14,715)	(18,474)
Orphan site reclamation	(23,300)	(19,194)
Security deposits refunded	(5,708)	(5,299)
	(94,045)	(90,451)
Cash from operating activities	36,025	11,258
Capital transactions		
Cash used to acquire tangible capital assets	(5,905)	(4,571)
Investing transactions		
Purchase of portfolio investments	(2,413)	(2,805)
Increase in cash	27,707	3,882
Cash, beginning of year	11,052	7,170
Cash, end of year	**$ 38,759**	**$ 11,052**

The accompanying notes are an integral part of these statements.

1. The British Columbia Energy Regulator

The British Columbia Energy Regulator (the "BCER"), formerly the Oil and Gas Commission, is a Crown corporation of the Province of British Columbia (the "Province"), established under the *Oil and Gas Commission Act* on July 30, 1998, and continued in the *Oil and Gas Activities Act* which came into force Oct. 4, 2010.

The BCER is responsible for regulating the life cycle of energy resource activities in British Columbia from site planning to restoration, ensuring activities are undertaken in a manner that: protects public safety and the environment; supports reconciliation with Indigenous Peoples; supports transition to low-carbon energy; conserves energy resources; and fosters a sound economy and social well-being.

Following September 1, 2023, when the *Oil and Gas Activities Act* was amended and renamed the *Energy Resource Activities Act which* came into force September 1, 2023, the BCER's mandate included lifecycle regulation of a wide range of energy resource activities in British Columbia including oil, natural gas, geothermal (under the *Geothermal Resources Act*), carbon capture, underground storage, hydrogen, methanol and ammonia.

The Renewable Energy Projects (Streamlined Permitting) Act, which came into force on July 1, 2025, further expanded [GS2.1] the authority of the BC Energy Regulator (BCER) to oversee renewable energy projects, including wind, solar, with option to include other resources prescribed by regulation at a later date. The Act also brings prescribed transmission lines, such as the North Coast Transmission Line (NCTL), under the BCER's one-window lifecycle regulatory framework for natural resource authorizations.

The BCER is funded from fees charged in respect of permit applications, transfers, & amendments, certificates and through industry levies against permit holders on:

- Oil, gas and renewable energy production;
- Infrastructure, such as pipelines & Class C LNG facilities; and
- Total deemed liability.

The BCER is exempt from federal and provincial income taxes.

2. Significant accounting policies

Basis of accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards.

2. Significant accounting policies (continued)

Revenue recognition
Revenues arising from transactions with performance obligations are recognized as the performance obligation is satisfied by providing the relevant services. Revenue from transactions with no performance obligations are recognized when there is an authority to claim or retain an inflow of economic resources and there is a past transaction or event that gives rise to an asset.

Production levies
Production levies are revenue transactions with no performance obligations. Production levies are authorized and collected under the *Energy Resource Activities Act* and are first paid to the Minister of Finance. The Province is required to transfer this amount of revenue to the BCER in full. This revenue source is calculated based on production of oil and gas and is also recognized as revenue at point of production.

Infrastructure levies
Infrastructure levies are revenue transactions with no performance obligations. Infrastructure levies are billed to permit holders of pipelines and Class C LNG Facilities owned, as at March 31 of the applicable fiscal year, and are recognized equally across all periods in the year.

Orphan site restoration levies
Orphan site restoration levies are revenue transactions with no performance obligations. Orphan site restoration levies are billed based on a permit holder's deemed liability for permitted wells and facilities, as at April 1 of the applicable fiscal year, and are recognized upon invoicing.

Application fees
Application fees are recognized as the BCER satisfies performance obligations by providing technical review and consultation services related to the associated permit. There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. General application fees are billed upon submission and recognized when associated review tasks are completed. Amendment application fees are billable and recognized upon completion of the review process. Fees for major projects are billable in installments and recognized over the estimated review period. All application fee revenue is recognized in the period it is earned.

Remediation recoveries
Remediation recoveries are recovered from permit holders when the BCER incurs remediation costs related to carrying out certain obligations. As revenue with no performance obligations, remediation recoveries are recognized when the BCER has the authority to claim the recovery either upon incurring the remediation costs or realize security.

2. Significant accounting policies (continued)

Certificate recoveries

Certificate recoveries are recovered from a specified proponent when the BCER incurs costs arising during the transitional period outlined in the Renewable Energy Projects (Streamlined Permitting) Act. Certificate recoveries are recognized when the BCER has the authority to claim the recovery upon incurring the costs.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year, is expensed. Grants are recorded as expenses when the payment is authorized, and eligibility criteria have been met by the recipient. Reclamation costs are estimated and accrued when determinable.

Financial instruments

The BCER reports its financial instruments at cost or amortized cost, less any permanent impairment in value. The BCER does not hold any derivatives or equity investments that require fair value reporting and has not elected to record any other financial instruments at fair value. Financial instruments consist of cash, investments, accounts receivable, due from government, accounts payable & accrued liabilities, employee future benefits, and due to government.

A statement of remeasurement gains and losses is not presented as the BCER did not have remeasurement transactions to report.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Leased assets, which are included in Operating equipment, are amortized over the lease term unless the useful life is shorter than the term of the lease. The costs, less estimated residual value, of the tangible assets, are amortized on a straight-line basis over the estimated useful life of the assets at the following annual rates:

Capital assets	Rate
Tenant improvement	over the lease term
Furniture	10%
Computer hardware	33%
Operating equipment	10 - 20% or over the lease term
Vehicles	20%
Other business systems	20%
Application management system	10%
Computer software	20 - 33%

2. Significant accounting policies (continued)

Tangible capital assets (continued)
When a capital asset no longer has any long-term service potential to the BCER, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the Statement of Operations and Accumulated Surplus.

Prepaid expenses
Prepaid expenses include subscriptions, insurance, and other general expenses and are charged to expense when used, or over the periods expected to benefit from the expenditures.

Employee future benefits – employee benefit plan
The BCER and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pension Plans Act*. Defined contribution plan accounting is applied because sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable.

Employee future benefits – future retirement allowance liability
The BCER accrues for future retirement allowances, as provided under the collective agreements and terms of employment. The accrual as at March 31, 2026 is determined based on service and best estimates of retirement ages, expected future salary and wage increases, long term inflation rates and discount rates. The estimates are also based on assumptions about future events.

Liability for orphan sites
Orphan sites may be designated by the BCER where the permit holder is bankrupt or cannot be located. To account for contamination by a chemical, organic or radioactive material, or live organism that exceeds an environmental standard, being introduced into air, soil, water or sediment, a liability for restoration of orphan sites is recognized when the BCER accepts responsibility for the restoration of an orphan site, contamination at the orphan site exceeds the environmental standard and a reasonable estimate of the amount can be made. Uncertainty of a potential liability for orphan sites may exist when there are ongoing insolvency or court proceedings. The BCER may recognize a contingent liability prior to formal designation of an orphan site, where the outcome of proceedings is assessed to likely result in sites becoming orphaned.

(Amounts in thousands of dollars)

3. Investments

Investments consist of term deposits which are liquid short term investments with maturity dates of two years or less from the date of acquisition and are carried on the Statement of Financial Position at cost.

Investment funds are pooled from the following sources:

	2026	2025
Operations	$ 6,120	$21,277
Orphan site reclamation fund (Note 10)	12,759	7,368
Security deposits (Note 11)	41,545	29,366
	$ 60,424	**$ 58,011**

4. Accounts receivable

	2026	2025
Infrastructure levies	$ 7,765	$7,400
Application fees	958	1,462
Other	3,018	711
	11,741	9,573
Allowance for doubtful accounts	(724)	(633)
	$ 11,017	**$ 8,940**

5. Due from government

	2026	2025
Production levies	$ 14,421	$13,800
Recoveries and other	725	733
	$ 15,146	**$ 14,533**

Production levies are invoiced to and collected from industry by the Province and disbursed on to the BCER.

(Amounts in thousands of dollars)

6. Accounts payable and accrued liabilities

	2026	2025
Trade payables and accrued liabilities - Operations	$ 2,747	$ 1,992
Trade payables and accrued liabilities - OSRF	4,591	3,667
Salaries and benefits	4,420	2,917
	$ 11,758	**$ 8,576**

Employee leave entitlements

As of March 31, 2026, the value of employee entitlements to vacation, other leave and compensatory time off, plus related benefits, in accordance with collective agreements and terms of employment was $1,596 (2025: $1,513). This amount is included in salaries and benefits payable.

7. Employee future benefits

Employee benefit plan

The BCER and its employees contribute to the Public Service Pension Plan, a jointly trusteed pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. Basic pension benefits are based on a formula. The plan has approximately 79,532 active plan members, 57,519 retired plan members, and 26,738 inactive members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation available as at March 31, 2023, indicated a funding surplus of $4.5 billion for basic pension benefits. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore, there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The total amount paid into this pension plan by the BCER for the year ended March 31, 2026 for employer contributions was $3,412 (2025: $3,112).

(Amounts in thousands of dollars)

7. Employee future benefits (continued)

Future retirement allowance liability

The BCER provides certain retirement allowances, as provided under the collective agreements and terms of employment. The liability is unfunded and is reported on the statement of financial position as follows:

	2026	2025
Accrued retirement obligation		
Balance, beginning of year	$ 1,311	$ 1,151
Current benefit cost	84	75
Interest	68	70
Amortization of actuarial loss	36	32
Benefits paid	(82)	(17)
Balance, end of year	**$ 1,417**	**$ 1,311**
Actuarial retirement obligation		
Accrued benefit obligation	$ 1,548	$1,579
Unamortized actuarial loss	(131)	(268)
Balance, end of year	**$ 1,417**	**$ 1,311**

The significant actuarial assumptions adopted in measuring the BCER's accrued retirement obligations are as follows:

	2026	2025
Discount rate	4.80%	4.30%
Wages and salary escalation	2.75%	2.75%

Over time, changes in assumptions and actual experience compared to expected results will cause actuarial gains and losses in future valuations. The unamortized actuarial loss on future payments is amortized over the estimated average remaining years of service of the employee group which has been determined to be approximately 13 years at March 31, 2026 (2025: 13 years).

8. Due to government

Due to government includes management's best estimate of expected liability to a number of First Nation governments. The BCER works closely with First Nation governments and negotiates consultation agreements and Memoranda of Understanding to establish formal consultation processes for energy resource activities. These agreements provide resources for First Nation governments' capacity to participate in the consultation processes as well as set out responsibilities of the parties involved.

(Amounts in thousands of dollars)

9. Deferred revenue

Deferred revenue consists of unearned application fees, major projects application fees and other revenues. The change in the deferred revenue balance is as follows:

	Balance, beginning of year	Receipts during year	Transferred to revenue	Balance, end of year
Application fees and other	$3,396	15,400	(16,818)	$1,978

10. Liability for orphan sites

The BCER administers the Orphan Site Reclamation Fund (OSRF) as a means for industry to pay for restoration of orphaned oil and gas sites and for related costs. Revenue for the OSRF is derived from orphan site restoration levies, interest, and security.

The OSRF has assets of $15,044 (2025: $8,821) to pay for costs associated with orphan sites. There were 335 new orphan sites designated in 2025/26, of which, 192 were subsequently transferred to a new permit holder, resulting in total designated orphan sites of 1,015 (2025: 872).

Of the designated sites, 284 (2025: 249) have been reclaimed, with the remainder to undergo restoration as resources permit. The BCER continues to monitor other potential orphan sites.

The BCER determined the liability for orphan sites based on the BCER's obligation to ensure public and environmental safety. The liability reflects the costs required to bring the sites up to a standard where the environment and the public are protected. The liability for known orphan sites is estimated using expected abandonment and restoration costs for these specific sites, under expected conditions based on known characteristics of each site. Changes in the liability estimate are reassessed quarterly and are recognized when a site-specific assessment of restoration costs is available. Additional potential liability for orphan sites could result from contingencies for delays due to weather, problematic plugging activities, or unforeseen sources of contamination. These factors are estimated based on site characteristics and are disclosed in the measurement uncertainly note. Such estimated costs have been discounted to the present value using a discount rate of 3.73% per annum (2025: 3.60%).

	Balance, beginning of year	New designations	Sites transferred out	Change in estimates	Restoration completed	Balance, end of year
Liability for orphan sites	$ 81,294	2,222	(12,304)	4,943	(10,223)	$ 65,932

The estimation of the liability does not include discretionary reclamation costs. Full reclamation costs for orphan sites are estimated to be in the range of $146,000 to $225,000.

(Amounts in thousands of dollars)

11. Security deposits

The purpose of BCER's Permittee Capability Assessment (PCA) program is to mitigate risk and focus on reducing liability while companies are financially viable. It assists the BCER in determining security deposits required of permit holders to protect against those who may not be capable of meeting closure obligations. Currently, the BCER holds $193,092 (2025: $170,662) in security deposits, of which $41,545 (2025: $29,366) is held in cash and investments and $151,547 (2025: $141,297) in the form of irrevocable letters of credit which are not recorded in these financial statements. Security deposits are restricted for use in settling potential permit holder restoration obligations. In fiscal 2025, the BCER recovered $4,768 (2025: $4,843) from security deposits to help satisfy restoration obligations of permit holders.

12. Tangible capital assets

March 31, 2026	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total
Cost									
Opening balance	$ 3,989	$ 3,641	$ 2,560	$ 2,377	$ 1,970	$ 24,922	$ 19,643	$ 289	$ 59,391
Additions	228	170	582	478	458	3,188	801	-	5,905
Disposals	(2,483)	(795)	(632)	(251)	(239)	(2,148)	(435)	-	(6,983)
Closing balance	**$ 1,734**	**$ 3,016**	**$ 2,510**	**$ 2,604**	**$ 2,189**	**$ 25,962**	**$ 20,009**	**$ 289**	**$ 58,313**
Accumulated amortization									
Opening balance	$ 3,513	$ 3,189	$ 1,691	$ 1,868	$ 695	$ 13,857	$ 16,588	$ 126	$ 41,527
Amortization	101	117	681	277	115	3,500	1,832	14	6,637
Disposals	(2,483)	(790)	(630)	(250)	(118)	(1,541)	(852)	-	(6,664)
Closing balance	**$ 1,131**	**$ 2,516**	**$ 1,742**	**$ 1,895**	**$ 692**	**$ 15,816**	**$ 17,568**	**$ 140**	**$ 41,500**
Net book value	**$ 603**	**$ 500**	**$ 768**	**$ 709**	**$ 1,497**	**$ 10,146**	**$ 2,441**	**$ 149**	**$ 16,813**

March 31, 2025	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total
Cost									
Opening balance	$ 6,569	$ 4,195	$ 5,944	$ 2,261	$ 1,844	$ 21,771	$ 19,483	$ 1,113	$ 63,180
Additions	12	48	416	185	339	3,411	160	-	4,571
Disposals	(2,592)	(602)	(3,800)	(69)	(213)	(260)	-	(824)	(8,360)
Closing balance	**$ 3,989**	**$ 3,641**	**$ 2,560**	**$ 2,377**	**$ 1,970**	**$ 24,922**	**$ 19,643**	**$ 289**	**$ 59,391**
Accumulated amortization									
Opening balance	$ 5,732	$ 3,650	$ 4,817	$ 1,780	$ 701	$ 10,929	$ 14,592	$ 937	$ 43,138
Amortization	373	141	673	157	100	3,102	1,996	13	6,555
Disposals	(2,592)	(602)	(3,799)	(69)	(106)	(174)	-	(824)	(8,166)
Closing balance	**$ 3,513**	**$ 3,189**	**$ 1,691**	**$ 1,868**	**$ 695**	**$ 13,857**	**$ 16,588**	**$ 126**	**$ 41,527**
Net book value	**$ 476**	**$ 452**	**$ 869**	**$ 509**	**$ 1,275**	**$ 11,065**	**$ 3,055**	**$ 163**	**$ 17,864**

(Amounts in thousands of dollars)

12. Tangible capital assets (continued)

Included in the net book value of other business systems are assets not being amortized of $1,346 (2025: $1,414) as they have not yet been completed and put into use.

13. Contractual obligations

The BCER has entered into multiple-year contracts for the delivery of services, building occupancy leases, and is committed to make certain payments under Indigenous capacity agreements. These contractual obligations will become liabilities in the future when the terms of the contract are met. Disclosure relates to the unperformed portion of the contracts.

2027	2028	2029	2030	2031	Thereafter
$ 8,175	$ 5,576	$ 5,488	$ 4,957	$ 3,572	$ 83,335

14. Contingent liabilities

Litigation and claims
The BCER may become contingently liable with respect to pending litigation and claims in the normal course of operations. In the opinion of management, any liability that may arise from pending litigation would not have a material effect on the BCER's financial position or results of operations.

Liability for orphan sites
The BCER administers the Orphan Site Reclamation Fund (OSRF). The BCER may become exposed to a contingent liability when a permit holder is in an ongoing insolvency or court proceedings. The associated restoration costs could have a material effect on the BCER's financial position and results of operations. The BCER's Liability Management program monitors permit holders through various aspects of their operations to mitigate risk to the OSRF.

The BCER is monitoring two insolvent permit holders. The associated permits hold restoration liabilities estimated to be $28,346. The outcomes are not determinable at this time. Accordingly, no amount has been recognized in these financial statements for any liability for orphan sites that may result.

15. Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to levy production volumes, revenue deferrals, rates for amortization, estimated orphan restoration and estimated employee future benefits. Actual results could differ from these estimates.

	Reported	Low	High
Liability for orphan sites	$65,932	$48,000	$93,000

Liability for orphan sites is estimated using expected abandonment and restoration costs for these specific sites, under expected conditions based on known characteristics of each site. Changes in the liability estimate are recognized when a site specific assessment of restoration costs is available. The estimation of the liability does not include contingencies for delays due to weather, problematic plugging activities, or unforeseen sources of contamination. Additional potential liability for the designated sites resulting from these contingencies is also estimated based on site characteristics. Changes in this estimate would also affect orphan reclamation expenses and annual and accumulated surpluses.

	Reported	Low	High
Deferred revenue	$1,978	$1,800	$2,200

Deferred revenue is estimated using the remaining technical reviews and First Nations consultation involved in the application review process and the average time to complete individual review tasks. Changes in this estimate would also affect application fee revenue, annual surplus, and accumulated surplus.

(Amounts in thousands of dollars)

16. Related party transactions

The BCER is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity.

The financial statements include the following transactions with related parties of the Province:

	2026	2025
Revenues		
Interest	$ 919	$ 667
Certificate recoveries	2,750	-
Other	25	91
	$ 3,694	**$ 758**
Expenses		
Salaries and benefits	$ 2,106	$ 2,024
Professional services and training	337	648
Building occupancy	175	167
Telecommunications and information systems	91	90
Travel and vehicle costs	81	73
Office supplies and equipment	312	28
Contributions	155	320
	$ 3,257	**$ 3,350**
Tangible capital assets		
Disposal proceeds	**$ (141)**	**$ (68)**

In addition, the BCER is related to the BC Oil and Gas Research and Innovation Society (BC OGRIS) with a member of the BCER's senior management serving on the board of directors of BC OGRIS. During the year, grants of $150 (2025: $300) were provided to BC OGRIS.

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Amounts in thousands of dollars)

17. Trust under Administration

Under the terms of the Blueberry River First Nations Implementation Agreement, the Province agreed to implement a disturbance fee in respect to new oil and gas development applications submitted in high value areas. Applicant fees are to be paid to the Blueberry River First Nations Restoration Fund and/or Treaty 8 Restoration Fund once established. Prior to establishment of these entities, applicants paid required disturbance fees to a law firm, which held the amounts in trust on behalf of the BCER. During the year the Blueberry River First Nations Restoration Fund was established, and the related trust balance was transferred to the fund. As at March 31, 2026, trust funds under administration was $777 (2025: $2,670). These amounts are not included in the BCER's financial statements as the BCER has no equity in, or power of appropriation over, these trust funds. The BCER administers these trust funds in accordance with the terms of the Implementation Agreement.

18. Expense by Object

	Operations	Orphan Site Reclamation Fund	2026	2025
Salaries and benefits	$ 44,334	$ 1,297	$ 45,631	$41,606
Indigenous funding	7,947	-	7,947	6,612
Amortization and loss on disposal	6,813	-	6,813	6,681
Building occupancy	5,014	-	5,014	4,730
Professional services and training	4,095	1,680	5,775	4,696
Information systems and telecom	4,087	77	4,164	3,697
Grants and contributions	160	-	160	337
Travel and vehicle costs	1,827	17	1,844	1,775
Supplies and equipment	1,039	0	1,039	1,084
Bad debts	3	378	381	6,266
Remediation costs	-	-	-	1,756
Discretionary reclamation	-	11,849	11,849	11,581
Obligatory orphan site designations	-	(10,082)	(10,082)	29,245
Obligatory orphan site estimates	-	4,943	4,943	3,769
	$ 75,319	**$ 10,159**	**$ 85,478**	**$123,835**

19. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the final operating and capital budgets approved by the Board of Directors on February 26, 2025. Amounts may differ from the preliminary budget, for the purposes of the Annual Service Plan.

20. Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.

21. Financial risk management

It is management's opinion that the BCER is not exposed to significant credit, liquidity or interest rate risks arising from its financial instruments.

Credit Risk - Credit risk is the risk of financial loss to the BCER if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The BCER is exposed to credit risk related to cash, investments, accounts receivable, and security deposits held as irrevocable letters of credit. A substantial portion of the BCER's accounts receivable includes balances due from operators in the energy resource industry and are subject to normal industry credit risk.

The BCER manages credit risk by holding cash and investments at Canadian chartered banks and credit unions and by holding irrevocable letters of credit with Schedule I, II or III banks; Canadian credit unions; and government owned financial institutions. Exposure to credit risk related to the value of accounts receivable is managed by continually monitoring the financial status of operators and assessing the collectability of accounts receivable. The BCER's maximum exposure to credit risk is represented by the carrying amount of financial assets presented in the Statement of Financial Position.

Liquidity Risk - Liquidity risk is the risk the BCER will have difficulty in meeting its financial obligations when they come due. The BCER manages liquidity risk by continually monitoring and forecasting cash flows to identify potential financing requirements. The BCER does not believe that it will encounter difficulty meeting its obligations associated with financial liabilities.

Interest rate risk - Interest rate risk is the risk the BCER's investments will change in fair value due to future fluctuations in market interest rates. The BCER's investments are measured at cost. Income they generate varies as market interest rates vary. All other financial instruments are non-interest bearing. The BCER mitigates this risk by monitoring interest rates.