

Newfoundland Hardwoods Limited

Annual Report 2025-2026

Chairperson's Message

As Chairperson of the Board of Directors of Newfoundland Hardwoods Limited, I am pleased to present the Board's annual report for the fiscal year ending March 31, 2026, in accordance with the requirements of a Category 3 entity under the **Transparency and Accountability Act**. The report was prepared under the direction of the Board, which is accountable for the results reported herein.

Sincerely,



Sharlene Jones
Chairperson

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Overview

Newfoundland Hardwoods Limited was established as a Crown corporation in 1950 for the purpose of manufacturing liquid asphalt and the sale of chemically treated poles and timber to supply the needs of provincial customers. In 1995, the Provincial Government privatized Newfoundland Hardwoods Limited with the sale of its asphalt operations to Irving Oil Limited and Newfoundland and Labrador Asphalt Limited, and its pole and timber division to Wood Preservation Industries Limited.

Board of Directors

A Board of Directors is in place to deal with any outstanding issues that may arise with Newfoundland Hardwoods Limited. As of March 31, 2026, the Board of Directors consisted of the following provincial public service officials, serving by virtue of their positions:

- Heather Tizzard, Deputy Minister, Department of Jobs, Growth and Rural Development, Chairperson
- Julian Ludmer, Assistant Deputy Minister, Business and Innovation, Department of Jobs, Growth and Rural Development
- Taylor Parsons, Director, Business Analysis, Department of Jobs, Growth and Rural Development

Newfoundland Hardwoods Limited does not have dedicated staff; the Department of Jobs, Growth and Rural Development provides administrative support.

Mandate

Newfoundland Hardwoods Limited exists solely to manage any outstanding financial matters that may arise subsequent to the sale of its assets in 1995. This has included specific activities such as decommissioning of a storage tank in Clarenville, completed in December 2025.

Primary Clients

The Corporation does not deliver programs or services and therefore does not have a traditional client base. Its primary responsibility is to the Provincial Government, consistent with its mandate to manage residual assets and liabilities arising from former operations.

Vision

A prosperous Newfoundland and Labrador with a clean, innovative, and diversified economy capitalizing on the Province's resources and strategic advantages and supported by private sector investment and business growth across all regions of the province.

Highlights and Partnerships

In 2024-25, Newfoundland Hardwoods contracted Talon Energy Services to decommission the remaining storage tank at the former asphalt plant in the Town of Clarendville. This work included the removal of any contaminated materials it contained. In December 2025, Talon Energy Services completed this work.

Report on Performance

The Board's primary activity is an annual meeting to approve the audited financial statements and discuss any issues that may require the Board's attention. The Board reports on the following objective, through its annual reports, for each fiscal year of its 2023-26 Activity Plan. This is the final report on performance for this Plan.

2025-26 Objective:

By March 31, 2026, the Board will meet to approve its annual audited financial statements and discuss any outstanding issues.

Indicator:

- Audited financial statements reviewed and approved and any outstanding issues discussed.

Results:

The Board met on September 16, 2025 to:

- Review and approve the 2024-25 audited financial statements.
- Discuss progress made on the decommissioning and removal of the final tank in Clarendville, including work completed by Strum Consulting and Talon Energy Services in support of this effort.
 - The tank in Clarendville was subsequently removed in December 2025.

Opportunities and Challenges

Given its mandate to manage outstanding financial matters arising from the sale of its assets, the Corporation's activities are shaped by environmental and financial considerations related to former operations.

Opportunities

- **Progress toward mandate completion:** Decommissioning of the remaining storage tank in Clarendville in December 2025 advanced the resolution of key outstanding obligations and supports eventual wind-down.
- **Access to specialized expertise:** Contracted environmental and engineering services (e.g., Talon Energy Services, Strum Consulting) enable the Corporation to address technical requirements efficiently, without maintaining permanent capacity.

Challenges

- **Coordination of environmental assessment activities:** Properties associated with former operations may require Environmental Assessments, including coordination with third parties where lands are leased.
- **Uncertain remaining matters:** The timing and scope of any outstanding financial or administrative issues remain unpredictable.

Overall, progress made during 2025-26 has reduced outstanding risks; however, the Corporation must continue to address matters as they arise while working toward completion of its mandate.

Financial Information

Audited Financial Statements for the year end March 31, 2026, are provided below.

NEWFOUNDLAND HARDWOODS LIMITED

Financial Statements

Year Ended March 31, 2026

NEWFOUNDLAND HARDWOODS LIMITED

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Year Ended March 31, 2026

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QUINLAN BOLAND BARRETT

CPA PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Directors of Newfoundland Hardwoods Limited

Opinion

We have audited the financial statements of Newfoundland Hardwoods Limited (the "company"), which comprise the balance sheet as at March 31, 2026, and the statements of loss and deficit 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 company as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

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 company in accordance with 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.

Other Matter

The financial statements for the year ended March 31, 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 22, 2025.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company'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.

(continues)

QUINLAN BOLAND BARRETT

CPA PROFESSIONAL CORPORATION

Independent Auditor's Report to the Directors of Newfoundland Hardwoods Limited (*continued*)

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 company'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 company'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 company 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.



CHARTERED PROFESSIONAL ACCOUNTANTS

St. John's, Newfoundland and Labrador
September 25, 2026

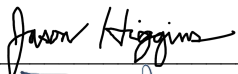
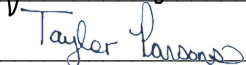
NEWFOUNDLAND HARDWOODS LIMITED

Balance Sheet March 31, 2026

	2026	2025
ASSETS		
Current		
Cash	\$ 172,263	\$ 1,009,436
Harmonized sales tax recoverable	-	3,299
	\$ 172,263	\$ 1,012,735
LIABILITIES AND DIRECTORS' EQUITY		
Current		
Accounts payable	\$ 5,500	\$ 2,500
Commitments (<i>Note 4</i>)	144,060	981,660
	149,560	984,160
Directors' equity		
Share capital		
Authorized:		
An unlimited number of common shares at no par value		
Issued:		
253 common shares	25,300	25,300
Retained earnings (deficit)	(2,597)	3,275
	22,703	28,575
	\$ 172,263	\$ 1,012,735

COMMITMENTS

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

See notes to financial statements

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Loss and Deficit

Year Ended March 31, 2026

	2026	2025
Revenues	\$ -	\$ -
Expenses		
Bank charges	72	83
Licenses and fees	110	100
Professional fees	5,950	3,650
	6,132	3,833
Loss from operations	(6,132)	(3,833)
Other income		
Interest income	260	-
Net loss for the year	(5,872)	(3,833)
Retained earnings - beginning of year	3,275	7,108
Retained earnings (deficit) - end of year	\$ (2,597)	\$ 3,275

See notes to financial statements

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
Operating activities		
Net loss	\$ (5,872)	\$ (3,833)
Changes in non-cash working capital:		
Contribution receivable	-	1,000,000
Harmonized sales tax	3,299	(86)
Provision for site remediation	(837,600)	(18,340)
Accounts payable	3,000	-
	(831,301)	981,574
Increase (decrease) in cash flow	(837,173)	977,741
Cash - beginning of year	1,009,436	31,695
Cash - end of year	\$ 172,263	\$ 1,009,436

See notes to financial statements

NEWFOUNDLAND HARDWOODS LIMITED

Notes to Financial Statements

Year Ended March 31, 2026

1. NATURE OF OPERATIONS

Newfoundland Hardwoods Limited (the Corporation) is a Crown Corporation established in 1950 under the Corporations Act. Initially the Corporation was established for the purpose of manufacturing liquid asphalt and the sale of chemically treated poles and timber. The Corporation sold its property, equipment and inventory in 1996 and ceased active operations at that date. Since 1996 the Corporation has been dealing with any and all matters that may arise subsequent to the sale.

Newfoundland Hardwoods Limited is classified as a category three entity under the Transparency and Accounting Act.

Newfoundland Hardwoods Limited is exempt from income taxes under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared by Management in accordance with Canadian Public Sector Accounting Standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

Cash and cash equivalents

Cash and Cash equivalents include cash on hand and balances with banks (net of overdrafts).

3. CONTINGENT LOSSES

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

4. COMMITMENTS

The Company has committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, all of these tanks have been removed and the costs of such have been reflected in these financial statements.

The Company dismantled and removed the final tank as at the balance sheet date and during the fiscal year ended March 31, 2026 and intends to complete an environmental site assessment subsequent to the balance sheet date and during fiscal year end March 31, 2027. The Company accrued a provision of \$1,000,000 in the year ended March 31, 2024 for this purpose of which \$144,060 remains.

5. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of Chartered Professional Accountants.