



1999

Annual Report

of

The Ontario Aggregate

Resources Corporation



2000

Representing the Aggregate Producers' Association of Ontario (APAO)

Richard OlsenChairman of the Board
Ken MacLeanVice-Chairman
Norm FlemingtonSecretary/Treasurer
Stan Lytle

Representing the Conservation Council of Ontario (CCO)

Tony Jennings

Representing the Conservation Authority & Municipal Interest

Allan Holmes

Representing the Aggregate Industry at large (Non APAO Members)

Gord Lavis

Representing the Ministry of Natural Resources (MNR) as an "Ex Officio Member"

Dick Hunter

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BOARD OF DIRECTORS

1999

Representing the Aggregate Producers' Association of Ontario (APAO)

Richard OlsenChairman of the Board
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THE ONTARIO AGGREGATE RESOURCES CORPORATION
1001 CHAMPLAIN AVENUE, SUITE 103, BURLINGTON, ONTARIO L7L 5Z4
TEL: (905) 319-7424 FAX: (905) 319-7423

June 2000

The Honourable John C. Snobelen
Minister of Natural Resources
90 Wellesley St. West
6th Floor, Whitney Block
Room 6630
Toronto, ON M7A 1W3

Dear Mr. Snobelen:

Pursuant to section 6.1(8) of the Aggregate Resources Act, 1990, (as amended) and Article 8.05 of the Trust Agreement between the Ministry of Natural Resources and the Corporation, I am pleased to submit the 1999 Annual Report of The Ontario Aggregate Resources Corporation.

This annual report includes audited financial statements for the Aggregate Resources Trust and The Ontario Aggregate Resources Corporation for the fiscal year ending December 31, 1999. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for the Abandoned Pits & Quarries Rehabilitation Fund.

Yours very truly,

Richard Olsen
Chairman of the Board



CHAIRMAN'S MESSAGE



On behalf of the Board of Directors, it is my pleasure to release the 1999 Annual Report of The Ontario Aggregate Resources Corporation. This third annual report for the Corporation includes the audited Financial Statements for the Aggregate Resources Trust and The Ontario Aggregate Resources Corporation for the fiscal year ending December 31, 1999.

The Ontario Aggregate Resources Corporation through an agreement with the Ministry of Natural Resources (Crown) acts as the Trustee for the Aggregate Resources Trust to implement the Trust purposes. In addition to the collection and disbursement of fees, the rehabilitation of land and research, the Trust purposes were expanded in 1999 to include:

- a) "the education and training of persons engaged in or interested in the management of the aggregate resources of Ontario, the operation of pits or quarries, or the rehabilitation of land from which aggregate has been excavated; and
- b) the gathering, publishing and dissemination of information relating to the management of the aggregate resources of Ontario, the control and regulation of aggregate operations and the rehabilitation of land from which aggregate has been excavated."

In fulfillment of the Trust purpose to "rehabilitate land where a licence or permit has been revoked..." a major rehabilitation project in the Township of Uxbridge was undertaken in 1999 with the co-operation of The Toronto and Region Conservation Authority, the Charles Sauriol Environmental Land Trust and The Conservation Foundation of Greater Toronto. This project helped the Conservation Authority extend the size of its Glen Major Resource Management Tract by approximately 38.7 hectares (95 acres).

The Board remains pleased with the pace of the rehabilitation efforts undertaken by the Management of Abandoned Aggregate Properties (MAAP) program that completed 16 projects in 1999 totaling 30.45 hectares (75.24 acres). The MAAP program is funded by the Trust through a portion of the fees paid by Ontario aggregate producers in designated areas and in 1999 expended approximately \$600,000 on rehabilitation and research projects.

The many stakeholders involved with the aggregate industry have much to gain through partnerships and co-operation. The Aggregate Resources Trust is an excellent example of how this can be accomplished.

Respectfully submitted,

Richard Olsen
Chairman of the Board





PRESIDENT'S MESSAGE



The Ontario Aggregate Resources Corporation has implemented a number of changes this past year to better service all stakeholders involved with the aggregate industry and to further implement the purposes of the Trust. Our staff has been strengthened with the addition of Rudy Vandewiele as Controller, Diane Cleveland as Executive Assistant and Linda Peterson as Database Supervisor. Mr. Stuart Thatcher has returned to his duties with the Ministry of Natural Resources and we thank him for his help in the formative days of the Corporation.

In 1999 the office of the Corporation was relocated to Burlington and coincidental with that move, the Corporation entered into new banking arrangements with the Bank of Nova Scotia. With the assistance of Scotiabank, the corporation implemented a direct payment procedure whereby licence and permit holders can now pay their fees at most chartered banks in Ontario. This program has vastly improved service to our clients and the overall management of the Corporation's collections.

During 1999 the Corporation collected approximately 8.8 million dollars in fees from 5,958 aggregate licensees and permittees. In turn, these monies were disbursed to lower tier municipalities (approximately 5.0 million dollars), upper tier municipalities (approximately 0.6 million dollars) and to the Crown (approximately 2.6 million dollars). A further 0.6 million dollars (approximately) was transferred to the Abandoned Pit & Quarry Fund which finances the rehabilitation and research efforts of the MAAP program.

To verify production statistics in 1999, the Corporation audited the tonnage reports of 155 licence accounts representing over 8 million tonnes of production. These audits were conducted in geographical areas including Kingston, Kemptville, Trenton, Belleville, Sudbury, Sault Ste. Marie, Brantford, London, Peterborough, Bowmanville and Brockville. No discrepancies in reporting were found.

While the Corporation increased spending this past year in fulfillment of the Trust purposes, the total Trust funds remained modestly higher at the end of 1999 compared to 1998. Significant expenditures included an additional \$237,000 on rehabilitation projects and over \$100,000 on completing inventories of abandoned aggregate sites in newly designated and other areas.

In 2000, our staff looks forward to working with all stakeholders in further implementing the Trust purposes.

Yours truly,



David J. Sterrett
President



MAAP PROGRAM BACKGROUND

In 1997 the Aggregate Producers' Association of Ontario (APAO), by way of agreement with The Ontario Aggregate Resources Corporation (TOARC), undertook the management of the Abandoned Pits and Quarries Rehabilitation program on behalf of the



Aggregate Resources Trust. Under APAO direction, the program operates as the Management of Abandoned Aggregate Properties program (MAAP).

Christopher McGuckin (Program Manager) and Sylvia Rennie (Program

Technician) manage the day-to-day operations of the program and are responsible for all field activities and construction. The general scope of work and proposed budget for each project is prepared by the MAAP staff and presented to The Ontario Aggregate Resources Corporations' Board of Directors (the Board) for approval. Construction contracts are awarded through a public tendering process that includes a mandatory pre-bid site meeting. MAAP Program staff prepares all tender documents and provides site supervision during construction, which is generally completed in the spring and fall of each year to take advantage of optimum growing conditions.

Site Selection:

Site selection is based on addressing the environmental, safety and aesthetic concerns associated with abandoned aggregate properties across the province. Based on the site inventories of abandoned properties and ongoing requests from interested landowners, a number of geographic areas are targeted each year to focus the program's resources in a cost-efficient manner. The owners of potential sites are contacted with regard to their participation in the Program. When landowner

consent has been obtained a list of sites along with a proposed budget and construction schedule is submitted to the Board for approval.

In 1999 the MAAP program contracted for a major update of abandoned site inventories to include areas recently designated in 1998 under the Aggregate Resources Act in the Districts of Algoma and Sudbury. The contract with GEO Enterprises Ontario (representing the Ministry of Northern Development and Mines) also included the improvement of the inventory database for the United Counties of Stormont, Dundas and Glengarry, the County of Grenville, the County of Elgin and the Regional Municipality of Halton. It is from these inventories that the MAAP program staff begin their site selection for each construction year.

1999 Research:

The study of fish habitat in abandoned aggregate properties that commenced in 1998, continues until



2003. Researchers from the Department of Fisheries and Oceans continued to monitor physical, chemical and biological conditions in each of the four study sites to establish baseline information. The information gathered will be used to determine

appropriate habitat improvements and to assess changes in the productivity of each system after the aquatic habitats have been modified. Habitat features will be installed at three of the study sites in the year 2000.

THE LIFE

OF AN

ABANDONED AGGREGATE

PROPERTY



**BEFORE
REHABILITATION**

- ▲ Location: Bruce County
Elderslie Township, Lot 26 & 27
Concession 14



**AFTER
REHABILITATION**

- ▲ Final land use: Agricultural pasture
Contractor: Wayne Schwartz Construction Ltd.
Cost: \$37,050

- ▼ Location: City of Burlington
Halton Region

- ▼ Final land use: Stone salvage and placement
Contractor: Arros Landscape Contractors Inc.
Cost: \$41,400



**BEFORE
REHABILITATION**



**AFTER
REHABILITATION**





▲ View of site prior to seeding and planting.



▲ Artist's concept of land art component of the rehabilitation of an abandoned aggregate pit in Wellington County, Guelph Township. 2.0 hectare site rehabilitated to a natural area. Contractor: Arros Landscape Contractors Inc. Contractor cost \$50,371.

MAAP PROGRAM OVERVIEW

The primary purpose of the Management of Abandoned Aggregate Properties (MAAP) Program is the rehabilitation of pits and quarries that were abandoned prior to December 31, 1989. Funding for MAAP comes from an annual licence levy of one half cent for every tonne of aggregate removed from licensed pits and quarries in designated areas of the Province.

OVERVIEW OF 1999 REHABILITATION PROJECTS:

In 1999, the MAAP Program undertook 16 projects resulting in the rehabilitation of 30.45 ha of land: 3% was rehabilitated to recreational area, 42% to natural area dryland, 52% to agricultural pasture and 3% to agricultural crop land. Rehabilitation projects took place in the following counties/regions:

- Bruce County
- Durham Region
- Grey County
- Lambton County
- Middlesex County
- Oxford County
- Peterborough County
- Regional Municipality of Halton
- Victoria County
- Wellington County

GLEN MAJOR RESOURCE MANAGEMENT TRACT



In 1999 the Board of Directors approved an expenditure of \$125,000 from the Rehabilitation Fund for the restoration of an aggregate property where the licence had been revoked. The former Timbers Brothers Sand and Gravel property in Uxbridge Township was left unrehabilitated following its useful life and The Ontario Aggregate Resources Corporation undertook to fund its rehabilitation in a partnership with other interested parties.

The Toronto and Region Conservation Authority purchased the site consisting of approximately 38.7 hectares (95 acres) of land with plans to incorporate it into their Glen Major holdings which substantially surrounded the property on three sides. The property represented a significant addition to the Authority's existing holdings of 1,164 hectares (2,877 acres). The Authority acquired the property with the assistance of the Charles Sauriol Environmental Land Trust and The Conservation Foundation of Greater Toronto under a partnership arrangement with private and corporate donors.

- On May 28th, 1999 a ceremony was held at the site to launch the start of the rehabilitation. Representatives from The Ontario Aggregate Resources Corporation, The Toronto and Region Conservation Authority, the Ministry of Natural Resources, the Township of Uxbridge, the Charles Sauriol Environmental Land Trust, The Conservation Foundation of Greater Toronto, James Dick Construction Limited and supportive neighbours were on hand for the ceremony. James Dick Construction Limited, the contractors for the restoration work, also donated considerable machine time above the value of the contract towards the project.
- The rehabilitation of this former gravel property is a good example of what can be accomplished with co-operative effort from those interested in maintaining the environment for the benefit of all.
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AGGREGATE RESOURCES TRUST

FINANCIAL STATEMENTS

December 31, 1999

AUDITORS' REPORT

To the Trustee of
Aggregate Resources Trust

We have audited the statement of financial position of the **Aggregate Resources Trust** as at December 31, 1999 and the statements of revenue and expenses and changes in fund balances and changes in financial position for the year then ended. These financial statements are the responsibility of the Administrator of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Trust derives revenue from aggregate resources charges to licensees and permittees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the tonnage reports submitted by these licensees and permittees and the amounts recorded in the records of the Trust and we were not able to determine whether any adjustments might be necessary to aggregate resources charges, current assets and trust funds, end of year.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the aggregate resources charges referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada,
February 9, 2000.

Ernst & Young LLP

Chartered Accountants



AGGREGATE RESOURCES TRUST

STATEMENT OF FINANCIAL

POSITION

AS AT DECEMBER 31	1999	1998
	\$	\$
ASSETS		
Current		
Cash and short-term investments	3,906,518	4,580,847
Due from Licensees and Permittees	63,147	107,444
Interest and dividends declared receivable	152,545	139,000
Prepaid expenses	10,062	5,744
Due from Minister of Natural Resources [note 1]	—	164,132
Due from The Ontario Aggregate Resources Corporation [note 1]	—	7,071
Total current assets	4,132,272	5,004,238
Investments, at cost [note 3]	9,820,593	10,132,414
Capital assets, net [note 4]	79,768	62,926
	14,032,633	15,199,578
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	128,126	36,637
Due to Licensees and Permittees [note 1]	12,436	279,828
Due to The Ontario Aggregate Resources Corporation [note 1]	172,737	—
Wayside permit deposits	213,258	176,172
Unearned aggregate resources charges	102,440	74,930
Due to Governments	211,171	1,477,636
Total current liabilities	840,168	2,045,203
Trust Funds		
Rehabilitation Fund	11,420,923	11,270,815
Abandoned Pits and Quarries Rehabilitation Fund	1,771,542	1,883,560
Total Trust Funds	13,192,465	13,154,375
	14,032,633	15,199,578

See accompanying notes

On behalf of the Trust by The Ontario Aggregate Resources Corporation as Trustee:



Director



Director

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■ **AGGREGATE RESOURCES TRUST**

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31	1999			
	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income	—	1,092,907	—	1,092,907
Aggregate resources charges	9,002,887	—	—	9,002,887
Publications	—	—	2,793	2,793
	9,002,887	1,092,907	2,793	10,098,587
EXPENSES				
Reimbursed expenses	—	741,756	—	741,756
Professional fees	—	—	25,339	25,339
Salaries and employee benefits	—	—	105,950	105,950
Depreciation	—	12,849	15,255	28,104
Management fees	—	63,194	—	63,194
Travel	—	—	9,713	9,713
Building rent, taxes and maintenance	—	—	9,226	9,226
Office	—	—	4,706	4,706
Advertising	—	—	2,334	2,334
Communication	—	—	5,252	5,252
Insurance	—	—	2,855	2,855
	—	817,799	180,630	998,429
Excess (deficiency) of revenue over expenses before the following	9,002,887	275,108	(177,837)	9,100,158
Allocated to the Governments	(8,337,694)	—	—	(8,337,694)
Allocated to the Crown [note 1]	(665,193)	(275,108)	—	(940,301)
Excess of expenses over revenue for the year	—	—	(177,837)	(177,837)
Trust Funds, beginning of year	—	11,270,815	1,883,560	13,154,375
Interfund transfer	(665,193)	—	665,193	—
Ministry of Natural Resources transfer [note 1]	—	—	—	—
Expenditures incurred in meeting the Trust purposes [schedule and note 1]	—	(125,000)	(599,374)	(724,374)
Allocated to the Crown [note 1]	665,193	275,108	—	940,301
Trust Funds, end of year	—	11,420,923	1,771,542	13,192,465

See accompanying notes

AGGREGATE RESOURCES TRUST

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31	1998			Total \$
	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	
REVENUE				
Investment income	—	1,113,872	—	1,113,872
Aggregate resources charges	8,727,262	—	—	8,727,262
	8,727,262	1,113,872	—	9,841,134
EXPENSES				
Reimbursed expenses	—	506,206	—	506,206
Professional fees	—	—	9,776	9,776
Salaries and employee benefits	—	—	110,855	110,855
Depreciation	—	19,185	6,665	25,850
Management fees	—	47,663	—	47,663
Travel	—	—	9,721	9,721
Building rent, taxes and maintenance	—	—	9,409	9,409
Office	—	—	15,051	15,051
Advertising	—	—	3,200	3,200
Communication	—	—	2,546	2,546
Insurance	—	—	3,254	3,254
	—	573,054	170,477	743,531
Excess (deficiency) of revenue over expenses before the following	8,727,262	540,818	(170,477)	9,097,603
Allocated to the Governments	(8,123,127)	—	—	(8,123,127)
Allocated to the Crown [note 1]	(604,135)	(540,818)	—	(1,144,953)
Excess of expenses over revenue for the year	—	—	(170,477)	(170,477)
Trust Funds, beginning of year	—	10,614,003	1,788,237	12,402,240
Interfund transfer	(604,135)	—	604,135	—
Ministry of Natural Resources transfer [note 1]	—	166,732	(2,600)	164,132
Expenditures incurred in meeting the Trust purposes [schedule and note 1]	—	(50,738)	(335,735)	(386,473)
Allocated to the Crown [note 1]	604,135	540,818	—	1,144,953
Trust Funds, end of year	—	11,270,815	1,883,560	13,154,375

See accompanying notes

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31	1999	1998
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	(177,837)	(170,477)
Add item not involving cash		
Depreciation	28,104	25,850
	(149,733)	(144,627)
Net change in non-cash working capital balances related to operations	(1,007,398)	(44,823,979)
Cash used in operating activities	(1,157,131)	(44,968,606)
INVESTING ACTIVITIES		
Purchase of capital assets	(44,946)	(52,725)
Sale (purchase) of investments	311,821	(1,924,875)
Cash provided by (used in) investing activities	266,875	(1,977,600)
FINANCING ACTIVITIES		
Ministry of Natural Resources transfer	—	164,132
Expenditures incurred in meeting the Trust purposes Allocated to the Crown	(724,374)	(386,473)
	940,301	1,144,953
Cash provided by financing activities	215,927	922,612
Net decrease in cash during the year	(674,329)	(46,023,594)
Cash and short-term investments, beginning of year	4,580,847	50,604,441
Cash and short-term investments, end of year	3,906,518	4,580,847

See accompanying notes



AGGREGATE RESOURCES TRUST

SCHEDULE OF REHABILITATION COSTS FOR THE ABANDONED PITS AND QUARRIES REHABILITATION FUND

YEAR ENDED DECEMBER 31

Project number	Project name	1999 Project Cost \$
97-06	Beare Pit, Hastings County	1,968
98-01	City of Stoney Creek Quarry, Regional Municipality of Hamilton Wentworth	2,695
98-02	Niagara Peninsula Conservation Authority Quarry, Regional Municipality of Niagara	1,388
98-03	Township of Middlesex County Pit, Middlesex County	1,311
98-04	Van Luven Pit, Frontenac County	2,727
98-06	South Simcoe - Dufferin Track and Field Club Pit, Simcoe County	3,884
99-01	Wolfe Pit, Bruce County	26,589
99-02	Fiss Pit, Bruce County	14,124
99-03	Rowbotham Pit, Grey County	15,740
99-04	Carson Pit, Grey County	10,807
99-05	Long Pit, Grey County	38,916
99-06	Kerncliffe Quarry, Regional Municipality of Halton	45,411
99-07	Grand River Conservation Authority Pit, Wellington County	63,032
99-08	Dunn Pit, Wellington County	32,068
99-09	Rock Glen Orchards Pit, Lambton County	7,640
99-10	Hodgins Pit, Middlesex County	13,942
99-11	Sprague Pit, Oxford County	12,173
99-12	Lee Pit, Victoria County	14,473
99-13	Rhamani Pit, Durham Region	11,228
99-14	Brackenridge Pit, Peterborough County	33,783
99-15	Onderisin Pit, Victoria County	22,272
99-16	Jackett / White Pit, Victoria County	30,103
	Abandoned Pit & Quarry Inventory Report	108,000
	Tendering, consulting and other	32,600
	Research costs	52,500
		599,374

See accompanying notes

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■ **AGGREGATE RESOURCES TRUST**

SCHEDULE OF REHABILITATION COSTS FOR THE ABANDONED PITS AND QUARRIES REHABILITATION FUND

YEAR ENDED DECEMBER 31

Project number	Project name	1998 Project Cost \$
97-01	Smith Pit, Derby Township	14,252
97-02	Stacey Pit, Elgin County	23,861
97-04	Becker Pit, Delhi Township	2,027
97-06	Beare Pit, Hastings County	17,714
97-11	Plaskett Pit, Bentinck Township	6,024
97-12	Beldman Pit, Bentinck Township	7,656
98-01	City of Stoney Creek Quarry, Regional Municipality of Hamilton Wentworth	24,255
98-02	Niagara Peninsula Conservation Authority Quarry, Regional Municipality of Niagara	13,683
98-03	Township of Middlesex Centre Pit, Middlesex County	11,797
98-04	Van Luven Pit, Frontenac County	12,923
98-05	Hastings and Prince Edward District School Board Quarry, Hastings County	28,600
98-06	South Simcoe - Dufferin Track and Field Club Pit, Simcoe County	34,957
98-07	Kostenbauer Pit, Regional Municipality of Durham	13,043
98-08	Fisico Pit, Regional Municipality of Durham	40,513
98-09	Cannon / Baxter Pit, Regional Municipality of Peel	21,668
98-10	Slovenlan Summer Camp Pit, Regional Municipality of Peel	21,099
	Tendering, consulting and other	8,269
	Research costs	33,394
		335,735

See accompanying notes



AGGREGATE RESOURCES TRUST NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999

1. FORMATION AND NATURE OF TRUST

Aggregate Resources Trust [the "Trust"] was settled by Her Majesty the Queen in Right of the Province of Ontario [the "Crown"] as represented by the Minister of Natural Resources [the "Minister"] for the Province of Ontario pursuant to Section 6.1(1) of the Aggregate Resources Act, R.S.O. 1990, Chap. A.8 as amended [the "Act"]. The Minister entered into a Trust Indenture dated June 27, 1997 [the "Trust Indenture"] with The Ontario Aggregate Resources Corporation ["TOARC"] appointing TOARC as Trustee of the Trust.

The Trust's goals are: [a] the rehabilitation of land for which a Licence or Permit has been revoked and for which final rehabilitation has not been completed; [b] the rehabilitation of abandoned pits and quarries, including surveys and studies respecting their location and condition; [c] research on aggregate resource management, including rehabilitation; [d] making payments to the Crown and to regional municipalities, counties and local municipalities in accordance with regulations made pursuant to the Act; [e] the management of the Abandoned Pits and Quarries Rehabilitation Fund; and [f] such other purposes as may be provided for by or pursuant to Section 6.1(2)5 of the Act.

In accordance with the Trust Indenture, TOARC administers the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. TOARC is a mere custodian of the assets of the Trust and all expenditures made by TOARC are expenditures of the Trust.

Prior to the creation of the Trust, the Trust's goals were pursued by the Minister and, separately, by the Aggregate Producers' Association of Ontario [the "APAO"]. Upon the creation of the Trust, rehabilitation security deposits held by the Crown, as represented by the Minister, were to be transferred to the Trust. In addition, the Crown directed the APAO to transfer, on behalf of the Crown, the Abandoned Pits and Quarries Rehabilitation Fund to the Trust. By December 31, 1999, the Minister and the APAO had transferred \$59,793,446 and \$933,485, respectively, to the Trust.

Pursuant to the Trust Indenture, TOARC "shall pay and discharge expenses properly incurred by it in carrying out and fulfilling the Trust purposes and the administration of the Trust . . ." [Section 7.02].

The Rehabilitation Fund represents the rehabilitation security deposits, contributed by Licensees and Permittees, held by the Crown and, in accordance with the Trust Indenture, transferred to the Trust. TOARC has been directed by the Minister to refund approximately 3,000 individual licensee and permittee accounts based on the formula of retaining \$500 per hectare disbursed on licences and 20% of the deposit amount for aggregate permits. As a result, during 1998 and 1999 the Trust refunded approximately \$48.7 million and an additional \$12,436 will be refunded when the Crown so directs. The balance of funds will be used to ensure the rehabilitation of land where licences and/or permits have been revoked and final rehabilitation has not been completed.

The Abandoned Pits and Quarries Rehabilitation Fund is for the rehabilitation of abandoned sites and related research. Abandoned sites are pits and quarries for which a licence or permit was never in force at any time after December 31, 1989.

The Aggregate Resources Fund is for the collection of the annual licences and wayside fees [aggregate resources charges]. The annual licence and wayside fees of \$0.06 per tonne are due by March 15, based on the previous year's production, and are disbursed within six months of receipt. The fees are disbursed as follows: [a] \$0.04 to the lower tier municipality, [b] \$0.005 to the upper tier municipality, [c] \$0.01 to the Crown, collectively [the "Governments"] and [d] \$0.005 to the Trust. The funds retained by the Trust from the Aggregate Resources Fund will be transferred within the Trust and used for the Abandoned Pits and Quarries Rehabilitation Fund. In addition, the Trust collects royalty payments and annual fees related to aggregate permits and also disburses the funds to the Crown within six months of receipt

The Trust Indenture permits TOARC to engage the APAO to incur costs associated with rehabilitation of abandoned pits and quarries to be reimbursed through the Trust's assets.

The Trust's expenses [or Trustee's expenses] are the amounts paid pursuant to Article 7.02 of the Trust Indenture in fiscal 1999.

AGGREGATE RESOURCES TRUST NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999

Pursuant to Section 4.01 of the Trust Indenture, the Trust's assets and the income and gains derived therefrom are property belonging to the Province of Ontario within the meaning of Section 125 of the Constitution Act, 1967 and, by reason of Section 7.01 of the Trust Indenture, the amounts paid by the Trustee pursuant to Article 7 are paid to or for the benefit of the Crown.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Trust have been prepared in accordance with generally accepted accounting principles within the framework of the significant accounting policies summarized as follows:

Revenue recognition

Aggregate resources charges are recognized upon receipt of a tonnage report from Licensees and Permittees. Aggregate resources charges are based on the tonnage produced in the preceding period by the Licensees and Permittees as reported by the Licensees and Permittees. If there is no production in the preceding period, an annual fee is recognized for Permittees.

Unearned revenue

Unearned revenue represents prepayments and overpayments of aggregate resources charges.

Capital assets

Capital assets are recorded at cost less accumulated depreciation. Depreciation is recorded to write off the cost of capital assets over their estimated useful lives on a straight-line basis as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Vehicle	4 years

During the year the estimated useful life of computer equipment was changed to three years.

Cash and short-term investments

The Trust defines cash and short-term investments as cash and short-term investments which are readily convertible into cash.

Investments

Investments consist of Government of Canada bonds, corporate bonds, Canadian and foreign equities. Investments are valued, on an aggregate basis, at the lower of cost and market value at the balance sheet date.

Financial instruments

The fair values of financial instruments approximate their carrying values except as otherwise disclosed in these financial statements. The fair value of investments are determined from quoted market prices.

3. INVESTMENTS

Investments consist of the following:

	1999		1998	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds				
Government of Canada	5,165,087	5,387,669	6,258,529	6,203,424
Corporate	1,276,793	1,344,938	1,246,936	1,205,938
Canadian equities	3,724,575	2,781,589	2,626,625	2,416,655
Foreign equities	495,268	306,397	454,673	306,397
	<u>10,661,723</u>	<u>9,820,593</u>	<u>10,586,763</u>	<u>10,132,414</u>

AGGREGATE RESOURCES TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999

The Government of Canada bonds bear interest at rates ranging from 5.5% to 7.5% per annum [1998 - 5.5% to 7.5%] with maturity dates ranging from March 1, 2001 to December 1, 2008.

The corporate bonds bear interest at rates ranging from 6.20% to 6.25% per annum [1998 - 6.2% to 6.3%] with maturity dates ranging from August 28, 2007 to July 16, 2012.

4. CAPITAL ASSETS

Capital assets consist of the following:

	1999			1998		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Computer equipment	46,702	21,244	25,458	23,480	7,044	16,436
Furniture and fixtures	74,600	34,542	40,058	54,031	27,541	26,490
Vehicle	27,820	13,568	14,252	26,665	6,665	20,000
	149,122	69,354	79,768	104,176	41,250	62,926

5. CHANGE IN ACCOUNTING POLICY

During 1998, the Trust changed its policy of accounting for capital assets from expensing the total cost of the capital assets in the year of purchase to capitalizing the cost and depreciating the capital assets over their estimated useful lives on a straight-line basis.

This change has been applied retroactively. The effect of the change from the year ended December 31, 1998 and the period ended December 31, 1997 was to increase the excess of revenue over expenses and capital assets for the year by \$26,875 and \$36,051, respectively.

6. YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date to the year 2000 has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Trust, including those related to customers, suppliers, or other third parties, have been fully resolved.

FINANCIAL STATEMENTS

December 31, 1999

AUDITORS' REPORT

To the Shareholder of
The Ontario Aggregate Resources Corporation

We have audited the balance sheet of The Ontario Aggregate Resources Corporation as at December 31, 1999 and the statement of operations and retained earnings for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada,
February 9, 2000.

Ernst & Young LLP

Chartered Accountants

THE ONTARIO AGGREGATE RESOURCES CORPORATION

BALANCE SHEET

AS AT DECEMBER 31	1999	1998
	\$	\$
ASSETS		
Cash	1	1
Due from Aggregate Producers' Association of Ontario	—	7,071
Due from Aggregate Resources Trust	172,737	—
	<u>172,738</u>	<u>7,072</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Due to Aggregate Resources Trust	—	7,071
Due to Aggregate Producers' Association of Ontario	172,737	—
Total liabilities	<u>172,737</u>	<u>7,071</u>
Shareholder's equity		
Share capital		
Authorized and issued 1 common share	1	1
Retained earnings	—	—
Total shareholder's equity	<u>1</u>	<u>1</u>
	<u>172,738</u>	<u>7,072</u>

See accompanying notes

On behalf of the Board:



Director



Director

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31

	1999	1998
	\$	\$
EXPENSES		
Salaries and employee benefits	331,900	234,408
Board expenses	8,948	16,297
Professional fees	234,619	106,331
Data processing	29,506	35,041
Travel	33,740	28,718
Communication	36,919	29,980
Office	30,742	27,831
Building rent, taxes and maintenance	29,545	18,576
Insurance	5,837	9,024
	741,756	506,206
Recovery of costs	(741,756)	(506,206)
Net income for the year	—	—
Retained earnings, beginning of year	—	—
Retained earnings, end of year	—	—

See accompanying notes



THE ONTARIO AGGREGATE RESOURCES CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1999

1. FORMATION AND NATURE OF OPERATIONS

The Ontario Aggregate Resources Corporation [the "Company"] was incorporated on February 20, 1997. The Company's sole shareholder is the Aggregate Producers' Association of Ontario [the "APAO"], a not-for-profit organization. The Company's sole purpose is to act as Trustee of the Aggregate Resources Trust [the "Trust"]. On June 27, 1997, the Company and Her Majesty the Queen in Right of the Province of Ontario [the "Crown"], as represented by the Minister of Natural Resources [the "Minister"], entered into a Trust Indenture, appointing the Company as Trustee of the Trust.

In accordance with the Indenture Agreement, the Company incurs administrative expenses as Trustee of the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. All costs incurred by the Company on behalf of the Trust are reimbursed from the Trust's assets.

The Trust's assets managed by the Company, amounting to approximately \$13.2 million, are not included in the accompanying balance sheet. The beneficial owner of the Trust's assets is the Crown.

2. LEASE COMMITMENTS

The future minimum annual lease payments in aggregate and over the next five years and thereafter are as follows:

	\$
2000	35,100
2001	36,000
2002	36,800
2003	37,700
2004 and thereafter	28,800
	174,400

3. STATEMENT OF CHANGES IN FINANCIAL POSITION

A separate statement of changes in financial position has not been presented as cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

4. YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date to the year 2000 has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.

PROFESSIONAL ASSISTANCE

Banking Institution

The Bank of Nova Scotia

Investment Managers

BMO Harris Investment Management Inc.

Auditors

Ernst & Young LLP

Legal Counsel

Blake, Cassels & Graydon LLP

Shareholder

Aggregate Producers' Association of Ontario



**The Ontario Aggregate
Resources Corporation**

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