



ANNUAL REPORT 2001

BOARD OF DIRECTORS



2002

REPRESENTING THE AGGREGATE PRODUCERS' ASSOCIATION OF ONTARIO (APAO)

Ken MacLean, CHAIRMAN OF THE BOARD

Norm Flemington, SECRETARY/TREASURER

Stan Lytle

Marcel Ethier

REPRESENTING THE CONSERVATION COUNCIL OF ONTARIO (CCO)

Tony Jennings

REPRESENTING THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO (AMO)

Carol Seglins

REPRESENTING THE AGGREGATE INDUSTRY AT LARGE (NON APAO)

Gord Lavis

REPRESENTING THE MINISTRY OF NATURAL RESOURCES (MNR) AS AN "EX OFFICIO MEMBER"

George Ross

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George Ross



June 20, 2002

The Honourable Jerry J. Ouellette
Minister of Natural Resources
6th Floor, Rm. 6630
Whitney Block, 99 Wellesley St. W.
Queen's Park
Toronto, ON M7A 1W3

Dear Mr. Ouellette:

On behalf of the Board of Directors, I am pleased to submit the 2001 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, 2001. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the MAAP program in 2001 (formerly the Abandoned Pits & Quarries Rehabilitation Fund). The report also contains information on various initiatives undertaken by the Corporation in pursuit of Trust objectives.

Yours truly,

Ken MacLean
Chairman of the Board

CHAIRMAN'S MESSAGE

2001



The release of this annual report marks the fifth anniversary of the creation of the Aggregate Resources Trust (the Trust). The Trust was established in 1997 by amendment to the Aggregate Resources Act and created a working partnership between the Ministry of Natural Resources (MNR) and the aggregate industry; a partnership designed to better manage certain aspects of the delivery of much needed aggregates to the Province's construction industry.

The Aggregate Producers' Association of Ontario, through an agreement with the MNR, created The Ontario Aggregate Resources Corporation (TOARC) to act as trustee (of the Trust) and provide those services designated as Trust responsibilities in the Aggregate Resources Act. Since the inception of this partnership TOARC has been collecting aggregate licence and permit fees, among other aggregate resources charges, and disbursing the money collected to provincial, regional and local government.

The Trust has funded a number of research projects related to aggregate management and rehabilitation, has underwritten a student design competition to promote careers in restoration management and has funded the restoration of two major sites that were not properly rehabilitated by their former operators. These initiatives are in addition to the extensive rehabilitation efforts of the MAAP program that restores 15 to 20 abandoned sites each year at no cost to landowners.

The financial affairs of the Trust and TOARC for the year ended December 31, 2001 are presented in the audited financial statements that are included in this annual report. The Board of Directors has undertaken stringent measures with the assistance of Ernst & Young Investment Advisers Inc. to assure the Trust assets are well managed for the benefit of all stakeholders.

After five years, the Trust remains an outstanding example of how partnerships can improve the delivery of services to all stakeholders associated with the aggregate industry. Much of the thanks goes to the Board of Directors who represent a broad cross section of interests but who work together for a common purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "K. MacLean". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ken MacLean

Chairman of the Board

PRESIDENT'S MESSAGE

2001



Total aggregate production from all sources for 2000 increased to an estimated 171 million tonnes, an 8.9% increase over the 157 million tonnes reported a year earlier. Various aggregate resource charges were collected on 156 million tonnes of that production compared to 143 million tonnes in the previous period. This increase in production resulted in the disbursement of approximately \$10.1 million in fees and royalties in 2001 compared to \$9.2 million in 2000.

Local municipalities received approximately \$5.9 million from fees, while counties and regions received \$750,000. Another \$750,000 was disbursed to the MAAP program for the rehabilitation of abandoned pits and quarries and the Province received approximately \$1.5 million as their share of licence fees. The Province received an additional \$1.2 million from permit fees and royalties paid on Crown property.

The Corporation invested further in the management of the Trust assets this past year through the engagement of Ernst & Young Investment Advisors Inc. (E&Y). The main purpose of E&Y's engagement is to benchmark the performance of the Corporation's investment managers to assure that the Trust is achieving the best available return on its assets. The Board provided further focus to its fiduciary responsibilities by adopting a Statement of Investment Policies and Guidelines and a Governance Plan for Asset Management.

Since creation of the Trust, the Ministry of Natural Resources has revoked approximately 43 licenses and 37 permits. The Corporation undertook a complete inventory of these properties in 2001 to better understand what role the Trust would play in rehabilitating these sites. The Trust substantially completed its restoration work at the Timber's site in 2001 with only some minor work remaining for this year.

The auditing of production reporting continued in 2001 as part of the quality assurance program for the recipients of the aggregate resource charges. The firm of BDO Dunwoody LLP has been engaged to help broaden that program for future periods. Slightly over \$120,000 was collected in 2001 as a result of the audit program.

Investment income for 2001 fell by almost half of what it was the previous year. In 2000, BMO Harris Investment Management Inc., the Trust's investment managers, took advantage of strong equity markets to lock in capital gains that cannot be expected on an annual basis. Notwithstanding the slowing of returns over the previous period, the Trust assets grew by just over \$422,000 for the period.

Yours truly,

A handwritten signature in black ink that reads "David J. Sterrett".

David J. Sterrett

President

MAAP PROGRAM OVERVIEW

(1)

(2)





The MAAP Program is focused on the rehabilitation and research of pits and quarries that were abandoned prior to January 1, 1990. MAAP is funded by the aggregate industry through a portion (1/2 cent) of the annual 6-cent per tonne licence levy, as prescribed in the regulations of the Aggregate Resources Act. The program, formerly administered by the Ministry of Natural Resources (MNR), was transferred to the Aggregate Resources Trust when it was created in 1997. The Aggregate Producers' Association of Ontario (APAO) now administers the program on behalf of the Trust by way of an agreement with the Trustee, The Ontario Aggregate Resources Corporation (TOARC).

Over \$2.5 million has been spent on rehabilitating abandoned pits since the program's inception in 1990 and over 200 hectares of land have been improved at an average cost of approximately \$12,500 per hectare. The majority of sites have been rehabilitated to productive agricultural land and natural areas and several were restored to recreational areas.



**CHRIS MCGUCKIN
TAKES UP NEW POSITION**

Christopher McGuckin, Manager of the MAAP program has taken up a new position as Resource Manager for the Construction Materials Group of Lafarge Canada Inc. The Board would like to thank Christopher for his time spent with the MAAP program and in particular for his many successes in changing the landscape of Ontario. Chris brought many innovative ideas to the job of rehabilitating abandoned pits and quarries across the province. George Antoniuk, a landscape architect most recently with the City of Vaughan, will replace Chris. The Board extends best wishes to both Chris and George in their new positions.

(1) Naturalization of an abandoned aggregate pit located in Puslinch Township, Wellington County. Two hundred native tree seedlings were planted to naturalize the area.
Top Image : Before, Bottom Image: After

(2) Naturalization of privately-owned abandoned aggregate pit located in West Grey Township (formerly Normanby Township), Grey County. Rehabilitation efforts involved regrading the steep, high faces to a safer, stable condition and revegetating the site. Two hundred native tree seedlings were planted to help naturalize the area.
Top Image : Before, Bottom Image: After

MAAP PROGRAM OVERVIEW

(A)



(B)





REHABILITATION OVERVIEW

In 2001, over 25 hectares of land were rehabilitated at a total cost of \$319,932. The majority of the selected sites were rehabilitated to natural areas (79%), and the remaining were rehabilitated to agricultural land (16%) and recreational areas (5%). The average size of site was approximately 1.2 hectares. Projects took place in The City of Greater Sudbury/Sudbury District (7 sites), Simcoe County (5 sites), Dufferin County (3 sites), Grey County (3 sites), The City of Hamilton (1 site) and Wellington County (1 site). 2001 also saw the completion of the land-art rehabilitation project in Wellington County that began in 1999.

2001 was also the year for partnerships. MAAP successfully pursued several partnership opportunities with various levels of government as well as two conservation authorities, the Niagara Escarpment Commission, a golf club and a recreational community club. Through these partnerships, MAAP was able to create safer, more productive landscapes and also get involved in some unique rehabilitation efforts including the establishment of an oak savanna plant community in The City of Hamilton, the creation of a tobogganing hill in The City of Greater Sudbury and the enhancement of a portion of forest within the Simcoe County forest system.

RESEARCH OVERVIEW

Aquatic habitat was improved at an abandoned aggregate pond near Stratford as a continuation of a research study funded by MAAP and being carried out by the Federal Department of Fisheries and Oceans. This study is investigating the affect of habitat manipulation on fish populations in abandoned aggregate ponds. An interim report of the study is available from the MAAP office by calling (905) 507-2522.

(A) 2001 saw the completion of the land-art project that MAAP began in 1999 at an abandoned aggregate pit located in Guelph Township, Wellington County and owned by the Grand River Conservation Authority. "Wind Would Weigh" was created by artists Noel Harding and Ian Lazarus and attests to the fact that rehabilitation can be creative and meaningful.

(B) Aquatic habitat enhancement project in an abandoned pit pond located in South Perth Township (formerly Downie Township), Perth County. This study investigates the role of aquatic habitat in shaping fish communities.

TIMBERS RESTORATION PROJECT

The Trust is pleased to report that work on the Timbers property in Uxbridge Township was substantially completed in 2001. The Timbers property, a former sand and gravel pit, was acquired by the Toronto and Region Conservation Authority (TRCA) in 1999. The rehabilitation of the property was undertaken by the Trust because the licence on the property had been revoked and the former licensee, Timbers Brothers Sand & Gravel, failed to complete the restoration of the pit.

Under an initial arrangement with the TRCA in 1999, the Trust spent \$125,000 to have the site rough graded. An additional \$150,000 was committed in 2000/2001 towards vegetating the slopes to promote stabilization and manage surface water runoff. The TRCA will continue on with a long-term program of additional vegetation and tree planting to integrate the site into their existing Glen Major holdings that substantially surround the property.

Rehabilitation sequence



AGGREGATE RESOURCES TRUST
FINANCIAL STATEMENTS

December 31, 2001

AUDITORS' REPORT

To the Trustee of Aggregate Resources Trust

We have audited the statement of financial position of Aggregate Resources Trust as at December 31, 2001 and the statements of revenue and expenses and changes in fund balances and cash flows 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 Canadian 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, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hamilton, Canada,

February 1, 2002.



Chartered Accountants

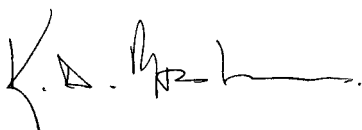
AGGREGATE RESOURCES TRUST

Statement of Financial Position

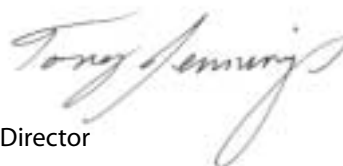
AS AT DECEMBER 31	2001	2000
	\$	(Restated – note 5) \$
ASSETS		
Current		
Cash and short-term investments	1,368,467	1,967,509
Due from Licensees and Permittees	33,966	62,829
Interest and dividends declared receivable	125,346	134,071
Prepaid expenses	13,790	10,173
Total current assets	1,541,569	2,174,582
Investments, at cost [note 3]	14,055,580	12,811,603
Capital assets, net [note 4]	138,189	73,259
	15,735,338	15,059,444
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	116,995	150,228
Due to Licensees and Permittees [note 1]	6,693	6,693
Due to The Ontario Aggregate Resources Corporation [note 1]	37,626	53,705
Wayside permit deposits	110,222	153,048
Unearned aggregate resources charges	388,450	45,270
Due to Governments	111,216	109,337
Total current liabilities	771,202	518,281
Trust Funds		
Rehabilitation Fund [note 5]	12,520,707	12,372,670
Abandoned Pits and Quarries Rehabilitation Fund [note 5]	2,443,429	2,168,493
Total Trust Funds	14,964,136	14,541,163
	15,735,338	15,059,444

See accompanying notes

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



Director



Director

AGGREGATE RESOURCES TRUST

Statement of Revenue and Expenses and Changes in Fund Balances

	2001			
	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits & Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income [note 3 & 5]	239,833	648,631	105,630	994,094
Aggregate resources charges	10,279,645	—	—	10,279,645
Publications	—	901	2,878	3,779
Gain on disposal of capital assets	—	4,340	—	4,340
	10,519,478	653,872	108,508	11,281,858
EXPENSES				
Reimbursed expenses	—	543,979	—	543,979
Salaries and employee benefits	—	—	125,242	125,242
Depreciation	—	33,579	17,141	50,720
Investment Management fees	—	57,053	9,612	66,665
Travel	—	—	10,687	10,687
Building rent, taxes and maintenance	—	—	12,979	12,979
Office	—	—	4,900	4,900
Advertising	—	—	1,696	1,696
Communication	—	—	3,464	3,464
Insurance	—	—	2,314	2,314
	—	634,611	188,035	822,646
Excess (deficiency) of revenue over expenses before the following	10,519,478	19,261	(79,527)	10,459,212
Allocated to the Governments	(9,528,440)	—	—	(9,528,440)
Allocated to the Crown [note 1]	(991,038)	(19,261)	—	(1,010,299)
Excess of expenses over revenue for the year	—	—	(79,527)	(79,527)
Trust Funds, beginning of year	—	12,372,670	2,168,493	14,541,163
Funds reinvested by the Crown [note 1]	991,038	19,261	—	1,010,299
Interfund transfer	(991,038)	239,833	751,205	—
Expenditures incurred in meeting the Trust purposes [schedules and note 1]	—	(111,057)	(396,742)	(507,799)
Trust Funds, end of year	—	12,520,707	2,443,429	14,964,136

See accompanying notes

AGGREGATE RESOURCES TRUST

Statement of Revenue and Expenses and Changes in Fund Balances

FOR THE YEAR ENDED DECEMBER 31		2000		
<i>(Restated – note 5)</i>				
	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits & Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income <i>[note 3 & 5]</i>	256,629	1,414,164	196,801	1,867,594
Aggregate resources charges	9,418,623	—	—	9,418,623
Publications	—	23	2,211	2,234
Gain on disposal of capital assets	—	2,484	—	2,484
	9,675,252	1,416,671	199,012	11,290,935
EXPENSES				
Reimbursed expenses	—	487,061	—	487,061
Salaries and employee benefits	—	—	119,116	119,116
Depreciation	—	20,422	15,759	36,181
Investment Management fees	—	52,425	7,106	59,531
Travel	—	—	9,901	9,901
Building rent, taxes and maintenance	—	—	10,784	10,784
Office	—	—	3,773	3,773
Advertising	—	—	1,452	1,452
Communication	—	—	4,974	4,974
Insurance	—	—	2,108	2,108
	—	559,908	174,973	734,881
Excess of revenue over expenses before the following	9,675,252	856,763	24,039	10,556,054
Allocated to the Governments	<i>(8,736,846)</i>	—	—	<i>(8,736,846)</i>
Allocated to the Crown <i>[note 1]</i>	<i>(938,406)</i>	<i>(856,763)</i>	—	<i>(1,795,169)</i>
Excess of revenue over expenses for the year	—	—	24,039	24,039
Trust Funds, as previously reported	—	11,543,333	1,771,542	13,314,875
Prior period adjustment <i>[note 5]</i>	—	<i>(206,379)</i>	206,379	—
Trust Funds, as restated	—	11,336,954	1,977,921	13,314,875
Funds reinvested by the Crown <i>[note 1]</i>	938,406	856,763	—	1,795,169
Interfund transfer	<i>(938,406)</i>	256,629	681,777	—
Expenditures incurred in meeting the Trust purposes <i>[schedules and note 1]</i>	—	<i>(77,676)</i>	<i>(515,244)</i>	<i>(592,920)</i>
Trust Funds, end of year	—	12,372,670	2,168,493	14,541,163

See accompanying notes

AGGREGATE RESOURCES TRUST

Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31	2001	2000
	\$	(Restated – note 5) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	(79,527)	24,039
Add items not involving cash		
Depreciation	50,720	36,181
Gain on disposal of capital assets	(4,340)	(2,484)
	(33,147)	57,736
Net change in non-cash working capital balances related to operations	286,892	(303,206)
Cash provided by (used in) operating activities	253,745	(245,470)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(120,810)	(30,930)
Proceeds on disposal of capital assets	9,500	3,742
Purchase of investments	(3,959,682)	(10,652,200)
Sale of investments	2,715,705	7,661,190
Cash used in investing activities	(1,355,287)	(3,018,198)
CASH FLOWS FROM FINANCING ACTIVITIES		
Expenditures incurred in meeting the Trust purposes	(507,799)	(592,920)
Allocated to the Crown	1,010,299	1,795,169
Cash provided by financing activities	502,500	1,202,249
Net decrease in cash during the year	(599,042)	(2,061,419)
Cash and short-term investments, beginning of year	1,967,509	4,028,928
Cash and short-term investments, end of year	1,368,467	1,967,509

See accompanying notes

AGGREGATE RESOURCES TRUST

Schedule of Rehabilitation Costs for the Rehabilitation Fund

FOR THE YEAR ENDED DECEMBER 31		2001
Project number	Project name	Paid or Payable \$
99-01	Timbers Brothers Pit, Durham Region	92,419
	Tendering, consulting and other	4,638
	Research costs	14,000
		111,057

FOR THE YEAR ENDED DECEMBER 31		2000
Project number	Project name	Paid or Payable \$
99-01	Timbers Brothers Pit, Durham Region	54,855
00-01	Gord Ellis Pit, Peterborough County	19,854
	Tendering, consulting and other	2,967
		77,676

See accompanying notes

AGGREGATE RESOURCES TRUST

**Schedule of Rehabilitation Costs
for the Abandoned Pits and Quarries
Rehabilitation Fund**

FOR THE YEAR ENDED DECEMBER 31		2001
Project number	Project name	Paid or Payable \$
00-14	Dobson Pit, Renfrew County	312
01-01	Elgie Pit, Dufferin County	9,924
01-02	Township of Mulmur Pit, Dufferin County	11,920
01-03	Redpath Pit, Dufferin County	32,507
01-04	GRCA Pit, Wellington County	14,338
01-05	Shantz Pit, Grey County	13,322
01-06	Wells Pit, Grey County	18,297
01-07	Monaco Pit, Grey County	24,664
01-08	DFO Structures, Perth County	9,095
01-09	HRCA Pit, Regional Municipality Hamilton-Wentworth	27,285
01-10	Schumacher Pit, Simcoe County	15,927
01-11	Township of Tiny Pit, Simcoe County	9,355
01-12	County of Simcoe Pit, Simcoe County	28,344
01-13	County of Simcoe Pit, Simcoe County	6,935
01-14	McLaughlin Pit, Simcoe County	10,707
01-15	Malette / Sporny Pit, The City of Greater Sudbury	25,145
01-16	Dupuis Pit, The City of Greater Sudbury	14,124
01-17	Falconbridge Pit, The City of Greater Sudbury	14,980
01-18	Rollins Pit, The City of Greater Sudbury	15,654
01-19	Guthrie / Crown Pit, Sudbury District	22,256
01-20	Leblanc / Kingsley Pit, The City of Greater Sudbury	9,630
01-21	Rinta / Pepin Pit, Sudbury District	7,918
	Tendering, consulting and other	17,603
	Research costs	36,500
		396,742

See accompanying notes

AGGREGATE RESOURCES TRUST

**Schedule of Rehabilitation Costs
for the Abandoned Pits and Quarries
Rehabilitation Fund**

FOR THE YEAR ENDED DECEMBER 31		2000
Project number	Project name	Paid or Payable \$
00-01	DFO structures, Hastings County, and Regional Municipality of York	16,650
00-02	Guelph Lake, Wellington County	11,185
00-03	Bayham Pit, Huron County	63,023
00-04	Rowley Pit, Huron County	21,454
00-05	Wiersma Pit, Huron County	21,454
00-06	Richmond Pit, Huron County	30,602
00-07	Bray Pit, Huron County	18,618
00-08	Siertsema Pit, Huron County	14,499
00-09	Cardiff Pit, Huron County	15,440
00-10	Mahood Pit, Lanark County	19,421
00-11	Bradley Pit, Lanark County	29,540
00-12	Donahue Pit, Renfrew County	16,130
00-13	Raddatz Pit, Renfrew County	26,103
00-14	Dobson Pit, Renfrew County	8,325
00-15	Crozier Pit, Renfrew County	18,142
00-16	Eady Pit, Renfrew County	33,491
00-17	Durack Pit, Renfrew County	75,623
	Tendering, consulting and other	39,044
	Research costs	36,500
		515,244

See accompanying notes

AGGREGATE RESOURCES TRUST

Notes to Financial Statements

December 31, 2001

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 1999 the Trust's purposes were expanded by amendment to the Trust Indenture 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 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 licenses and 20% of the deposit amount for aggregate permits. As a result, the Trust has refunded approximately \$48.6 million and an additional \$6,693 will be refunded when the Crown so directs. The balance of funds will be used to ensure the rehabilitation of land where licenses 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 licence and permit fees, royalties, and wayside permit fees [aggregate resources charges]. The annual licence and wayside fees of \$0.06 per tone 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 and 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.

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, 1867 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.

AGGREGATE RESOURCES TRUST

Notes to Financial Statements

December 31, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Trust have been prepared in accordance with Canadian 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
Vehicles	3 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 is determined from quoted market prices.

3. INVESTMENTS

INVESTMENTS CONSIST OF THE FOLLOWING:

	2001		2000	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds				
Government of Canada	6,000,721	5,755,449	6,348,558	6,228,719
Corporate	2,688,974	2,585,910	2,551,390	2,533,085
Canadian equities	4,055,728	3,190,910	3,635,123	2,819,781
Foreign equities	2,244,255	2,523,311	1,124,369	1,230,018
	14,989,678	14,055,580	13,659,440	12,811,603

The Government of Canada bonds bear interest at rates ranging from 4.875% to 6.50% per annum [2000 - 4.875% to 7.25%] with maturity dates ranging from June 1, 2004 to June 1, 2029.

The corporate bonds bear interest at rates ranging from 6.25% to 6.50% per annum [2000 - 6.25% to 6.625%] with maturity dates ranging from April 14, 2010 to July 16, 2012.

INVESTMENT INCOME IS BROKEN DOWN AS FOLLOWS:

	2001 \$	2000 \$
Interest income	828,606	884,437
Dividends	112,820	88,257
Capital gains (loss) [net]	52,775	895,111
Foreign exchange gain (loss) [net]	(1,661)	(1,139)
Other income	1,554	928
	994,094	1,867,594

AGGREGATE RESOURCES TRUST

Notes to Financial Statements

December 31, 2001

4. CAPITAL ASSETS

CAPITAL ASSETS CONSIST OF THE FOLLOWING:

	2001			2000		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Computer equipment	90,829	57,028	33,801	69,784	37,689	32,095
Furniture and fixtures	103,940	58,913	45,027	78,455	44,589	33,866
Vehicles	75,090	15,729	59,361	27,820	20,522	7,298
	269,859	131,670	138,189	176,059	102,800	73,259

5. PRIOR PERIOD ADJUSTMENT

The comparative figures have been restated to retroactively reflect a change in the Board of Directors' accounting policy for allocating investment income and investment expenses between the Trust's three funds. Investment income and investment expenses are now allocated to the funds on a weighted-average basis. The retroactive effect of this change on the opening fund balances for 2000 was to increase the Abandoned Pits and Quarries Rehabilitation Fund and decrease the Rehabilitation Fund by \$206,379.

THE ONTARIO AGGREGATE RESOURCES CORPORATION
FINANCIAL STATEMENTS

December 31, 2001

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, 2001 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 Canadian 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, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Hamilton, Canada,

February 1, 2002.



Chartered Accountants

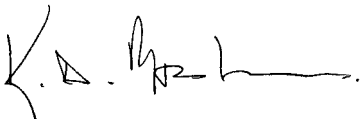
THE ONTARIO AGGREGATE RESOURCES CORPORATION

Balance Sheet

AS AT DECEMBER 31	2001	2000
	\$	\$
ASSETS		
Cash	1	1
Due from Aggregate Resources Trust	37,626	53,705
	37,627	53,706
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Due to Aggregate Producers' Association of Ontario	37,626	53,705
Total liabilities	37,626	53,705
Shareholder's equity		
Share capital		
Authorized and issued		
1 common share	1	1
Retained earnings	—	—
Total shareholder's equity	1	1
	37,627	53,706

See accompanying notes

On behalf of the Board:



Director



Director

Statement of Operations and Retained Earnings

FOR THE YEAR ENDED DECEMBER 31	2001	2000
	\$	\$
EXPENSES		
Salaries and employee benefits	335,071	315,047
Board expenses	6,038	5,160
Professional fees	61,827	50,484
Data processing	16,700	9,048
Travel	31,490	14,756
Communication	28,457	26,114
Office	21,457	25,298
Building rent, taxes and maintenance	37,444	35,956
Insurance	5,495	5,198
	543,979	487,061
Recovery of costs	(543,979)	(487,061)
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

December 31, 2001

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 \$15.0 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 three years are as follows:

	\$
2002	36,800
2003	37,700
2004	28,800
	103,300

3. STATEMENT OF CASH FLOWS

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

PROFESSIONAL ASSISTANCE



BANKING INSTITUTION

The Bank of Nova Scotia

INVESTMENT MANAGERS

BMO Harris Investment Management Inc.

AUDITORS

BDO Dunwoody LLP

LEGAL COUNSEL

Blake, Cassels & Graydon LLP

INVESTMENT ADVISORS

Ernst & Young Investment Advisors Inc.

SHAREHOLDER

Aggregate Producers' Association of Ontario

THE ONTARIO AGGREGATE RESOURCES CORPORATION

1001 CHAMPLAIN AVENUE, SUITE 103, BURLINGTON, ON L7L 5Z4
TEL. (905) 319-7424 FAX. (905) 319-7423