

**ANNUAL
REPORT
20
02**



BOARD OF DIRECTORS

20
03

REPRESENTING THE AGGREGATE PRODUCERS' ASSOCIATION OF ONTARIO (APAO)

Marcel Ethier, Chairman of the Board
Norm Flemington, Secretary/Treasurer
Stan Lytle
Bill Galloway

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"

Ron Running

20
02

REPRESENTING THE AGGREGATE PRODUCERS' ASSOCIATION OF ONTARIO (APAO)

Ken MacLean, Chairman of the Board
Norm Flemington, Secretary/Treasurer
Stan Lytle
Marcel Ethier

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George Ross





June 23, 2003

The Honourable Jerry J. Ouellette
Minister of Natural Resources
Whitney Block
6th Floor, Room 6630
99 Wellesley St. West
Toronto, ON M7A 1W3

Dear Mr. Ouellette:

On behalf of the Board of Directors, I am pleased to submit the 2002 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, 2002. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the MAAP program in 2002 (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,

Marcel Ethier
Chairman of the Board

CHAIRMAN'S MESSAGE

2002

I am pleased to release this sixth annual report on the activities of the Aggregate Resources Trust and its financial affairs. The Trust was established in 1997 to administer and direct certain programs related to the management of Ontario's aggregate industry that were formerly administered by the Ministry of Natural Resources. Specifically, the Abandoned Pits and Quarries Rehabilitation Fund (now the MAAP program), the collection and disbursement of aggregate resources charges (license and permit fees, etc.), research and education on aggregate issues and, most importantly, to facilitate the rehabilitation of pits or quarries where licenses or permits are revoked.

One of the innovative features about the establishment of the Trust and The Ontario Aggregate Resources Corporation (as trustee) is the fact that they deliver their services on a self-financing basis. The taxpayer is off the hook! The Trust assets were established from a portion of the aggregate operators' rehabilitation deposits, formerly held by the MNR, and the Trust pays for its programs from the investment earnings from this money. The Trust assets have not been unaffected by the difficult investment climate of the past few years. However, the asset base is secure thanks in large part to prudent spending decisions by the Board and solid advice from our financial managers.

In 2002 the Board moved to underwrite a most interesting research project on alvars that will be carried out under the direction of Dr. Doug Larson from the University of Guelph (Doug describes the research project elsewhere in this annual report). Alvars are natural plant communities that exist in harsh environments associated with shallow soils over limestone bedrock. Depleted aggregate quarries may have the potential for becoming a refuge for alvar plant communities after the cessation of mining. This multi-year project with funding of over \$215,000 from the Trust will provide answers that will be helpful to quarry operators looking for innovative ways to rehabilitate quarry floors. The Natural Sciences and Engineering Research Council of Canada (NSERC) has approved the project for matching grants, which will allow for greater experimentation in plantings and longer term monitoring of the results. A number of students will benefit from the research activity this project will generate.

This year concludes my role as chairman and a member of the Board and I would like to repeat my belief that the Trust remains an outstanding vehicle for creating partnerships that can improve the delivery of services to all stakeholders associated with the aggregate industry. I would like to welcome Mr. Marcel Ethier to the position of chairman for 2003 and know that he will find the experience as rewarding as I did.

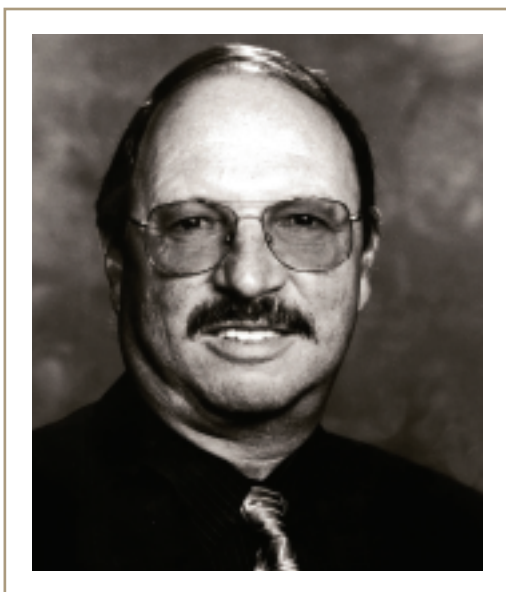
Respectfully submitted,



Ken MacLean
Chairman of the Board



INCOMING CHAIRMAN 2003



I am pleased to assume the chairmanship of The Ontario Aggregate Resources Corporation for 2003. The establishment of the Trust has created a truly unique opportunity for the industry to demonstrate its capability to work in partnership with the MNR and other stakeholders to manage this important resource for the benefit of everyone in Ontario.

The Board has committed to new initiatives in research funding and will be undertaking new rehabilitation projects this year as well. We will do all we can with available resources to ensure that the objectives of the Trust are pursued.

I look forward to working with the Board in the coming months.

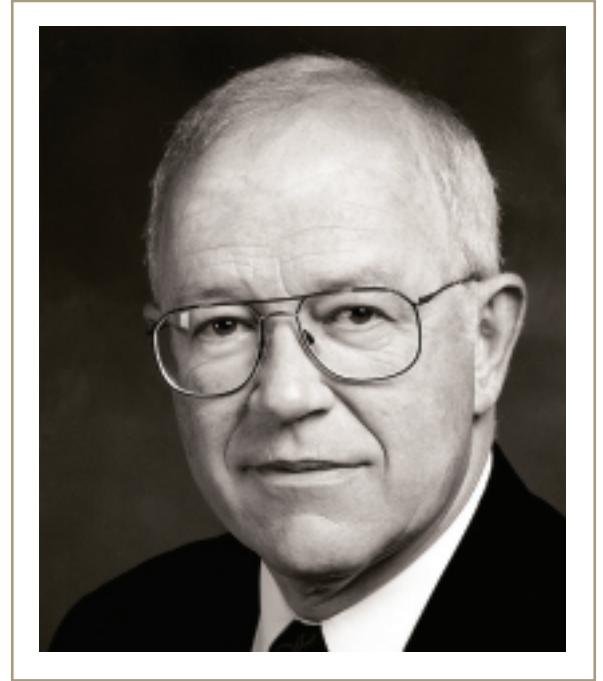
Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Ethier'.

Marcel Ethier
Chairman of the Board



PRESIDENT'S MESSAGE



Total aggregate production from all sources in 2001, the most recent year for which we have complete statistics, decreased from 171 million tonnes to approximately 167 million tonnes, down 2.4% from the previous year. Various aggregate resource charges were collected on 152 million tonnes of that production compared to 156 million tonnes in the previous period. This decrease in production resulted in a corresponding decrease in disbursements from approximately 10.1 million dollars in fees and royalties in 2001, down to 9.8 million dollars in 2002.

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 license fees. The Province received an additional \$0.9 million from permit fees and royalties paid on Crown property.

The audit program for verifying production reporting was expanded substantially in 2002 with the engagement of BDO Dunwoody LLP to assist with the work. Production numbers reported on over 270 licenses and permits were audited, representing approximately 4.5% of all the licenses and permits issued in the Province. The audits resulted in the collection of approximately \$31,000 in additional fees, down substantially from previous years. The audit work also revealed that some of our smaller producers in the Province could use some help with organizing their records. An education package is being developed to assist producers with record keeping.

Since creation of the Trust, the Ministry of Natural Resources has revoked approximately 49 licenses and 46 permits, a combined increase of approximately 25 since 2001. The Corporation continues to pressure former licensees and permittees into completing rehabilitation of their properties and has obtained a number of undertakings to do so. The Trust will be rehabilitating a major site this year in Brant County where the former licensee has defaulted on its obligations.

Investment income for 2002 was down by almost \$260,000 from the previous year, a result of lower interest rates and a general decline in market performance. Because investments are recorded at cost, Trust assets grew by approximately \$183,000 over 2001, even though market values declined for the same period.

Yours truly,



David J. Sterrett
President



MAAP

Program overview



Rehabilitation sequence

The MAAP (Management of Abandoned Aggregate Properties) program rehabilitates pits and quarries that were abandoned prior to January 1, 1990, and funds research on the rehabilitation of pits and quarries in general. The MAAP program receives its financing from the aggregate industry through a portion (1/2 cent) of the annual six-cent per tonne license levy, as prescribed in the regulations under 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 \$2.8 million has been spent on rehabilitation since the program's inception in 1990 and 218 hectares of land have been improved at an average cost of \$13,000 per hectare. The majority of abandoned sites have been rehabilitated to agricultural uses or as natural areas. Several sites have been restored to recreational uses.



Rehabilitation sequence

Rehabilitation Overview

In 2002, MAAP undertook ten projects, with over fourteen hectares of land being rehabilitated at a total cost of approximately \$289,000. The rehabilitation work took place in the following areas: Bruce County (6 sites), Perth County (1 site) and the County of Wellington (3 sites). The majority of these sites were rehabilitated to natural areas (65%) and the rest were converted to agricultural land (35%). The average site size was approximately 1.43 hectares, resulting in an average cost per hectare of \$20,270, higher than the overall average since inception of the program. MAAP continues to analyze trends related to the cost and success of rehabilitation activities in an effort to determine the most effective, cost-efficient strategy for rehabilitating abandoned aggregate properties.

Research Overview

The MAAP funded Fisheries and Oceans Canada (DFO) study, which is assessing fisheries potential in aggregate pits and quarries, entered its fourth year. The year was spent monitoring the effects of habitat enhancements, which were made in 2001. An interim report of the study is available from the MAAP office. Also in 2002, MAAP agreed to fund two additional research projects. The first project, being conducted by Pauline Hubregtse, is An Evaluation of Landowner Satisfaction with the MAAP Program. Pauline is a candidate for a Masters Degree in Landscape Architecture at the University of Guelph. The study will focus on evaluating the success of completed rehabilitation projects based on landowner opinion. Telephone interviews were conducted with landowners and a mail questionnaire was developed and sent to those who participated in the phone interviews. Throughout these surveys landowners were asked to comment on various elements of the rehabilitation process. The landowners' responses will be examined to determine the key factors that influence the degree of satisfaction with the rehabilitation work that MAAP completed on their property. The results of this analysis will be used to improve the MAAP Program.

The second project looks at the potential for recolonizing the floor of abandoned limestone quarries with alvar species. Dr. Doug Larson describes that research project elsewhere in this annual report.



SYLVIA RENNIE
Leaves MAAP Program

Sylvia Rennie, technician with the program since its inception, has decided to leave this year. Sylvia has been off on maternity leave this past year and will be moving to the Sudbury area with her family. Sylvia was a great contributor during the formative days of the program and her experience and dedication to the organization will be greatly missed. The Board would like to thank Sylvia for her hard work and time spent with the MAAP Program.



GEORGE ANTONIUK
New Manager

George Antoniuk joined the MAAP program as Manager in June of 2002. George is responsible for the rehabilitation of abandoned properties, the promotion of the program and finding new research projects. George is a member of the Ontario Association of Landscape Architects and the American Society of Landscape Architects. Prior to joining the MAAP Program George was a staff landscape architect for the City of Vaughan. He has been a practicing Landscape Architect since 1995 and has a Bachelor's degree and Master's degree in Landscape Architecture. We wish George well in his new position.



BRAD MACK

Brad has been with the MAAP Program since May 2002, temporarily replacing Sylvia Rennie. With Sylvia's departure, Brad has joined the program for what we hope is the long haul. Brad comes to the program from the University of Guelph where he studied Environmental Science. He is a member of the Society of Ecological Restoration, and hopes that his role with the MAAP Program will allow him to strengthen his knowledge of environmental issues, legislation and practices pertaining specifically to the rehabilitation and restoration of ecosystems.

THE QUARRY-TO-ALVAR INITIATIVE

Restoring value to abandoned quarries

by Dr. Doug Larson
 Professor and Director of the Cliff Ecology Research Group
 University of Guelph
 dwlaron@uoguelph.ca

People seem to want it all. Satisfying jobs, nice solid homes, big cars, sound roads, a productive landscape, a healthy environment, rich biodiversity, and a generally stable planet. Unfortunately, some of these things that people want contradict other things that the very same people want! And very often people forget their own contradictions. As the director of a group of ecologists interested in how natural environments work, I routinely give presentations to audiences composed of people who want nature protected on the one hand, but want a seamless urban infrastructure on the other hand. Again the contradiction. But in this article, I will describe some new research work being carried out by members of the Cliff Ecology Research Group. In this new research we are going to try to find out if one of the negative consequences (namely abandoned quarries) of people wanting limestone products can be converted to a biodiversity benefit for all of society. Perhaps we can make a silk purse from a sow's ear.

We in our lab already have some experience with this sort of issue. Starting in 1992 a team led by Ken Ursic and I investigated (using funding support from the Pits and Quarries Rehabilitation Fund, Natural Sciences and

Engineering Research Council of Canada, and Nelson Aggregates) whether the cliff faces in abandoned limestone quarries in southern Ontario underwent a natural revegetation process that would return the 'normal' Niagara Escarpment cliff flora in a reasonable period of time. They do. And from that work we concluded that the legal requirement to backfill cliff faces was wasting enormous amounts of money and was also removing valuable cliff habitat at the same time!

In new work that is being carried out by myself, my research associate Uta Matthes, and students Margaret Stalker, Paul Richardson, Shannon Tomlinson, and Allain Barnett we are now examining quarry floors in abandoned quarries in southern and eastern Ontario to determine whether or not they too can be ecologically restored using some kind a natural reference system as a model. This new work has been sponsored by TOARC and recently by NSERC, and it will take place over the next 5 years.

In any habitat restoration project, the central, and often an insurmountable problem is that the reference



(1)



ecosystem (i.e. the 'target' or goal of the restoration) is not available to guide in the reconstruction of the degraded habitat.

In the new project, we are asking the question: "Can the floors of abandoned limestone quarries be restored using alvars as the reference ecosystem?". Fortunately for us, even though alvars are globally imperilled, they are relatively abundant in southern Ontario. Not only that, but our lab has been studying the alvars of the Bruce Peninsula for the past 8 years and we know them intimately. Alvars are considered to be a hotspot of biodiversity holding several hundred species of plants and animals that are uncommon elsewhere in eastern North America. Many alvar species are rare and endangered. One of our ultimate goals is to use quarry floors as habitat extensions for these rare species. It might even be possible for a substantial portion of the entire alvar biota to get established in abandoned quarries!

But we can't know this until the basic research is conducted and that's our job. The first step in the work is to evaluate the biophysical conditions in the abandoned quarries to see how 'distant' they are



(4a)



(2)



(3)

- (1) Several researchers from the University of Guelph are seen examining an abandoned quarry site as part of the quarry-alvar initiative. From left to right are Shannon Tomlinson, Paul Richardson, Uta Matthes and Alain Barnett.
- (2) Doug Larson is seen here on a site inspection at Fletcher Creek Quarry near Puslinch, Ontario. This site has been long abandoned and is beginning to take on the general appearance of the alvars of the Bruce Peninsula.
- (3) Alvars are naturally occurring and globally rare ecosystems that are relatively flat limestone outcrops with shallow soil and an abundance of rare and important plants and animals. This photo illustrates one of the alvars within Bruce Peninsula National Park.
- (4a) *Hymenoxys herbacea* (Lakeside Daisy)

ALVAR INITIATIVE
(Continued)



(4b)



(4c)



(4d)

ecologically from the natural conditions found in alvars. This assessment means that we have to sample the soils, surface temperatures, flooding regimes, nutrient and particle size status, and other physical factors. We also have to sample the vegetation to determine the difference between the vegetation communities that exist on these sites now, and the vegetation of alvars. All of this data has already been collected for the alvars.

But the work is tedious even at this stage. Each site that we end up sampling will be carefully selected based on several criteria such as time since abandonment, size, and location. We then will need to contact the owners to get written permission to sample, and we will need to deal with surprises too! We have already discovered that many sites that looked good from biophysical descriptions are weekend bush party sites that will make it difficult for us to use.

Once this initial year's work is done comparing quarry floors to alvars, we will begin to assess what kind of soil amendments (if any) will be needed to make quarry floors more similar to alvars. Then will start the serious experiments in which we take propagules of alvar plants and evaluate the degree to which they can survive when planted in appropriate microsites in the quarries. This work will not only require lots of careful planting and early monitoring - it will also require monitoring over the next 4 years. This part of the work will support two new graduate students who have yet to arrive.

All in all the work will allow both the public and quarry operators to extract maximum value out of abandoned quarry lands with a minimum of post-mining investment. As long as humans want resources to support their lives, it becomes a social responsibility for all of us to take the results of that resource exploitation and make them as useful as possible. We hope this work falls into that category.



(5)

(4b) *Hymenoxys herbacea* (Lakeside Daisy) & *Castilleja coccinea* (Indian paintbrush)

(4c) *Castilleja coccinea* (Indian Paintbrush) and *Hymenoxys herbacea* (Lakeside Daisy)

(4d) *Castilleja coccinea* (Indian Paintbrush)
Photography by Claudia Schaefer

(5) Dr. D.W. Larson & Shannon Tomlinson, BSc.

Aggregate Resources Trust

Financial Statements

AUDITORS' REPORT

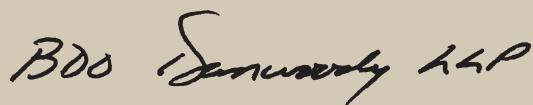
To the Trustee of Aggregate Resources Trust

We have audited the statement of financial position of **Aggregate Resources Trust** as at December 31, 2002 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, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Hamilton, Ontario
January 30, 2003

Aggregate Resources Trust


Statement of Financial Position

As at December 31

	2002 \$	2001 \$
ASSETS		
Current		
Cash and short-term investments	1,956,579	1,368,467
Due from Licensees and Permittees	123,018	33,966
Interest and dividends declared receivable	112,365	125,346
Prepaid expenses	4,298	13,790
Total current assets	2,196,260	1,541,569
Investments, at cost (note 3)	13,291,952	14,055,580
Capital assets, net (note 4)	85,849	138,189
	15,574,061	15,735,338
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	137,843	116,995
Due to Licensees and Permittees (note 1)	6,693	6,693
Due to The Ontario Aggregate Resources Corporation (note 1)	36,944	37,626
Wayside permit deposits	114,172	110,222
Unearned aggregate resources charges	54,125	388,450
Due to Governments	77,193	111,216
Total current liabilities	426,970	771,202
Trust Funds		
Rehabilitation Fund	12,441,344	12,520,707
Abandoned Pits and Quarries Rehabilitation Fund	2,705,747	2,443,429
Total Trust Funds	15,147,091	14,964,136
	15,574,061	15,735,338

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

For the Year ended December 31

2002

	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income <i>(note 3)</i>	120,716	524,199	89,329	734,244
Aggregate resources charges	9,852,979	—	—	9,852,979
Publications	—	98	1,021	1,119
Gain on disposal of capital assets	—	109	—	109
	9,973,695	524,406	90,350	10,588,451
EXPENSES				
Reimbursed expenses	—	602,143	—	602,143
Salaries and employee benefits	—	—	131,441	131,441
Depreciation	—	42,269	20,639	62,908
Investment management fees	—	66,382	9,990	76,372
Travel	—	—	12,123	12,123
Building rent, taxes and maintenance	—	—	12,476	12,476
Office	—	—	4,861	4,861
Advertising	—	—	301	301
Communication	—	—	3,461	3,461
Insurance	—	—	2,540	2,540
	—	710,794	197,832	908,626
Excess (deficiency) of revenue over expenses before the following	9,973,695	(186,388)	(107,482)	9,679,825
Allocated to the Governments	(9,108,746)	—	—	(9,108,746)
Allocated to the Crown <i>(note 1)</i>	(864,949)	186,388	—	(678,561)
Deficiency of revenue over expenses for the year	—	—	(107,482)	(107,482)
Trust Funds, beginning of year	—	12,520,707	2,443,429	14,964,136
Funds reinvested by the Crown <i>(note 1)</i>	864,949	(186,388)	—	678,561
Interfund transfer	(864,949)	120,716	744,233	—
Expenditures incurred in meeting the Trust purposes <i>(schedules and note 1)</i>	—	(13,691)	(374,433)	(388,124)
Trust Funds, end of year	—	12,441,344	2,705,747	15,147,091

See accompanying notes

Aggregate Resources Trust

Statement of Revenue and Expenses and Changes in Fund Balances

For the Year ended December 31

2001

	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income <i>(note 3)</i>	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 <i>(note 1)</i>	(991,038)	(19,261)	—	(1,010,299)
Deficiency of revenue over expenses 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 <i>(note 1)</i>	991,038	19,261	—	1,010,299
Interfund transfer	(991,038)	239,833	751,205	—
Expenditures incurred in meeting the Trust purposes <i>(schedules and note 1)</i>	—	(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 Cash Flows

For the Year ended December 31

	2002	2001
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(107,482)	(79,527)
Add items not involving cash		
Depreciation	62,908	50,720
Gain on disposal of capital assets	(109)	(4,340)
	(44,683)	(33,147)
Net change in non-cash working capital balances related to operations	(410,811)	286,892
Cash provided by (used in) operating activities	(455,494)	253,745
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(10,568)	(120,810)
Proceeds on disposal of capital assets	109	9,500
Purchase of investments	(2,686,315)	(3,959,682)
Sale of investments	3,449,943	2,715,705
Cash provided by (used in) investing activities	753,169	(1,355,287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Expenditures incurred in meeting the Trust purposes	(388,124)	(507,799)
Allocated to the Crown	678,561	1,010,299
Cash provided by financing activities	290,437	502,500
Net increase (decrease) in cash during the year	588,112	(599,042)
Cash and short-term investments, beginning of year	1,368,467	1,967,509
Cash and short-term investments, end of year	1,956,579	1,368,467

See accompanying notes

Aggregate Resources Trust

Schedule of Rehabilitation Costs for the Rehabilitation Fund

For the Year ended December 31

2002

Project number	Project name	Paid or Payable \$
99-01	Timbers Brothers Pit, Durham Region	4,415
	Tendering, consulting and other	9,276
		13,691

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	
	UWO hydrogeology study	14,000
		111,057

See accompanying notes

Aggregate Resources Trust

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

For the Year ended December 31

2002

Project number	Project name	Paid or Payable \$
01-18	Rollins Pit, The City of Greater Sudbury	434
02-03	Wilfang Pit, Bruce County	18,452
02-04	Knox Pit, Bruce County	51,043
02-05	Gowland Pit, Bruce County	43,417
02-06	Curran Pit, Bruce County	31,938
02-07	Howland Pit, Bruce County	14,032
02-08	Young Pit, Bruce County	33,341
02-09	Mohr Pit, Perth County	42,056
02-10	County of Wellington Pit, Wellington County	27,435
02-11	Robertson Pit, Wellington County	14,445
02-12	Andrade Pit, Wellington County	32,904
	Tendering, consulting and other	23,606
	Research costs	
	University of Guelph - Evaluation of landowners	6,330
	DFO - Experimental manipulation of aquatic habitat	35,000
		374,433

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	
	The Couchiching Conservancy - Alvar research	1,500
	DFO - Experimental manipulation of aquatic habitat	35,000
		396,742

See accompanying notes

Aggregate Resources Trust

Notes to Financial Statements - December 31, 2002

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 License 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 license or permit was never in force at any time after December 31, 1989.

The Aggregate Resources Fund is for the collection of the annual license and permit fees, royalties, and wayside permit fees (aggregate resources charges). The annual license 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, 2002

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 recorded at cost, unless a permanent decline in value is anticipated, at which time the investments will be recorded, on an aggregate basis, at their 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:

	2002		2001	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds				
Government of Canada	5,054,487	4,791,899	6,000,721	5,755,449
Corporate	1,664,632	1,573,986	2,688,974	2,585,910
Canadian equities	3,723,583	3,155,603	4,055,728	3,190,910
Foreign equities	2,820,516	3,770,464	2,244,255	2,523,311
	13,263,218	13,291,952	14,989,678	14,055,580

The Government of Canada bonds bear interest at rates ranging from 3.50% to 6.50% per annum (2001 - 4.875% to 6.50%) with maturity dates ranging from June 1, 2004 to June 1, 2012.

The corporate bonds bear interest at rates ranging from 6.25% to 6.60% per annum (2001 - 6.25% to 6.50%) with maturity dates ranging from April 14, 2010 to July 16, 2012.

Aggregate Resources Trust

Notes to Financial Statements - December 31, 2002

Investment income is broken down as follows:

	2002 \$	2001 \$
Interest income	580,788	828,606
Dividends	121,970	112,820
Capital gains / (losses) (net)	25,029	52,775
Foreign exchange gain / (loss) (net)	5,209	(1,661)
Other income	1,248	1,554
	734,244	994,094

4. CAPITAL ASSETS

Capital assets consist of the following:

	2002			2001		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Computer equipment	88,636	66,626	22,010	90,829	57,028	33,801
Furniture and fixtures	108,182	78,742	29,440	103,940	58,913	45,027
Vehicles	75,090	40,691	34,399	75,090	15,729	59,361
	271,908	186,059	85,849	269,859	131,670	138,189

The Ontario Aggregate Resources Corporation

Financial Statements

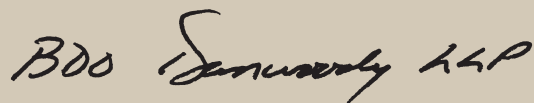
AUDITORS' REPORT

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, 2002 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, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Hamilton, Ontario
January 30, 2003

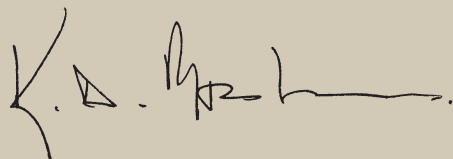
The Ontario Aggregate Resources Corporation

Balance Sheet

As at December 31	2002	2001
	\$	\$
ASSETS		
Cash	1	1
Due from Aggregate Resources Trust	36,944	37,626
	36,945	37,627
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Due to Aggregate Producers' Association of Ontario	36,944	37,626
Total liabilities	36,944	37,626
Shareholder's equity		
Share capital		
Authorized and issued 1 common share	1	1
Retained earnings	—	—
Total shareholder's equity	1	1
	36,945	37,627

See accompanying notes

On behalf of the Board:



Director



Director

The Ontario Aggregate Resources Corporation

Statement of Operations and Retained Earnings

For the Year ended December 31

2002
\$

2001
\$

EXPENSES

Salaries and employee benefits	352,658	335,071
Board expenses	9,125	6,038
Professional fees	112,075	61,827
Data processing	15,996	16,700
Travel	18,221	31,490
Communication	28,982	28,457
Office	21,907	21,457
Building rent, taxes and maintenance	38,468	37,444
Insurance	4,711	5,495
	602,143	543,979
Recovery of costs	(602,143)	(543,979)
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, 2002

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 \$15.1 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 two years are as follows:

	\$
2003	38,100
2004	29,100
	67,200

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 Private Banking

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
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