



*The Ontario
Aggregate Resources
Corporation*



2003
Annual Report



2003
*annual
report*



Board of Directors

2004

Representing the Aggregate Producers' Association of Ontario (APAO)

Bill Galloway, Chairman of the Board
Norm Flemington, Secretary/Treasurer
Ron Winslow
Dick Pipe

Representing the Conservation Council of Ontario (CCO)

Tony Jennings

Representing the Association of Municipalities of Ontario (AMO)

Neal Snutch

Representing the Aggregate Industry at large (non APAO)

Gord Lavis

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

Ron Running

2003

Representing the Aggregate Producers' Association of Ontario (APAO)

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

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

June 23, 2004

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

Dear Mr. Ramsay:

On behalf of the Board of Directors, I am pleased to submit the 2003 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, 2003. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the MAAP program in 2003 (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,



Bill Galloway
Chairman of the Board



Chairman's message



I am pleased to assume the role of Chairman of The Ontario Aggregate Resources Corporation and to release this seventh annual report on the activities of the Trust and its financial affairs. At a time when all levels of government are strained financially to maintain service levels, the Trust and the Corporation continue to deliver their portion of the mineral aggregates program on a self-financing basis without adding further to the tax burden of the

citizens of Ontario. The model, of industry working in partnership with government, to deliver certain administrative functions has had many benefits for all stakeholders.

Aggregate Resources Charges distributed to municipalities in 2003 were substantially unchanged from the previous year. Local municipalities received approximately \$5.8 million from aggregate fees, while counties and regions received \$719,000. Another \$719,000 was disbursed to the MAAP program for the rehabilitation of abandoned pits and quarries. The Province received approximately \$1.5 million from license fees and an additional \$1.0 million from permit fees and royalties paid on aggregate from Crown property. Mineral aggregate production upon which these fees are calculated decreased slightly from 152 million tonnes to 149 million tonnes.

Because TOARC depends upon earnings from the Trust assets to

carry out its various programs, the Board and its financial advisors continue to closely monitor the performance of the Trust investments. Even though short-term investments have suffered from the current low interest rate environment, investment income for 2003 increased by almost \$182,000 from the previous year thanks to improved performance in the equity portfolio. Because investments are recorded at cost, total Trust assets only grew by approximately \$84,000 over 2002, although there were unrealized gains in the investment portfolio of over \$600,000.

Our production audit program maintained a similar level of activity as the prior year with over 260 licenses and permits being audited. This represents approximately 4.4% of all licenses and permits in the Province. The audits resulted in the collection of approximately \$21,000 in net additional fees and revealed that some of our smaller producers in the Province could use some help

in organizing their records. To that end, TOARC produced an educational manual on record keeping and production reporting which was distributed to all licence and permit holders in the province in December 2003.

The Board is constantly active in reviewing the means for delivering on the Trust's mandate and looking for ways to improve program delivery. Now that the financial, collection and audit systems are functioning smoothly, the Board has decided to centralize management of the MAAP program in Burlington, along with delivery of other functions. The Board would like to thank the Aggregate Producers' Association of Ontario for having assumed (under contract) the management of MAAP in the formative years of the Corporation.

I would like to thank Marcel Ethier, Stan Lytle and Carol Seglins whose tenure as directors have expired. Their contribution to the Board was most helpful and very much

appreciated. The Board would like to extend special thanks to Marcel Ethier, past Chairman, for his guidance in that role. New Board members include Neal Snutch representing the Association of Municipalities of Ontario and Ron Winslow and Dick Pipe representing the APAO.

Respectfully submitted,



Bill Galloway
Chairman of the Board



Aggregate Resources Trust Rehabilitation Initiative 2003

The Aggregate Resources Trust has as one of its important objectives “ the rehabilitation of land for which a licence or permit has been revoked and for which final rehabilitation has not been completed”. In the first instance, the Trust looks to the former licensee or permittee to complete the rehabilitation of a former aggregate site. However, there are times when circumstances prevent this from happening. In such instances, the Trust has authority under subsection 6.1(5) of the Aggregate Resources Act, RSO (as amended) to undertake the rehabilitation and then seek restitution from the former licensee or permittee. Such was the case with a property in Burford

Township (County of Brant) known as the GMC Pit.

The property is located in part of Lots 1 & 2, Concession XI, former Township of Burford, County of Brant. Originally, 29.1 hectares of land were licensed with approximately 23.7 hectares available for extraction. Only 10 hectares of land was actually disturbed before the licence was revoked in June of 2002. The property exhibited typical conditions of many unused pits; abandoned equipment, accumulation of waste materials from trespassers, erosion and growth of weeds.

Fortunately, there were a number of positive factors from the point of

view of rehabilitating the property. Although the topsoil and subsoil had not been carefully separated at the time it was stripped, it was saved in perimeter berms around the property and easily accessible for spreading on the pit floor and side slopes. The excavation was relatively shallow with a considerable amount of granular material available from around the scale house area, and in old stockpiles of sand, that could be used for establishing gentle side slopes. Work on the project commenced in early September of 2003 and was completed just before Thanksgiving. The County of Brant Fire Department burnt brush and logs on site, inert concrete was buried according to

Relatively shallow extraction, garbage left by trespassers and stockpile of sand (looking west)



Old scale deck, concrete footings and rubbish requiring disposal



Site grading commences (looking west)

Backhoe removing concrete footings from beneath scales

Dozer pushing soil from boundary berm



Rough grades (looking east)



Motorized scraper moving soil for placement on pit floor

MOEE guidelines and metal scrap and other wastes were removed for recycling or disposal in an approved landfill. Bestweigh Scale, a local company, removed the scales for salvage value.

Side slopes were graded to a maximum of 5:1 to allow for the use of farm machinery. All drainage on the site was internalized. The site was seeded with a mixture of 50% Annual Rye and 50% Buckwheat along with the application of a 25-0-15 NPK commercial fertilizer at the rate of 250 kg/ha.

JCJ Contracting from Virgil, Ontario, was the successful bidder

for the contract to rehabilitate the site with a price of \$131,302.18. Pre-bid survey work, preparation of cut and fill drawings, landscape architectural consulting and legal costs brought the total price of the project to approximately \$146,000.

Cultivating soil for seeding - 2004





The Quarry-to-Alvar Initiative. Progress to date

University of Guelph researchers in the Cliff Ecology Research Group have made good progress with the Quarry-to-Alvar Initiative, a novel research project aimed at assessing the potential for restoring abandoned limestone quarry floors using an alvar reference system. Alvars are naturally occurring limestone pavement ecosystems of great conservation value due to their global rarity and high biodiversity. The Initiative was developed based on the observation that naturally regenerating abandoned quarry sites bear a strong resemblance to alvars, both physically and biologically. Because many alvar species are rare or endangered, one of the ultimate goals of the research is to determine if quarry floors can be used as habitat extensions for these rare species. In addition to extending the available habitat for alvar species, the research looks to provide a cost effective methodology for operators of quarries to rehabilitate their sites (where



conditions permit) upon completion of aggregate extraction.

The first step to address the question of whether quarry sites can be actively restored to alvars was to evaluate the ecological distance between natural alvars and quarry sites that have been abandoned long enough for spontaneous regeneration to occur (generally >20 years). Fifteen quarry sites have been selected

(based on criteria that include lack of year-round flooding, appropriate age, and minimal human traffic) for inclusion in a survey of the vegetation and physical characteristics of quarry floors. Eight of these sites were surveyed between July and September 2003, and the remaining sites will be surveyed between May and September of this year. All 15 sites will be visited multiple times in order to



characterize the vegetative communities at different stages throughout the growing season. In order to assess the ecological distance between alvars and abandoned quarry floors, the quarry survey data will be compared to previously collected alvar data from similar surveys conducted on the Bruce Peninsula. Preliminary data analysis performed for the eight sites surveyed to date indicates interesting results. Comparison of soil samples collected from alvars and quarry floors reveals that a number of biologically important soil properties are identical at both habitats, including pH, percent organic matter, bulk density, and mean soil depth. Only two soil characteristics are markedly different between quarries and alvars: there is significantly less nitrogen in quarry soils, and carbonates of calcium and magnesium ("lime") residual from the quarrying process are major components of quarry soils but are absent from alvar soils. Likewise, the vegetative communities found at quarries and alvars overlap somewhat in composition, and several characteristic alvar species have been found on abandoned

quarry floors. One key difference between quarry and alvar plant communities is a higher abundance of non-native invasive vegetation at quarry sites.

Research will continue at abandoned quarries this summer in the form of two graduate thesis projects. Shannon Tomlinson will continue the census of the 15 selected quarry floors, with the added component of a seed bank analysis designed to determine if alvar propagules are reaching quarry sites but not developing to the plant stage due to filtering at the seed level. Paul Richardson will conduct a planting experiment at four quarry sites: characteristic alvar species not found on quarry floors will be sown under different treatment conditions to determine if the primary constraint on plant establishment is simply inadequate seed immigration, or if nitrogen paucity, carbonate excess, and competition with exotic quarry residents place additional constraints on colonization success.





2003 Rehabilitation Overview

In 2003 MAAP undertook projects, which resulted in over forty-six hectares of land being rehabilitated at a total cost of \$341,161. The rehabilitation work took place in the following areas: Bruce County, Kent County, Lambton County, Lanark County, Leeds and Grenville County and The City of Ottawa. The majority of sites were returned to natural areas (53%), a significant percentage was converted to agricultural land (31%) and the remainder was rehabilitated to natural wetland areas (16%). The average project size was approximately 2.73 hectares, which resulted in an

average cost per hectare of \$7,164 considerably less than the historical average cost per hectare of \$11,979.

For those interested in a complete report on MAAP's restoration work in 2003 please contact;

The Ontario Aggregate Resources Corporation

1001 Champlain Avenue, Suite 103

Burlington, ON

Tel: 905-319-7424 Toll Free: 866-308-6272



Auditor's Report

To the Trustee of Aggregate Resources Trust

We have audited the statement of financial position of **Aggregate Resources Trust** as at December 31, 2003 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, 2003 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, 2004



Statement of Financial Position

Aggregate Resources Trust

As at December 31

	2003	2002
	\$	\$
ASSETS		
Current		
Cash and short-term investments	2,596,355	1,956,579
Due from Licensees and Permittees	87,115	123,018
Interest and dividends declared receivable	97,913	112,365
Prepaid expenses	17,357	4,298
Total current assets	2,798,740	2,196,260
Investments, at cost [note 3]	12,842,669	13,291,952
Capital assets, net [note 4]	59,869	85,849
	15,701,278	15,574,061
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	135,440	137,843
Due to Licensees and Permittees [note 1]	6,693	6,693
Due to The Ontario Aggregate Resources Corporation [note 1]	70,912	36,944
Wayside permit deposits	125,172	114,172
Unearned aggregate resources charges	74,062	54,125
Due to Governments	58,648	77,193
Total current liabilities	470,927	426,970
Trust Funds		
Rehabilitation Fund	12,381,901	12,441,344
Abandoned Pits and Quarries Rehabilitation Fund	2,848,450	2,705,747
Total Trust Funds	15,230,351	15,147,091
	15,701,278	15,574,061

See accompanying notes

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

Director

Director

Statement of Revenue and Expenses and Changes in Fund Balances

Aggregate Resources Trust

For the Year ended December 31	2003			Total \$
	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	
REVENUE				
Investment income [note 3]	162,820	639,876	112,817	915,513
Aggregate resources charges	9,723,165	—	—	9,723,165
Publications	—	521	2,621	3,142
Gain on disposal of capital assets	—	6,107	—	6,107
	9,885,985	646,504	115,438	10,647,927
EXPENSES				
Reimbursed expenses	—	610,263	—	610,263
Salaries and employee benefits	—	—	147,861	147,861
Depreciation	—	38,155	14,420	52,575
Investment management fees	—	67,599	10,450	78,049
Travel	—	—	17,413	17,413
Building rent, taxes and maintenance	—	—	12,657	12,657
Office	—	—	5,785	5,785
Communication	—	—	3,603	3,603
Insurance	—	—	2,410	2,410
	—	716,017	214,599	930,616
Excess (deficiency) of revenue over expenses before the following	9,885,985	(69,513)	(99,161)	9,717,311
Allocated to the Governments	(8,998,858)	—	—	(8,998,858)
Allocated to the Crown [note 1]	(887,127)	69,513	—	(817,614)
Deficiency of revenue over expenses for the year	—	—	(99,161)	(99,161)
Trust Funds, beginning of year	—	12,441,344	2,705,747	15,147,091
Funds reinvested by the Crown [note 1]	887,127	(69,513)	—	817,614
Interfund transfer	(887,127)	162,820	724,307	—
Expenditures incurred in meeting the Trust purposes [schedules and note 1]	—	(152,750)	(482,443)	(635,193)
Trust Funds, end of year	—	12,381,901	2,848,450	15,230,351

See accompanying notes

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Statement of Revenue and Expenses and Changes in Fund Balances

Aggregate Resources Trust

For the Year ended December 31	2002			Total \$
	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	
REVENUE				
Investment income [note 3]	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 [note 1]	(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 [note 1]	864,949	(186,388)	—	678,561
Interfund transfer	(864,949)	120,716	744,233	—
Expenditures incurred in meeting the Trust purposes [schedules and note 1]	—	(13,691)	(374,433)	(388,124)
Trust Funds, end of year	—	12,441,344	2,705,747	15,147,091

See accompanying notes

Statement of Cash Flows

Aggregate Resources Trust

For the Year ended December 31	2003	2002
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(99,161)	(107,482)
Add items not involving cash		
Depreciation	52,575	62,908
Gain on disposal of capital assets	(6,107)	(109)
	(52,693)	(44,683)
Net change in non-cash working capital balances related to operations	81,254	(410,811)
Cash provided by (used in) operating activities	28,561	(455,494)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(26,596)	(10,568)
Proceeds on disposal of capital assets	6,107	109
Purchase of investments	(2,116,554)	(2,686,315)
Sale of investments	2,565,837	3,449,943
Cash provided by investing activities	428,794	753,169
CASH FLOWS FROM FINANCING ACTIVITIES		
Expenditures incurred in meeting the Trust purposes	(635,193)	(388,124)
Allocated to the Crown	817,614	678,561
Cash provided by financing activities	182,421	290,437
Net increase in cash during the year	639,776	588,112
Cash and short-term investments, beginning of year	1,956,579	1,368,467
Cash and short-term investments, end of year	2,596,355	1,956,579

See accompanying notes



Schedule of Rehabilitation Costs for the Rehabilitation Fund

Aggregate Resources Trust

For the Year ended December 31		2003 Paid or Payable (Recovered) \$
Project number	Project name	
03-01	G.M.C. Sand and Gravel Pit, Brant County	146,355
	Tendering, consulting and other	12,395
	Rehabilitation Costs recovered, from previous years	(6,000)
		152,750

For the Year ended December 31		2002 Paid or Payable \$
Project number	Project name	
99-01	Timbers Brothers Pit, Durham Region	4,415
	Tendering, consulting and other	9,276
		13,691

See accompanying notes

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

Aggregate Resources Trust

For the Year ended December 31

Project number	Project name	2003 Paid or Payable \$
03-01	Morley / Helwig Pit, Bruce County	27,729
03-02	Young Pit, Lambton County	5,379
03-03	Martin Pit, Wellington County	29,547
03-04	Abbott Pit, Lambton County	5,759
03-05	Randall Pit, Lambton County	24,641
03-06	Vanderhulst Pit, Lambton County	7,903
03-07	Benjamins Pit, Lambton County	16,105
03-08	Charron Pit, Kent County	23,380
03-09	Van Kessel Pit, Lambton County	19,215
03-10	Yuck Pit, City of Ottawa	23,654
03-11	Poole / Braun Pit, City of Ottawa	20,847
03-12	Wilson Pit, City of Ottawa	52,932
03-13	Rook Pit, City of Ottawa	35,022
03-14	Grenville Fish & Game Club Pit, Leeds & Grenville	4,280
03-15	Wall Pit, City of Ottawa	22,922
03-16	Robson / Smith Pit, City of Ottawa	16,680
03-17	International Plowing Match, Lanark County	5,166
	Tendering, consulting and other	23,982
	Research costs	
	University Guelph – Alvar quarry recolonization	82,300
	DFO-Experimental manipulation of aquatic habitat	35,000
		482,443

See accompanying notes



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

Aggregate Resources Trust

For the Year ended December 31

Project number	Project name	2002 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 Guelph – Evaluation of landowners	6,330
	DFO-Experimental manipulation of aquatic habitat	35,000
		374,433

See accompanying notes

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.



Notes to Financial Statements – December 31, 2003

Aggregate Resources Trust

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 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 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.

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 Trust's financial instruments consist of certain assets and liabilities. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these 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:

	2003		2002	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds				
Government of Canada	4,113,253	3,911,180	5,054,487	4,791,899
Corporate	1,956,795	1,866,803	1,664,632	1,573,986
Canadian equities	3,897,216	2,808,647	3,723,583	3,155,603
Foreign equities	3,491,068	4,256,039	2,820,516	3,770,464
	13,458,332	12,842,669	13,263,218	13,291,952

The Government of Canada bonds bear interest at rates ranging from 3.50% to 6.375% per annum [2002 – 3.50% to 6.50%] with maturity dates ranging from June 1, 2004 to June 1, 2012.

The corporate bonds bear interest at rates ranging from 4.15% to 6.60% per annum [2002 – 6.25% to 6.60%] with maturity dates ranging from April 21, 2006 to July 16, 2012.

Investment income is broken down as follows:

	2003 \$	2002 \$
Interest income	555,554	580,788
Dividends	138,769	121,970
Capital gains / (losses) [net]	221,913	25,029
Foreign exchange gain / (loss) [net]	(2,194)	5,209
Other income	1,471	1,248
	915,513	734,244

4. CAPITAL ASSETS

Capital assets consist of the following:

	2003			2002		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Computer equipment	88,374	74,680	13,694	88,636	66,626	22,010
Furniture and fixtures	117,498	80,917	36,581	108,182	78,742	29,440
Vehicles	75,090	65,496	9,594	75,090	40,691	34,399
	280,962	221,093	59,869	271,908	186,059	85,849



Auditor's 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, 2003 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, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO January LLP

Chartered Accountants

Hamilton, Ontario
January 30, 2004

Balance Sheet

The Ontario Aggregate Resources Corporation

For the Year ended December 31

	2003	2002
	\$	\$
ASSETS		
Cash	1	1
Due from Aggregate Resources Trust	70,912	36,944
	70,913	36,945
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Due to Aggregate Producers' Association of Ontario	70,912	36,944
Total liabilities	70,912	36,944
Shareholder's equity		
Share capital		
Authorized and issued, 1 common share	1	1
Retained earnings	—	—
Total shareholder's equity	1	1
	70,913	36,945

See accompanying notes

On behalf of the Board:



Director



Director



Statement of Operations and Retained Earnings

The Ontario Aggregate Resources Corporation

	2003	2002
	\$	\$
For the Year ended December 31		
EXPENSES		
Salaries and employee benefits	356,251	352,658
Board expenses	8,521	9,125
Professional fees	105,347	112,075
Data processing	7,675	15,996
Travel	32,914	18,221
Communication	32,560	28,982
Office	22,335	21,907
Building rent, taxes and maintenance	38,972	38,468
Insurance	5,688	4,711
	610,263	602,143
Recovery of costs	(610,263)	(602,143)
Net income for the year	—	—
Retained earnings, beginning of year	—	—
Retained earnings, end of year	—	—

See accompanying notes

Notes to Financial Statements – December 31, 2003

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 \$15.2 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 over the next year is as follows:

	\$
2004	29,100

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 Resources Corporation

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