



THE ONTARIO AGGREGATE
RESOURCES CORPORATION



2004
ANNUAL REPORT



Board of Directors

2005

Representing the Aggregate Producers' Association of Ontario (APAO)

Ron Winslow, Chairman of the Board
Norm Flemington, Secretary/Treasurer
Richard Seibel
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

2004

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MANAGEMENT of
ABANDONED
AGGREGATE
PROPERTIES Program

MAAP



TOARC and MAAP 2004 ANNUAL REPORT

In previous years, TOARC and MAAP released separate activity reports. The MAAP program has always been an integral part of the Trust's mandate and is now being administered directly, along with other Trust functions, by the TOARC management team. Accordingly, MAAP activities for 2004 have been included within the TOARC Annual Report.







July 15, 2005

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 2004 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, 2004. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the MAAP program in 2004 (formerly the Abandoned Pits & Quarries Rehabilitation Fund).

The report also contains information on various initiatives undertaken by the Corporation in pursuit of Trust objectives including examples of rehabilitation projects completed by MAAP and a summary of research currently being funded.

Yours truly,

Ron Winslow
Chairman of the Board

Chairman's Message



The Board of Directors is pleased to release this eighth annual report on the activities and financial affairs of the Aggregate Resources Trust (the Trust) and The Ontario Aggregate Resources Corporation (TOARC). The Trust, established through legislation in 1997, is responsible for various matters related to the aggregate industry. These include, among other things, the collection and disbursement of licence and permit fees, the rehabilitation of certain classes of former aggregate sites and research on rehabilitation and aggregate resource management issues.

In 2004 the Trust distributed over 9.8 million dollars in Aggregate Resources Charges (licence fees, permit fees and crown royalties), which is a modest increase over the 9.6 million collected in 2003. The charges were disbursed as follows:

	Million Dollars
Local municipalities	5.8
Counties & regions	.7
MAAP program	.7
Province (from licence fees)	1.5
Province (royalties & permit fees)	1.1

The 9.8 million dollars in Aggregate Resource Charges were generated from aggregate production of approximately 150 million tonnes.

The Board continues to closely monitor the Trust investments, the returns from which pay for Trust programs. Total Trust funds grew by approximately \$22,000 over 2003 to \$15,252,330.

Production audits were carried out on 165 licenses and permits in 2004. The number of licences and permits is down from previous years although the number of licence/permit holders remained about the same. Approximately \$33,000 in net additional fees was collected as a result of the audits.

In 2004 a 'special committee' of the Board concluded a general review of the programs, procedures and initiatives undertaken by TOARC as trustee.

"Overall the committee found that TOARC has done an effective job in pursuit of its original and added purposes. However, opportunities for further improvement have been identified."

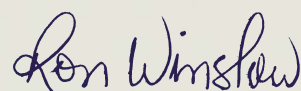
The committee recommended that the management of the MAAP program be centralized in Burlington along with the other TOARC functions. This consolidation took place in July of 2004 and already has had the desired effect of improving efficiencies, which will translate into more sites being rehabilitated. Other recommendations arising from the committee's report have been acted upon or are in the process of being implemented.

The Board received some excellent research proposals in 2004 and entered into agreements to fund a number of them. The Nature Conservancy of Canada received funding of approximately \$98,000 to test the effects of rehabilitating a former aggregate pit to a treed wetland. The purpose of the research is to assess the net enhancement of water quality and quantity entering the Clear Creek nature reserve. Dr. J.M. Waddington of McMaster University received a grant of approximately \$96,000 to undertake research on enhancing "Calcareous Wetland Rehabilitation in Abandoned Quarries", work that will be undertaken in co-operation with the Hamilton Conservation Authority at their Fletcher Creek Ecological Preserve in Wellington County. Dr. Robert Corry of the University of Guelph was awarded approximately \$75,000

to use computer simulation to investigate how rehabilitated landscapes contribute to social and ecological goals. Mr. Eli Paddle, a graduate student at the University of Guelph, received approximately \$12,000 for assessing the public's visual preference for various naturalization designs. The Board looks forward to the results from these various research initiatives.

Mr. Bill Galloway has concluded his term as a director and chairman of TOARC and the Board would like to acknowledge his many contributions in those capacities. Mr. Richard Seibel joins the board as a director.

Respectfully submitted,

A handwritten signature in blue ink that reads "Ron Winslow".

Ron Winslow
Chairman of the Board of Directors.

Summary

The Management of Abandoned Aggregate Properties (MAAP) Program has successfully completed its eighth year of rehabilitating abandoned aggregate pits and quarries within the areas of Ontario designated under the Aggregate Resource Act. In 2004, MAAP undertook 15 projects, which resulted in over 27 hectares of land being rehabilitated at a total cost of \$366,785. The rehabilitation work took place in the following areas: City of Kawartha Lakes, Regional Municipality of Durham, Regional Municipality of York, Algoma District and Sudbury District. The majority of these sites were returned to natural areas (50%), a significant percentage was converted to agricultural land (36%) and the remainder was

rehabilitated to natural wetland area (14%). The average project size was approximately 1.82 hectares, which resulted in an average cost per hectare of \$13,411.

In addition to rehabilitating abandoned aggregate properties, MAAP also supports research for the advancement of aggregate resources management. MAAP encourages unique and innovative research projects so that the aggregate industry can continue to expand its knowledge of resource management and rehabilitation techniques.

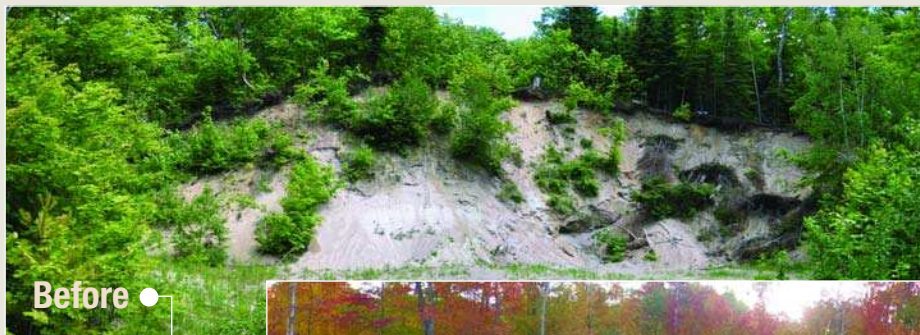
About Us – “Making the Grass a Little Greener”

The MAAP Program is focused on the rehabilitation of pits and quarries that were abandoned prior to January 1, 1990. The Program is

funded by the aggregate industry through a portion (1/2 cent) of the annual six-cent per tonne licence levy, as prescribed in the Aggregate Resources Act (Reg. 244/97 3(3)). The program, formerly administered by the Ministry of Natural Resources (MNR), was transferred to the Aggregate Resources Trust when it was created in 1997.

Over \$3.7 million has been spent to date on 175 projects that rehabilitated 291 hectares of land at an average cost of \$12,747 per hectare. The majority of these sites were rehabilitated to natural areas or agricultural land and several have been rehabilitated to recreational areas.

Currently George Antoniuk (Program Manager) and Brad Mack (Program Technician) administer the program and manage research and rehabilitation projects.





Before



After

MAAP Goals and Objectives

The goals are to:

- rehabilitate abandoned pits and quarries in areas designated under the Aggregate Resources Act in Ontario; and
- fund research pertaining to aggregate resources management including rehabilitation.

As MAAP continues to work towards fulfilling these two goals it has developed a number of objectives, which will remain an integral part of the program in years to come.

The objectives are to:

- rehabilitate abandoned pits and quarries using a variety of reclamation methods and techniques;
- manage research pertaining to pits and quarries, and encourage partnership participation in projects; and
- document and evaluate rehabilitation methods and techniques.

Financial Summary

Total expenses for the MAAP Program for the calendar year 2004 totaled \$705,065.

Administration and depreciation.....	\$226,082
Tendering, consulting and other one-time costs.....	\$ 12,129
Research.....	\$ 74,330
Rehabilitation projects...	\$392,524*
Total	\$705,065

* Includes \$25,739 of cost carried over from 2003 projects, completed in 2004.

Rehabilitation

Approximately one-half to two-thirds of all abandoned pits and quarries in the province are rehabilitating themselves naturally. In these cases, nature is doing a wonderful job re-vegetating the landscape. However, many sites remain unsightly, incompatible with their surrounding landscape and may present an increased liability to the landowner. Each year MAAP selects sites from

different areas of the province. Site selection is based on a number of factors including on-site hazards, aesthetics, ease of accessibility, site size and the extent of vegetation. MAAP attempts to rehabilitate higher priority sites, those deemed to be the most severe in each area, before moving on to those that are considered lower priorities. Sites are rehabilitated by MAAP at no cost to the landowner.

The appropriate course of rehabilitation is determined following a consultation with the landowners as well as an examination of local conditions. MAAP works to incorporate the landowners' ideas within the local context when designing a rehabilitation proposal. Historically, the majority of sites have been rehabilitated to agricultural land or natural areas. Some have also been transformed into recreational areas, such as public parks, sports facilities and outdoor educational areas.

In 2004, MAAP completed 15 sites, which were rehabilitated to a variety of end-uses.

Summary of Rehabilitation Location and Project Numbers

Location and Project Number	Landowner	Rehabilitation End Use	Area (ha)	Contractor	Total Contract Price
Algoma District					
04-10	Feifel	Natural Area	0.50	Hollandia Nursery Sod	\$14,846
04-11	Cancelled				
04-12	Cancelled				
04-13	Garside	Agricultural Crop	2.90	Integrated Earth & Env. Inc.	\$18,244
04-16	Belkoski	Natural Area	0.40	Hollandia Nursery Sod	\$20,865
City of Hamilton					
04-08	Hamilton Conservation Authority	Natural Wetland Area	3.70	Tri-City Equipment	\$110,000
City of Kawartha Lakes					
04-01	Dickson-Vinden	Natural Area	2.40	R.D. Sutcliffe Contracting Inc.	\$15,334
04-03	TenWesteneind	Natural Area	2.22	R.D. Sutcliffe Contracting Inc.	\$34,390
04-06	Smith	Agricultural Pasture	1.86	Hollandia Nursery Sod	\$13,642
04-09	Junkin	Agricultural Pasture	1.88	Hollandia Nursery Sod	\$16,050
RM of Durham					
04-02	Hodgson	Agricultural Pasture	1.27	R.D. Sutcliffe Contracting Inc.	\$12,637
04-04	Puckrin/Clarkson	Natural Area	1.80	Todd Brothers Contracting	\$25,926
04-07A	Steinhart/Sangster	Agricultural Pasture	1.70	Hollandia Nursery Sod	\$8,292
RM of York					
04-05	Brewer	Natural Area	1.80	Hollandia Nursery Sod	\$19,527
04-07B	Watson	Agricultural Pasture	0.32	Hollandia Nursery Sod	\$10,968
Sudbury District					
04-14A	Spaull	Natural Area	2.60	Hollandia Nursery Sod	\$24,931
04-14B	Municipality of Markstay-Warren	Natural Area	2.00	Hollandia Nursery Sod	\$21,133
TOTAL			27.35		\$366,785

Summary of Rehabilitation Costs

Year	Number of Sites	Area Rehabilitated (Ha)	Total Costs**	Cost/(Ha)	Avg Cost per site	Avg Area Rehabilitated (Ha)
1992-96*	52	77.99	\$ 726,480	\$ 9,315	\$ 13,971	1.50
1997	15	22.40	\$ 532,831	\$ 23,787	\$ 35,522	1.49
1998	10	18.35	\$ 234,543	\$ 12,782	\$ 23,454	1.84
1999	16	30.45	\$ 392,301	\$ 12,883	\$ 24,519	1.90
2000	17	28.50	\$ 440,012	\$ 15,439	\$ 25,883	1.68
2001	21	25.50	\$ 342,761	\$ 13,442	\$ 16,322	1.21
2002	10	14.25	\$ 309,063	\$ 21,689	\$ 30,906	1.43
2003	19	46.39	\$ 366,900	\$ 7,909	\$ 19,311	2.44
2004	15	27.35	\$ 366,785	\$ 13,411	\$ 24,452	1.82
TOTAL			\$ 3,711,676	\$ 12,747	\$ 21,210	1.66

* 1992-1996 data is based on information provided by MNR.

** Total Costs have been restated to include GST (except for MNR contracts) to conform with the Trust's financial statement presentation.

RESEARCH



The MAAP Program is currently funding a wide array of interesting and innovative research projects. Past research includes studies of the biodiversity of abandoned aggregate sites on the Oak Ridges Moraine, the role of aquatic habitat structure in shaping fish communities, alvar development and conservation, and landowner satisfaction with MAAP rehabilitation projects. New research initiatives include the recolonization of alvar vegetation in abandoned quarries, the development of reclamation design strategies using computer simulation, enhancing calcareous wetland rehabilitation in quarries, a landscape based approach to pit rehabilitation and the study of ways to improve the social and ecological outcomes of rehabilitation. More information pertaining to these studies follows:

Experimental Recolonization of Alvar Vegetation in Abandoned Quarries – Paul Richardson, University of Guelph

Alvars are open areas of flat limestone covered with thin, patchy soils and sparse vegetation of herbs, shrubs and few trees. Natural alvars, one of the world's most imperiled habitats,

are threatened globally by development pressure. This study will seek to determine whether or not quarry floors can support the rare and endangered plants, which colonize alvar habitats. It will also attempt to determine the appropriate restoration protocols pertaining to creation of alvars on quarry floors. The research, which began in 2003, is being conducted by Paul Richardson under the guidance of Dr. Doug Larson at the University of Guelph.

From Pit to Picturesque: Developing Site Specific Reclamation Design Strategies Using Dynamic Computer Simulation - Eli Paddle, University of Guelph

This study was conducted to assess the public's visual preference for naturalization designs of abandoned aggregate properties. To explore this



RESEARCH

relationship, computer simulated designs of aggregate properties were developed using landscape modeling software to show change over time. This approach allows for the testing of multiple design strategies. The animated-simulations were presented to sample groups who then completed a visual preference survey. The results of this study will help to improve landowner satisfaction with the rehabilitation work done by MAAP, and will also have significance to the aggregate industry as "natural areas" are one of the most commonly chosen rehabilitation end-uses for aggregate producers.

Optimizing Ecohydrological Protocols to Enhance Calcareous Wetland Rehabilitation in Abandoned Quarries – Dr. J.M. Waddington,

McMaster University & Dr. B. Branfireun, University of Toronto

McMaster University and the University of Toronto hope to expand their collective expertise in wetland research in abandoned mining sites by joining the Hamilton Conservation Authority (HCA) and its partners in a wetland creation exercise at the Fletcher Creek Ecological Preserve in Puslinch Township, Wellington County. The Fletcher Creek Ecological Preserve is a 197 ha natural area in Puslinch Township owned by the HCA. A large portion of the property is designated as a Provincially Significant Wetland, as well as an Environmentally-Sensitive Area in Wellington County. It contains a number of rare and unusual botanical species and serves an important role as a headwater source protection area. The HCA has designated

this area as an Ecological Preserve. Within the Ecological Preserve is a calcareous fen where many of the rare plant species are located. Calcareous fens are peat lands that are rich in calcium and magnesium from groundwater discharging through surrounding calcareous till and fractured limestone and dolomitic bedrock. Like the rare cliff and alvar communities associated with the Niagara Escarpment, calcareous fen habitats have highly restricted ranges in southern Ontario and fen habitat has been considerably reduced in extent. The research will attempt to establish protocols for the aggregate industry to determine what sites are suitable for calcareous fen rehabilitation and to determine what human intervention is needed to enhance and accelerate the rehabilitation of calcareous fens. Upon completion of the wetland feature, two years of scientific research and monitoring will be undertaken.





An Ecological Landscape-based Approach to the Rehabilitation of an Abandoned Pit – Dan Kraus, Nature Conservancy of Canada

The primary objectives of this project are to naturalize an abandoned aggregate pit on a property owned

by the Nature Conservancy of Canada and to monitor the effects of that process on the adjacent Clear Creek Forest Provincial Nature Reserve. The rehabilitation will be a landscape-based approach, designed to result in the net enhancement of water quality and quantity to the Clear Creek Forest Provincial Nature Reserve through the construction of a wetland and reengineering of existing drainage. This objective will be accomplished by creating a treed swamp wetland and installing pit and mound micro topography surrounding the wetland, so that surface flows will be retained and the groundwater system can recharge. Additionally, it is hoped that the rehabilitation work will increase habitat for species-at-risk and demonstrate that a net gain of biodiversity and ecological function can be achieved through rehabilitation. The study is scheduled to begin in 2005, with construction of the wetland and pits and mounds occurring in the spring of 2006.

Rehabilitation: Connecting Opportunities and Solutions – Dr. Robert Corry, Dr. Robert Brown, Dr. Raffaele Laforteza, University of Guelph

This study will be a multi-scale investigation to learn how rehabilitated landscapes contribute to social and ecological goals. It will explore the optimization of ecological consequences through rehabilitation and look at improving the efficiency of rehabilitation in terms of inputs and outcomes. The investigation will use four different methods to quantify the effects of rehabilitation on; landscape pattern, ecological flows, microclimatic variability and human perception and acceptance. The study is expected to take three and half years.



The Quarry-to-Alvar Initiative: 2004 Progress Report

University of Guelph graduate students Paul Richardson and Shannon Tomlinson, researchers with the Cliff Ecology Research Group (CERG), continue to make progress with the Quarry-to-Alvar Initiative. The overall goal of this project is to determine whether an alvar reference system can be used to rehabilitate abandoned quarry floors. The project has diverged into two directions: an observational study aimed at comparing alvars and naturally regenerating quarries with respect to floristic composition and environmental properties, and a transplantation experiment designed to identify ecological constraints on the colonization of quarry floors by characteristic alvar vegetation. Alvars are open areas of flat limestone covered with thin, patchy soils and sparse vegetation of herbs, shrubs, and few trees. They are considered some of the most floristically rich habitats in the northern-temperate regions and are considered globally rare.

Limestone quarry floors can be described as open, flat areas of calcareous bedrock, unevenly covered by thin, patchy soil that supports a sparse floral community. Initial visual assessments suggested that the physical characteristics and the vegetation growing on the quarry floors were very similar to alvar habitat and that a quarry floor could be rehabilitated to an alvar. The goal of this project was to determine the ecological differences and similarities between quarry floors and alvars. This was done by conducting a survey of the environmental and vegetative characteristics of quarry

floors and by performing a seed bank analysis to determine whether a high occurrence of exotic species could be partially explained by a seed bank that favours exotic flora.

Thirteen abandoned quarry sites located across Southern Ontario were surveyed during the summers of 2003 and 2004. For comparative reasons the survey methodology was based on a previous study of Bruce Peninsula alvars conducted by the CERG in 1996. Features measured on the quarry floors included abiotic factors

results indicate that there are 179 vascular species, 22 lichen species, and 14 moss species growing on the surveyed quarry floors. Of the 179 vascular species, 89 (49.7%) have been documented to occur naturally on alvars, and 23 (12.8%) of the quarry floor species are considered characteristic of alvars, occurring on a minimum of 50% of Ontario alvars in a province-wide survey. There is an average of 40 species growing at each quarry, and an average soil depth of 2.7 cm, and an average maximum surface temperature of 39.5°C. These results compare closely with those of the alvar survey that found a total of

180 vascular plants, 53 lichens, and 50 mosses growing on seven alvar sites. The average soil depth was 3.6 cm, and the average maximum temperature was approximately 40.5°C.

The seed bank analysis indicates a high similarity between the seeds and adult plants; therefore the vegetation is highly representative of the seeds found in the surrounding soil. This suggests that the fewer number of alvar species growing on quarry floors is not necessarily due to competition from a higher number of quarry species but that the immigration of alvar seeds could be restricting the presence of alvar species on the quarry floors.

The preliminary results demonstrate that characteristic alvar species are growing on the floors of limestone quarries (Figure 1), and the environmental data are similar between the two habitats. Once analysis of the environmental and vegetation surveys is complete, effective guidelines can



Figure 1. *Aquilegia canadensis* (Wild Columbine), a characteristic alvar species, growing on an abandoned quarry floor in Warton.

such as microhabitat and soil properties and biotic factors such as species composition and abundance of mosses, lichens, and vascular plants. Soil was also collected from each site in order to complete detailed soil analyses and seed bank germination trials. Each quarry was visited a minimum of 3 times to get an accurate representation of early- and late-emerging vegetation. Preliminary

be designed to rehabilitate abandoned limestone quarries to alvar habitat. In June 2004, the seeds of alvar plant species were experimentally introduced to four abandoned quarry floors in Southern Ontario. The goal of this project was to determine whether colonization of quarry floors by typical alvar species is primarily limited by immigration barriers, or whether other biotic and abiotic properties of the quarry environment constrain successful plant establishment. Analysis of seedling establishment data collected after one growing season indicates that while seed limitation does inhibit colonization of old quarry floors by native alvar species, successful establishment of seeds which do reach the quarry seed bank

is additionally constrained by both competition with species already residing on quarry floors, and by properties of the quarry floor substrate. The design of the colonization experiment involved six treatments: one treatment consisted of adding seeds of five common weed species found to dominate naturally regenerating quarry floors; four treatments incorporated seeds of 18 characteristic alvar species not found on quarry floors; and one treatment utilized both the quarry and alvar seed mixes, in order to increase competition faced by alvar species. Of the treatments which received alvar but not quarry seeds, one consisted of seed addition only, two involved addition of two centimeters of alvar-like substrate (a

mix of sand and peat moss with and without nitrogen fertilizer), and one eliminated resident vegetation through herbicide application prior to seed addition and regular weeding of unplanted vegetation throughout the growing season. Hypothesized constraints on the establishment of alvar species on quarry floors were tested by comparing establishment success (measured as the diversity and abundance of planted species surviving at the end of the growing season) among specific treatment pairs. For example, the hypothesis that competition with resident quarry vegetation constrains successful establishment by alvar species was tested by contrasting plots which received herbicide prior

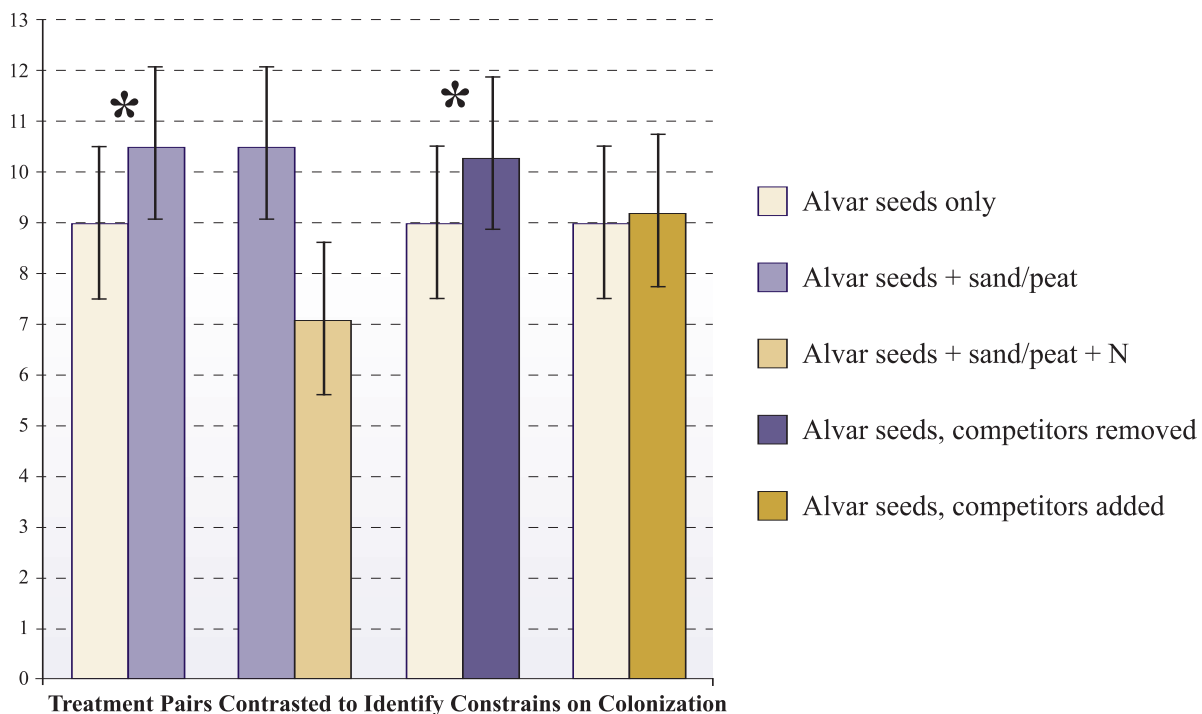


Figure 2. Seeds of 18 characteristic alvar species were added to 180 small plots located among four abandoned quarry sites, under five different treatment conditions (see legend above). The mean numbers of planted species surviving at the end of one growing season were contrasted among specific pairs of treatments to test hypothesized constraints on establishment. The diversity of alvar species was significantly higher in plots where either competitors were removed or sand and peat moss were added than where plots received no treatment other than alvar seeds (*, $p < 0.05$). Addition of nitrogen fertilizer to the sand treatment did not improve alvar species establishment, and addition of quarry weed species did not inhibit establishment significantly. Results support the hypotheses that competition with resident quarry species and substrate limitations (unrelated to N deficiency) constrain the successful colonization of quarry floors by alvar vegetation.

to planting and plots which received alvar seeds only.

Overall, 16 of the 18 introduced alvar species were able to establish in quarry plots which received no amendment other than alvar seeds, indicating that inadequate presence of alvar seeds in the quarry seed bank is a primary factor limiting quarry floor colonization by alvar species. The ratio of established individuals to introduced seeds was similar between plots receiving alvar seeds only and plots receiving quarry seeds only, indicating that alvar species are as capable of colonizing quarry floors as are weed species currently found to dominate many abandoned sites. However, despite this ability of alvar species to establish on quarry floors unaided, treatments designed to either reduce

competition with quarry residents or make the quarry substrate more alvar-like were found to accentuate establishment success, as the diversity and abundance of established alvar species were significantly higher in plots receiving sand and peat moss or removal of resident vegetation than in plots receiving alvar seed only ($P < 0.05$ for both comparisons; Figure 2). On the other hand, establishment was neither inhibited by addition of quarry species nor facilitated by addition of nitrogen, which suggests that establishing weed species are not strong competitors of establishing alvar species, and the nitrogen content of quarry soils does not limit alvar species success. Cumulatively, these preliminary results indicate that alvar species are

suitable for restoration of native biodiversity to limestone quarry floors, though minor substrate modification and control of competitors may be required to maximize establishment success.

Currently the ability of the planted species to persist through the stress of winter is being assessed; ongoing field monitoring reveals that many species have survived this stress and are in fact flourishing (Figure 3). Further planned research will investigate factors that promote ecological resilience in restored alvar communities established on recently deactivated quarry floors.



Figure 3. An experimental plot from the Springvale Quarry, which had received alvar seeds in June 2004, one week after the herbicide Round-Up™ was applied to eliminate potential competitors. Almost one year after seed was added, several alvar species flourish in this plot, including Common Milkweed, Wild Columbine, and the grass Little Bluestem.

TOARC – Revoked Licence Rehabilitation

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. This was the case with a property in The Township of VanKoughnet (Algoma District) known as the Cann Pit. The property is located on SW of Section 28, The Township of VanKoughnet,

Algoma District. The site was approximately 5.6 hectares in size. The proximity to a trail system along with the numerous, large unstable slopes were an invitation to trespassers on ATV’s. Rehabilitation involved regrading the slopes to a safe angle, covering the slopes with what little topsoil remained on site and then seeding and planting the pit area. As a result of this work the site is much safer and over time the area should evolve nicely to match the surrounding landscape.



Grading completed – seeding has yet to germinate.

AUDITOR'S REPORT

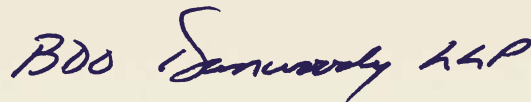
To the Trustee of Aggregate Resources Trust

We have audited the statement of financial position of **Aggregate Resources Trust** as at December 31, 2004 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, 2004 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
February 1, 2005

STATEMENT OF FINANCIAL POSITION

Aggregate Resources Trust



As at December 31	2004 \$	2003 \$
ASSETS		
Current		
Cash and short-term investments	1,438,521	2,596,355
Due from Licensees and Permittees	134,816	87,115
Interest and dividends declared receivable	110,455	97,913
Prepaid expenses	14,470	17,357
Total current assets	1,698,262	2,798,740
Investments, at cost [note 3]	13,873,019	12,842,669
Capital assets, net [note 4]	45,433	59,869
	15,616,714	15,701,278
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	171,522	135,440
Due to Licensees and Permittees [note 1]	6,693	6,693
Due to The Ontario Aggregate Resources Corporation [note 1]	647	70,912
Wayside permit deposits	54,655	125,172
Unearned aggregate resources charges	50,142	74,062
Due to Governments	80,725	58,648
Total current liabilities	364,384	470,927
Trust Funds		
Rehabilitation Fund	12,264,347	12,381,901
Abandoned Pits and Quarries Rehabilitation Fund	2,987,983	2,848,450
Total Trust Funds	15,252,330	15,230,351
	15,616,714	15,701,278

See accompanying notes

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

Director

Director

STATEMENT OF REVENUE & EXPENSES AND CHANGES IN FUND BALANCES

Aggregate Resources Trust

For the Year ended December 31

2004

	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income [note 3]	110,691	588,995	106,956	806,642
Aggregate resources charges	9,951,876	—	—	9,951,876
Publications	—	135	2,103	2,238
	10,062,567	589,130	109,059	10,760,756
EXPENSES				
Reimbursed expenses	—	671,034	112,229	783,263
Salaries and employee benefits	—	—	76,497	76,497
Depreciation	—	28,292	6,290	34,582
Investment management fees and taxes	—	69,693	11,382	81,075
Travel	—	—	8,396	8,396
Office lease, taxes and maintenance	—	—	6,324	6,324
Office	—	—	2,520	2,520
Communication	—	—	1,247	1,247
Insurance	—	—	1,197	1,197
	—	769,019	226,082	995,101
Excess (deficiency) of revenue over expenses before the following	10,062,567	(179,889)	(117,023)	9,765,655
Allocated to the Governments	(9,216,337)	—	—	(9,216,337)
Allocated to the Crown [note 1]	(846,230)	—	—	(846,230)
Deficiency of revenue over expenses for the year	—	(179,889)	(117,023)	(296,912)
Trust Funds, beginning of year	—	12,381,901	2,848,450	15,230,351
Funds reinvested by the Crown [note 1]	846,230	—	—	846,230
Interfund transfer	(846,230)	110,691	735,539	—
Expenditures incurred in meeting the Trust purposes [schedules and note 1]	—	(48,356)	(478,983)	(527,339)
Trust Funds, end of year	—	12,264,347	2,987,983	15,252,330

See accompanying notes

STATEMENT OF REVENUE & EXPENSES AND CHANGES IN FUND BALANCES

Aggregate Resources Trust



For the Year ended December 31

2003

	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
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
Office lease, 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

STATEMENT OF CASH FLOWS

Aggregate Resources Trust

For the Year ended December 31	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(296,912)	(99,161)
Add items not involving cash		
Depreciation	34,582	52,575
Gain on disposal of capital assets	—	(6,107)
	(262,330)	(52,693)
Net change in non-cash working capital balances related to operations	(163,899)	81,254
Cash provided by (used in) operating activities	(426,229)	28,561
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(20,146)	(26,596)
Proceeds on disposal of capital assets	—	6,107
Purchase of investments	(3,477,602)	(2,116,554)
Sale of investments	2,447,252	2,565,837
Cash provided by (used in) investing activities	(1,050,496)	428,794
CASH FLOWS FROM FINANCING ACTIVITIES		
Expenditures incurred in meeting the Trust purposes	(527,339)	(635,193)
Allocated to the Crown	846,230	817,614
Cash provided by financing activities	318,891	182,421
Net increase (decrease) in cash during the year	(1,157,834)	639,776
Cash and short-term investments, beginning of year	2,596,355	1,956,579
Cash and short-term investments, end of year	1,438,521	2,596,355

See accompanying notes

SCHEDULES OF REHABILITATION COSTS FOR THE REHABILITATION FUND

Aggregate Resources Trust



For the Year ended December 31		2004
Project number	Project name	Paid or Payable \$
04-01	Cann Pit, Algoma District	40,125
	Tendering, consulting and other	8,231
		48,356

See accompanying notes

For the Year ended December 31		2003
Project number	Project name	Paid or Payable (Recovered) \$
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

See accompanying notes

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

Aggregate Resources Trust

For the Year ended December 31		2004
Project number	Project name	Paid or Payable \$
03-12	Wilson Pit, City of Ottawa	12,359
03-14	Grenville Fish & Game Club Pit, Leeds & Grenville	13,380
04-01	Dickson-Vinden Pit, City of Kawartha Lakes	15,334
04-02	Hodgson Pit, Regional Municipality of Durham	12,637
04-03	Ten Westeneind Pit, City of Kawartha Lakes	34,390
04-04	Puckrin/Clarkson Pit, Regional Municipality of Durham	25,926
04-05	Brewer Pit, Regional Municipality of York	19,527
04-06	Smith Pit, City of Kawartha Lakes	13,642
04-07A	Steinhart / Sangster Pit, Regional Municipality of Durham	8,292
04-07B	Watson Pit, Regional Municipality of York	10,968
04-08	Hamilton Conservation Authority Quarry, City of Hamilton	110,000
04-09	Junkin Pit, City of Kawartha Lakes	16,050
04-10	Feifel Pit, Algoma District	14,846
04-13	Garside Pit, Algoma District	18,244
04-14A	Spaul Pit, Sudbury District	24,931
04-14B	Municipality of Markstay-Warren Pit, Sudbury District	21,133
04-15	Feldspar Quarry, Frontenac County	37,910
04-16	Belkoski Pit, Algoma District	20,865
	Tendering, consulting and other	12,129
	Research costs	
	University Guelph – Alvar quarry recolonization	71,500
	The Couchiching Conservancy – Alvar Cattle Grazing	(1,500)
	University Guelph – Computer simulation of a naturalization rehabilitation plan	4,330
	Rehabilitation Costs recovered	(37,910)
		478,983

See accompanying notes

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

Aggregate Resources Trust



For the Year ended December 31

2003

Project number	Project name	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

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

Aggregate Resources Trust

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 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 Abandoned Pits and Quarries Rehabilitation Fund agreement (by which the APAO undertook to rehabilitate abandoned pits and quarries on behalf of the Trust) dated June 27, 1997 between TOARC and the APAO was terminated effective July 1, 2004 with the mutual consent of both parties. The costs associated with rehabilitation of abandoned pits and quarries after this date will be paid directly by TOARC and 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:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies of the company.

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 year end date.

Financial instruments

The Trust's financial instruments consist of certain instruments with various maturities. 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



NOTES TO FINANCIAL STATEMENTS

December 31, 2004

Aggregate Resources Trust

instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

Foreign currency assets and liabilities are translated into Canadian dollars by the use of the exchange rate prevailing at the year end date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. The resulting foreign exchange gains and losses are included in income in the current period.

3. INVESTMENTS

Investments consist of the following:

	2004		2003	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds				
Government of Canada	4,858,351	4,692,183	4,113,253	3,911,180
Corporate	2,193,261	2,115,928	1,956,795	1,866,803
Canadian equities	3,901,778	2,418,595	3,897,216	2,808,647
Foreign equities	4,015,604	4,646,313	3,491,068	4,256,039
	14,968,994	13,873,019	13,458,332	12,842,669

The Government of Canada bonds bear interest at rates ranging from 3.00% to 6.375% per annum [2003 – 3.50% to 6.375%] with maturity dates ranging from September 1, 2005 to March 8, 2014.

The corporate bonds bear interest at rates ranging from 3.96% to 6.60% per annum [2003 - 4.15% to 6.60%] with maturity dates ranging from April 21, 2006 to January 27, 2014.

Investment income is broken down as follows:

	2004	2003
	\$	\$
Interest income	474,115	555,554
Dividends	135,118	138,769
Capital gains / (losses) [net]	239,655	221,913
Foreign exchange gain / (loss) [net]	(43,854)	(2,194)
Other income	1,608	1,471
	806,642	915,513

4. CAPITAL ASSETS

Capital assets consist of the following:

	2004			2003		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Computer equipment	93,576	84,890	8,686	88,374	74,680	13,694
Furniture and fixtures	101,073	64,326	36,747	117,498	80,917	36,581
Vehicles	75,090	75,090	—	75,090	65,496	9,594
	269,739	224,306	45,433	280,962	221,093	59,869



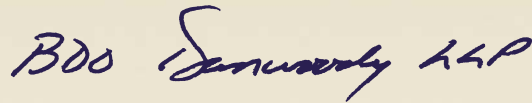
AUDITOR'S REPORT

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, 2004 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, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Hamilton, Ontario

February 1, 2005

BALANCE SHEET

The Ontario Aggregate Resources Corporation



As at December 31

	2004	2003
	\$	\$

ASSETS

Cash	1	1
Due from Aggregate Resources Trust	647	70,912
	648	70,913

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities

Due to Aggregate Producers' Association of Ontario	647	70,912
Total liabilities	647	70,912

Shareholder's equity

Share capital		
Authorized and issued, 1 common share	1	1
Retained earnings	—	—
Total shareholder's equity	1	1
	648	70,913

See accompanying notes

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

The Ontario Aggregate Resources Corporation

For the Year ended December 31

	Rehabilitation Fund	2004 Abandoned Pits and Quarries Rehabilitation Fund [note 5]	Total
	\$	\$	\$
EXPENSES			
Salaries and employee benefits	378,468	70,954	449,422
Board expenses	15,899	—	15,899
Professional fees	136,459	—	136,459
Data processing	8,267	1,815	10,082
Travel	26,533	14,512	41,045
Communication	25,897	14,260	40,157
Office	19,190	6,665	25,855
Office lease, taxes and maintenance	33,815	2,409	36,224
Insurance	5,620	1,614	7,234
Government assessments [note 4]	20,886	—	20,886
	671,034	112,229	783,263
Recovery of costs	(671,034)	(112,229)	(783,263)
Net income for the year	—	—	—
Retained earnings, beginning of year	—	—	—
Retained earnings, end of year	—	—	—

See accompanying notes

For the Year ended December 31

	Rehabilitation Fund	2003 Abandoned Pits and Quarries Rehabilitation Fund [note 5]	Total
	\$	\$	\$
EXPENSES			
Salaries and employee benefits	356,251	—	356,251
Board expenses	8,521	—	8,521
Professional fees	105,347	—	105,347
Data processing	7,675	—	7,675
Travel	32,914	—	32,914
Communication	32,560	—	32,560
Office	22,335	—	22,335
Office lease, taxes and maintenance	38,972	—	38,972
Insurance	5,688	—	5,688
	610,263	—	610,263
Recovery of costs	(610,263)	—	(610,263)
Net income for the year	—	—	—
Retained earnings, beginning of year	—	—	—
Retained earnings, end of year	—	—	—

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

The Ontario Aggregate Resources Corporation



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 and over the next five years are as follows:

	\$
2005	54,640
2006	55,070
2007	57,960
2008	58,810
2009	44,110
	<u>270,590</u>

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.

4. GOVERNMENT ASSESSMENTS

As the result of a Provincial Sales Tax audit, the Corporation was assessed interest and tax in the amount of \$8,743. Of this amount \$1,638 was billed to clients. However, some of the permits on which the assessment was based were surrendered, leaving a \$7,105 (including interest of \$2,878) expense to be absorbed by the Corporation.

In addition, an internal review of Employer's Health Tax obligations was completed and it was determined that the Corporation was in non-compliance with EHT legislation. An

amount of \$13,781 has been expensed (including interest of \$2,386).

5. ABANDONED PIT AND QUARRIES REHABILITATION FUND

By an Abandoned Pits and Quarries Rehabilitation Fund agreement dated June 27, 1997, TOARC and the APAO agreed that the APAO would administer the APQRF program (operated as the MAAP Program). TOARC reimbursed the APAO out of the assets of the Trust for the costs of the program. This administrative agreement was terminated effective July 1, 2004 with the mutual consent of both parties. The administrative costs associated with the rehabilitation of abandoned pits and quarries after this date will be paid directly by TOARC and be presented as reimbursed expenses on the Trust's Statement of Revenue and Expenses and Changes in Fund Balances.







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

I3Advisors Inc.
(formerly Ernst & Young Investment Advisors Inc.)

Shareholder

Aggregate Producers' Association of Ontario

