



Annual Report
2005

Board of Directors

2006

Representing the Ontario Stone, Sand & Gravel Association (OSSGA)*

Richard Seibel, 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 OSSGA)*

Gord Lavis

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

Brian Messerschmidt

2005

Representing the Aggregate Producers' Association of Ontario (APAO)

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

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 / Brian Messerschmidt

* Formerly the Aggregate Producers' Association of Ontario (APAO).





Professional Assistance



Banking Institution

The Bank of Nova Scotia

Investment Managers

Burgundy Asset Management Ltd.
Letko Brosseau & Associates Inc.

Auditors

BDO Dunwoody LLP

Legal Counsel

Blake, Cassels & Graydon LLP

Investment Advisors

I₃ Advisors Inc.

Shareholder

Ontario Stone, Sand & Gravel Association





June 21, 2006

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 2005 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 ended December 31, 2005. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the MAAP program in 2005 (the Abandoned Pits & Quarries Rehabilitation Fund). The report also contains a review of the many exciting rehabilitation research projects being funded through the Management of Abandoned Aggregate Properties (MAAP) program.

Yours truly,

Richard Seibel
Chairman of the Board



Chairman's Message



On behalf of the Board of Directors, I am pleased to release this annual report on the activities and financial affairs of the Aggregate Resources Trust (the Trust), The Ontario Aggregate Resources Corporation (TOARC) and the Management of Abandoned Aggregate Properties program (MAAP). The Trust carries out its various responsibilities through TOARC and MAAP. These include the collection and disbursement of licence and permit fees paid by stone, sand and gravel producers, the rehabilitation of abandoned and revoked aggregate sites and research on rehabilitation and aggregate resource management issues.

The Trust collects aggregate resource charges (licence fees, permit fees and royalties) early in each year and disburses them by mid-September of the same year to municipal governments and the Province. In 2005, over 10.4 million dollars were collected in charges and disbursed as follows:

	Million Dollars
Local municipalities	6.1
Counties & regions	.8
MAAP program	.8
Province (from licence fees)	1.5
Province (royalties & permit fees)	1.2

The 10.4 million dollars in aggregate resource charges were generated from aggregate production of approximately 157 million tonnes.

With the exception of the MAAP program which is paid for by a portion (1/2 cent / tonne) of the annual licence fees, the Trust activities are funded by investment income. To ensure (to the greatest extent possible) the protection of capital and strong returns, the Board has taken steps to diversify the management of the Trust assets. The Trust assets were divided roughly in half and transferred to two new investment management firms. Both firms, Burgundy Asset Management Ltd. of Toronto and Letko Brosseau & Associates Inc. of Montreal, were chosen for their strong performance and complimentary investment styles. Total Trust assets grew by approximately \$116,000 over 2004 to \$15,368,122.

TOARC continued its program of auditing production reports in 2005 and 174 audits of licenses and permits were conducted. TOARC staff manages the audit program as well as conducts audits. In addition, the public accounting firm of BDO Dunwoody LLP is engaged to conduct audits on behalf of the Trust and this allows for an expanded reach of the program. In



2005, TOARC undertook a number of production audits in support of MNR enforcement initiatives, a practice that is expected to continue. Approximately \$55,000 in net additional fees was collected as a result of the audits.

New milestones were reached in several of the Trust's research initiatives in 2005. A new position has been created within the MAAP group to further our research objectives. Ms. Kathryn Kuntz, M.Sc., has been appointed as 'Co-ordinator – Science & Research' and has been given the task of continuing to find new research partners and projects that the Trust can support as part of its mandate. Kathryn has also been tasked with integrating new rehabilitation techniques acquired through research into the MAAP rehabilitation projects as appropriate.

The Quarry-to-Alvar initiative carried out under the direction of Dr. Doug Larson (the Cliff Ecology Research Group) at the University of Guelph was concluded in 2005 with some very interesting results. It does appear that dry, abandoned quarries can be rehabilitated to habitat known as alvar, which is wonderful news. The creation of calcareous fen project is ongoing at the Fletcher Creek Ecological Preserve under the direction of Dr. Mike Waddington at McMaster University. The reconstruction of the site is substantially complete and the research phase has

commenced in earnest. The Trust has partnered with the Nature Conservancy of Canada (NCC) on a novel rehabilitation and research project at the NCC's Clear Creek Forest Nature preserve in Kent County. Dan Kraus, Science Manager with the NCC has concluded the collection of baseline data for the project and is ready to enter the construction phase this fall. Dr. Robert Corry with the Landscape Architecture department at the University of Guelph continues with his work on a model for evaluating 'non-conventional alternatives' for pit and quarry rehabilitation and we look forward to the results next year. Kathryn has provided much more detail on these various research projects later in this report and I trust you will find this work interesting and helpful. Check the TOARC website regularly (www.toarc.com) as research results will be posted there as they are completed.

I would like to thank Mr. Ron Winslow, immediate past chairman of the Board, for his guidance in 2005 over various board matters and am pleased he remains with the Board through 2006 as a director.

Respectfully submitted,



Richard Seibel
Chairman of the Board

MAAP Year in Review

The Management of Abandoned Aggregate Properties (MAAP) Program has now successfully completed nine years of rehabilitating abandoned aggregate pits and quarries within the areas of Ontario designated under the Aggregate Resource Act. In 2005, MAAP undertook 27 new projects and continued work on two projects begun in 2004, which resulted in over 75 hectares of land being rehabilitated at a total cost of \$548,272. The spring rehabilitation work took place in South-Central Ontario in the counties of Elgin, Middlesex, Oxford and Perth, while fall rehabilitation was concentrated in Eastern Ontario in the counties of Leeds & Grenville, and Stormont, Dundas & Glengarry. The majority of these sites were returned to natural areas (40 ha), a significant proportion was converted to agricultural land (28 ha) and the remainder were rehabilitated to recreation areas (7 ha). Our average cost/ha decreased from \$13,411/ha last year to an average this year of \$7,267/ha.

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. Additionally, MAAP allocates a portion of its budget for research relating to aggregate resource management and rehabilitation. 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.



MAAP Rehabilitation in progress Spring 2005



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, or 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, site size, aesthetics, ease of accessibility, and natural re-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. To date, over \$4 million has been spent on 203 projects that have rehabilitated 366 hectares of land at an average cost of approximately \$11,000 per hectare.

MAAP Goals and Objectives

The goals of the MAAP program 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 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 2005 totaled \$870,771

Administration and depreciation	\$ 241,072
Tendering, consulting and other one-time costs	\$ 7,667
Research	\$ 204,891
Rehabilitation projects	\$ 548,272
GST refund	(\$ 131,131)

Total **\$ 870,771**

* Includes \$65,000 of cost carried over from 2004 projects, completed in 2005.



The steep eroding slopes of an abandoned pit in the Township of West Perth were hazardous and unsightly which made it a good candidate for rehabilitation.

2005 MAAP Project Summary

Location and Project Number	Landowner	Rehabilitation End Use	Area (ha)	Contractor	Total Contract Price
Algoma District					
*04-13	Garside	Agricultural Crop	2.90	Integrated Earth & Env. Inc.	\$5,000
Elgin County					
05-01	Wright	Natural Area	6.25	Hollandia Land & Environmental Solutions	\$31,000
Middlesex County					
05-02	Heimstra	Natural Area	5.20	NLG Construction	\$34,700
05-03	Taylor	Natural Area	4.00	Hollandia LES	\$30,000
05-04	Barker	Agriculture	1.60	Hollandia LES	\$13,000
Oxford County					
05-05	Baldwin	Natural Area	2.00	Hollandia LES	\$16,600
05-06	Van Nes	Natural Area	3.20	Hollandia LES	\$16,206
Perth County					
05-07	Kipfer	Natural Area	.25	Van Bree Drainage & Bulldozing Ltd.	\$9,450
05-08	Weitzel	Agriculture	.23	Hollandia LES	\$6,100
05-09	Byler	Natural Area	5.86	Cox Construction Ltd.	\$55,013
05-10	Mann	Agriculture	1.05	Hollandia LES	\$6,500
05-11	Mann	Agriculture	6.00	Hollandia LES	\$30,000
05-12	Chittick	Natural Area	4.00	Hollandia LES	\$16,000
05-13	Schoonerwoerd	Natural Area	2.25	Hollandia LES	\$15,750
05-14	McCarthy	Agriculture	.60	Hollandia LES	\$6,500
05-16	Reaney/Vorstenbosch	Natural Area	6.00	Birnam Excavating Ltd.	\$28,647
05-17	Barker	Natural Area	1.47	Hollandia LES	\$13,100
05-18	Linton	Agriculture	.80	Birnam Excavating Ltd.	\$10,805
05-20	Mann	Agriculture	3.00	Hollandia LES	\$15,000
05-21	Vogets	Agriculture	.80	Hollandia LES	\$6,500
05-22	Hocking	Agriculture	2.00	Hollandia LES	\$15,000
City of Hamilton					
*05-19 (04-08)	Hamilton Conservation Authority	Natural Wetland Area	3.70		\$60,000
Leeds and Grenville County					
05-23	Topping/Lavinge	Recreational Area	.73	Crain's Construction Ltd.	\$14,001
05-24	Brooks/Lafave	Agriculture	3.84	Hollandia LES	\$15,000
05-25	Martin	Recreational Area	6.80	Hollandia LES	\$38,500
05-26	Mackey	Agriculture	3.20	Hollandia LES	\$5,400
Stormont, Dundas & Glengarry County					
05-27	Tessier	Agriculture	3.50	Hollandia LES	\$20,000
05-28	Vander Bijl	Agriculture	.82	Hollandia LES	\$14,500
TOTAL					\$548,272

* Projects began in 2004.

Summary of MAAP 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	\$ 497,973	\$ 22,231	\$ 33,198	1.49
1998	10	18.35	\$ 219,199	\$ 11,945	\$ 21,920	1.84
1999	16	30.45	\$ 366,636	\$ 12,041	\$ 22,915	1.90
2000	17	28.50	\$ 411,226	\$ 14,429	\$ 24,190	1.68
2001	21	25.50	\$ 320,337	\$ 12,562	\$ 15,254	1.21
2002	10	14.25	\$ 288,844	\$ 20,270	\$ 28,884	1.43
2003	19	46.39	\$ 342,897	\$ 7,392	\$ 18,047	2.44
2004	15	27.35	\$ 414,986	\$ 15,173	\$ 27,666	1.82
2005	28	75.45	\$ 483,272	\$ 6,405	\$ 17,260	2.69
Total	203	366.63	\$ 4,071,850	\$ 11,106	\$ 20,058	1.81

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

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



Site 05-07 Before



Mid-construction



Site 05-07 After

RESEARCH

The MAAP Program has recently been restructured, and as a result, Kathryn Kuntz has joined the MAAP team as the new Co-ordinator: Science and Research. Kathryn will be working to monitor ongoing research projects and maintain liaison with research partners, as well as to initiate new research projects based on industry need and as financial resources permit.

The MAAP Research Program is currently funding three ongoing projects, and in talks with researchers about the potential for two new collaborations. The long-term project, the Quarry-to-Alvar initiative, was completed last year and a brief summary and management recommendations are found below. Summaries of ongoing research partnerships follow.

The Quarry-to-Alvar Initiative

Paul Richardson and Shannon Thomlinson, graduate students of Dr. Doug Larson (with the Cliff Ecology Research Group at the University of Guelph), began work in 2003 to evaluate whether limestone quarries could be restored to a target habitat known as *alvar*. Alvars are globally imperiled ecosystems; hence answering this question could have benefits both to the conservation of alvars and the restoration of abandoned quarries. At abandoned quarry sites across southern Ontario the species composition of vascular vegetation, bryophytes and lichens, and the composition of the seedbank were determined and compared to information collected at alvar sites. An experimental study evaluating constraints of spontaneous succession to alvar was also begun.



Researchers from the University of Guelph identify the vegetation that has established on abandoned quarry floors to test the idea that alvar creation may be a suitable restoration target for quarry rehabilitation.

Two research questions were posed:

- (1) To what degree are abandoned limestone quarries similar to alvars in their ecological structure?
- (2) What factors limit the ability of alvar species to colonize abandoned quarry floors?

Question (1) was answered by a two-pronged approach. First, 13 abandoned quarries were sampled for their existing vegetation and environmental features. An analysis was carried out that characterized each site and examined the differences among sites. Next, the quarry floor biophysical environment was compared to the naturally occurring biophysical environment on 7 alvars.

Question (2) was answered by carrying out manipulative work in 4 abandoned quarry sites. In a field experiment, plots were seeded with alvar and quarry floor species, and also provided soil amendments such as silica sand addition, organic carbon addition, competition removal and nutrient addition.



Alvars are characterized by thin, patchy soil cover overlying limestone bedrock. However, these thin soils support a tremendous diversity of plant life including grasses, flowering plants, mosses, lichens and algae.

It was discovered that the individual quarry floors were quite variable in terms of species composition, but less so in terms of the physical environment. Despite this variability, quarry floors and alvars were strikingly similar. Seventy-seven of the 246 species of vascular plants, bryophytes, and lichens found on quarry floors are also found on alvars, and 24 of the 200 vascular plant species, or 12%, are 'characteristic' of alvars (meaning they are found on more than half of the alvars in Ontario). Comparatively, natural alvar surveys show they support a community composition with 20-25% of plant species 'characteristic' of alvars. Quarry floors are much more similar to naturally occurring alvars than was expected, with natural processes responsible for roughly a 50-60% conversion of quarry to alvar in terms of species composition. Strong evidence was found for seed limitation as the principal factor limiting the colonization of quarry floors by alvar species.

In the manipulative experiment, the establishment of both quarry and alvar species was similar, and soil amendments or other treatments had very minimal effects, though silica sand addition increased species establishment success, and nitrogen fertilization decreased establishment. In addition to

the results from the planned research, the catastrophic drought in the early summer of 2005 provided even better information regarding the suitability of alvar as restoration target for abandoned quarries. Over the summer the rainfall was the lowest on record in 57 years. Despite the severity of the drought, survival of plants that were established on the quarry floors was high, with planted alvar species having even higher survival rates than the resident and planted quarry floor species (Fig 1). Another interesting result was that the persistence of the community of plants was found to increase with increasing species richness. Plots that had greater species diversity better survived the drought conditions (Fig 2).

In summary, abandoned limestone quarry floors in Ontario are more structurally and functionally similar to alvar ecosystems than has been appreciated before. Natural processes have taken control of soil development and species recruitment, leading to ecosystems that have moved about halfway to becoming legitimate alvars.

A more rapid development of quarry floors into these real alvars seems to require nothing more than seed and silica sand addition.

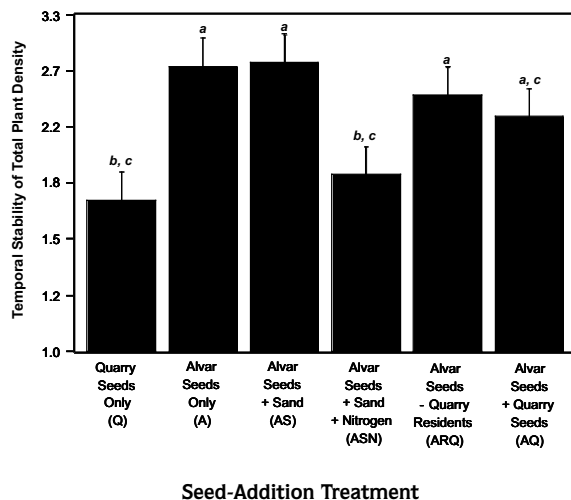


Fig. 1. Effects of seed-addition and soil treatments on plant density over time covering the 2004-2005 sampling period. Temporal Stability of Plant Density was calculated for each plot as the temporal mean plot density divided by the temporal standard deviation of density. Treatments marked with the same letter are not significantly different from each other ($P > 0.05$, statistical contrasts among treatment pairs). This figure illustrates that removing resident plants and adding fertilizers are not necessary for alvar plant establishment or persistence over time. Simply adding alvar seed will increase the plant density on quarry floors and aid in the persistence of plant density during drought events.

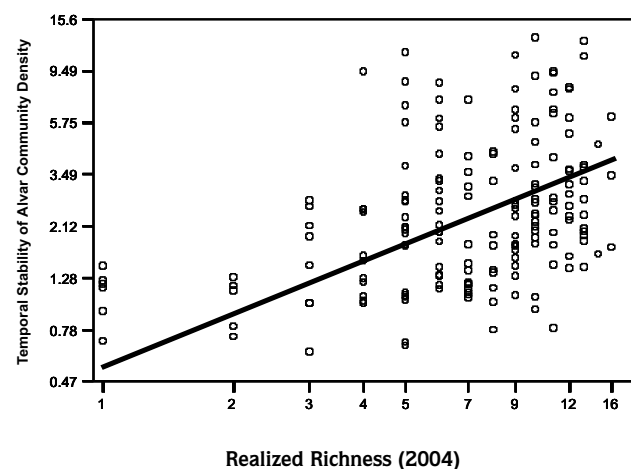


Fig. 2. Effects of alvar species richness on the temporal stability of community density in quarry floor plots. Stability of the community over time was calculated for 175 plots found to support alvar species in fall 2004 as the mean number of alvar plants found in the plot over 2004-2005, divided by the standard deviation of this property over the same period; both stability and richness values are plotted on loge-transformed scales. The line shows that stability increases linearly and positively with species richness (slope = 0.48 ± 0.08 ; $R^2 = 0.16$; $F(1, 174) = 32.77$; $p < 0.0001$), meaning that the greater the diversity of species established, the more likely the community will persist over time.

On the basis of the work done in this project, four steps will accomplish the restoration and management of abandoned limestone quarries to new alvar habitat:

(1) Bring in alvar seeds.

While the whole array of alvar species was not tested in this work, we predict that the broader the array of alvar species used in plantings, the greater the chance that the quarries can be used to extend the range of alvar endemics. Seed of alvar plants should be collected and/or grown by experienced people and we have approached the Royal Botanical Gardens to establish a collaborative program to that end. Success of planted species should be monitored at each site, and the range of 'best performers' should be expanded at each site. An emphasis should be placed on making as diverse a planting as possible. All seeding should take place in spring. Sites undergoing restoration using alvar species should, if the populations take hold adequately, also be used as seed sources for additional plantings.

(2) Do not removing existing vegetation or soil.

The existing vegetation should not in any way be removed or interfered with. Operators need not worry about the plants already growing on the quarry floor. Even the weedy plants have had a rock outcrop origin and hence may contribute to the stability of the site. Soil amendments are largely unnecessary on sites older than 10 years. If a newly abandoned quarry is to be rehabilitated, a mixture of sand and compost will add nutrients, fines and carbon. Amended

soil depth in vegetated areas should not exceed 2 cm. The existing soil should not be tampered with. Do not fertilize – especially with nitrogen.

(3) Increase spatial heterogeneity and reduce disturbance.

Spatial heterogeneity (crevices, fractures, rock piles, etc.) should be manufactured at small and large scales. The use of rocky debris to create different microsites will provide greater habitat diversity, encourage soil development and aid in trapping seeds and retaining moisture. Human traffic should be discouraged to reduce mortality due to trampling. Once the vegetation has established and human traffic is lessened, other species may colonize more rapidly. This may be especially important for herptiles and birds. Signage should be posted to indicate that former quarry sites rehabilitated in this fashion are nature preserves.

(4) Monitor and report on your restoration results.

Records of the restoration work should be kept and successes or failures communicated to other property owners. This will form the basis of adaptive management in the future. Quarry operators should advertise restoration activities in order to derive appropriate credit for their work.

Be sure to communicate that the success of the restoration not be judged by percent vegetation cover, since open rock is itself a feature of alvars.



Calcareous Fen Creation at Fletcher Creek

At the Fletcher Creek Ecological Preserve in Puslinch Township, in Wellington County, Dr. Mike Waddington and Ph.D. student Tim Duval, from McMaster University, are studying quarry rehabilitation and succession to calcareous fen habitat to determine: (1) the optimal protocols to rehabilitate quarries into calcareous fens; and (2) to what degree a rehabilitated quarry will support the biodiversity found in a natural calcareous fen. Calcareous fens are groundwater fed wetlands that have been shown to establish naturally in abandoned shallow quarries (water depths between 50 cm and 1 m).

The Fletcher Creek Ecological Preserve in Puslinch Township, Wellington County, covers 196 hectares with a large portion of the property having been designated as a Provincially Significant Wetland and an Environmentally Sensitive Area. The preserve contains a naturally occurring calcareous fen, as well as an abandoned wet quarry. A 1 ha section of the quarry had water depths of 4-6 meters and a large shallow section which is naturally rehabilitating to fen habitat. Cliff faces up to 6 meters in height occurred around most of the quarry site.

The quarry had a history of unorganized recreational use, including some prohibited activities like swimming, diving from the rock cliffs, and bush parties. In 1999, after considerable public consultation, the Hamilton Conservation Authority approved a master plan to protect and preserve the natural features of the area while providing low intensity recreational opportunities. The plan called for passive recreation through opening new access routes and the construction of new recreational trails through the preserve, while limiting the attractiveness of the site for prohibited activities. Access to the public would be increased and the open water would be removed. It was decided that the water depth in the quarry should be reduced to a maximum of approximately 1 meter. Techniques discussed to accomplish this included filling the pond with imported soil or other inert material, or blasting or bashing the sidewalls and filling the pond with shot rock.

Over the fall and winter of 2003/2004, the Hamilton Conservation Authority lowered the limestone walls surrounding the deep quarry lake. A large hoe ram and backhoe were used to fracture and excavate the cliffs surrounding the lake, and trucks moved the rock to re-shape the quarry lake and provide appropriate wetland depths.



Fletcher Creek Quarry pond pre-construction.



Fletcher Creek Quarry immediately following construction.



Researchers at the naturally occurring calcareous fen at the Fletcher Creek Ecological Preserve



A section of the quarry at Fletcher Creek is rehabilitating on its own towards a Calcareous Fen vegetation community.

The MAAP program has funded work by researchers to evaluate whether succession to calcareous fen habitat can occur in the newly created shallows. Hydrogeological and geochemical monitoring was begun in the spring of 2005, alongside a transplant experiment in the newly created 'fen' environment. The transplant experiment will evaluate the success of sedges in four different hydrological situations and various created water depths. In the fall of 2005, flumes were installed at the outflow of the created fen and at the natural fen and a geochemical tracer experiment and carbonate analysis was begun.

As of this spring, full hydrological and geochemical measurements have begun. This summer, the transplant experiment will be expanded to include both groundwater discharge and recharge sections of the fen, and biodiversity will be quantified at the natural, rehabilitating and created sites. Ultimately, this project will provide quarry operators with protocols to restore below-water extracted sites to support calcareous fen communities, and detail appropriate water depths, hydrological conditions, planting and seeding plants and species requirements.



Transplanted sedges were placed in the created fen environment at three different water depths.



A tremendous diversity of wetland species occur in the natural calcareous wetland at Fletcher Creek.

Evaluating 'Non-Conventional Alternatives' for Pit and Quarry Rehabilitation

New research about alternative strategies for the rehabilitation of pits and quarries is being conducted by Dr. Robert Corry in the Landscape Architecture department at the University of Guelph. This research involves collecting data about prior restoration and rehabilitation approaches on aggregate extraction sites to model whether non-conventional approaches to rehabilitation might be more cost-efficient, ecologically-sound and culturally-effective. By using these models, researchers will: (1) compare changes in the ecology of the landscape that result from different rehabilitation designs; and (2) measure how different rehabilitation strategies contribute to large-scale pattern in the landscape. The alternate rehabilitation strategies can be evaluated based on ecological criteria such as habitat connectivity, as well as financial costs. In addition to the modeling work, the societal

acceptance of the alternate rehab strategies is being tested by surveying the responses of stakeholders to digital photographic simulations of the alternative end-points for the sites.

Last year a spatial database of aggregate pits and quarries in Ontario was created, and data regarding existing land cover and terrain across Ontario was incorporated into a Geographic Information System. As well, over 700 images of typical and non-conventional rehab approaches were gathered (including some aerial photography). Non-conventional approaches that have been documented includespontaneous revegetation (or no rehabilitation), alvar vegetation, and designed alternatives such as parks or gardens.

Over the spring of 2006 this work has continued with researchers categorizing the different rehabilitation approaches as 'typical or standard' versus 'non-conventional', and developing the ecological models to test the efficiency of the different rehabilitation strategies.

Partnerships with the Nature Conservancy of Canada at Clear Creek Forest

At the Clear Creek Forest Nature Preserve on the north shore of Lake Erie in Orford Township, Dan Kraus from the Nature Conservancy of Canada, and researchers from the University of Guelph and the Department of Fisheries and Oceans are rehabilitating an existing gravel pit pond on the property to a forested wetland community. Existing agricultural drainages (currently dumping into Clear Creek) will then be re-engineered into the newly created wetland and the changes to regional water quality and local biodiversity will be assessed. It is predicted that the newly created wetland habitat will allow the preserve to better retain surface flows and allow recharge of the shallow groundwater system. The goal of this research project is to determine whether the rehabilitation of the

abandoned pit will enhance both the local biodiversity and regional water quality.

Over the past year the hydrological model of the Clear Creek watershed was completed. Belinda Ward-Campbell, a Ph.D. candidate working under Dr. Rob Mclaughlin at the University of Guelph and Dr. Nicholas Mandrak (DFO), installed flow monitors at the site, and data from the flow monitors and aquatic inventories pre-construction were compiled. It was discovered that tremendous flow events occur through the Clear Creek after rain events and during the spring thaw which may be scouring the creek bottom and influencing aquatic fauna and surrounding vegetation. Diverting two agricultural drainages into the newly created wetland on site will reduce the volume of water entering the creek, and is predicted to decrease the destructive nature of these peak flow events.



The abandoned aggregate pit on the McLaren Property, recently acquired by the Nature Conservancy of Canada, is adjacent to the forested sections of the Clear Creek watershed. Fill surrounding the pond, as well as material acquired during the re-routing of current agricultural drainages, will be used to decrease the depth of the pond.



Portions of the abandoned pit have already undergone succession to wetland habitat. The newly created wetland habitat areas at Clear Creek are predicted to increase habitat for amphibians and improve water quality throughout the watershed.

COMMUNICATING RESEARCH

Communicating the results of rehabilitation research to both members of the scientific community and members of the aggregate industry is as important as conducting the research itself. To this end, MAAP funded research projects have been presented to a variety of audiences at conferences, meetings and public events this past year:

- Presentations at the Royal Botanical Gardens and a site visit to Fletcher Creek last August provided valuable information to APAO members about current rehabilitation research initiatives.
- The results of the Quarry-to-Alvar Initiative were presented in two talks at the World Conference on Ecological Restoration, held in Zaragoza, Spain, Sept. 14-16, 2005.
- The methodology and objectives of the Fletcher Creek Calcareous Fen Project were outlined by Dr. Waddington in Quebec in February at the Peatland Ecology Restoration Group annual meeting.
- An interpretive tour of the Clear Creek Forest was held on April 22nd to celebrate the successful completion of fundraising efforts for the purchase and rehabilitation of the property.
- Preliminary data from Fletcher Creek will be presented by Tim Duval at Niagara Escarpment Commission's Leading Edge Conference in Burlington this October.

Our own Co-ordinator of Science & Research will be presenting a paper entitled "Novel Approaches to Quarry Restoration: Rehabilitation Research & Practice" at the upcoming Canadian Land Reclamation Association Annual General Meeting and Conference in Ottawa. We also hope to communicate a summary of all the results of ongoing MAAP research initiatives at the Niagara Escarpment Commission's Conference on Biosphere Research – The Leading Edge, 2006.

Rehabilitation Manual

TOARC and MAAP continue work on a cutting-edge Rehabilitation Manual to detail state-of-the-art pit and quarry rehabilitation practices. This manual will be written as a guide for aggregate property owners and operators to help with decision-making for their site rehabilitation, and to provide the most up-to-date knowledge of rehabilitation practices and standards for Ontario. A Rehabilitation Manual Co-ordinator has been hired on contract to edit, organize and synthesize the existing literature on gravel pit and quarry rehabilitation; and to extract from this existing literature the information relevant to sand, stone and gravel operators in Ontario. We are actively gathering appropriate figures and images to detail effective site restoration practices and will synthesize this wealth of information into a serviceable document for publication.





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, 2005 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.

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 Trust as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO January LLP

Chartered Accountants

Hamilton, Canada
January 26, 2006

STATEMENT OF FINANCIAL POSITION

Aggregate Resources Trust

As at December 31	2005 \$	2004 \$
ASSETS		
Current		
Cash and short-term investments	2,782,771	1,438,521
Due from Licensees and Permittees	66,245	134,816
GST Recoverable [note 5]	279,104	—
Interest and dividends declared receivable	104,647	110,455
Prepaid expenses	20,416	14,470
Total current assets	3,253,183	1,698,262
Investments, at cost [note 3]	12,439,094	13,873,019
Capital assets, net [note 4]	110,612	45,433
	15,802,889	15,616,714
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	190,636	171,522
Due to Licensees and Permittees [note 1]	6,693	6,693
Due to The Ontario Aggregate Resources Corporation [note 1]	—	647
Wayside permit deposits	127,866	54,655
Deferred Aggregate Resources Charges	60,310	50,142
Due to Governments	49,262	80,725
Total current liabilities	434,767	364,384
Trust Funds		
Rehabilitation Fund	12,350,890	12,264,347
Abandoned Pits and Quarries Rehabilitation Fund	3,017,232	2,987,983
Total Trust Funds	15,368,122	15,252,330
	15,802,889	15,616,714

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

2005

	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income [note 3]	—	806,749	123,052	929,801
Publications	—	109	2,399	2,508
Gain on disposal of capital assets	—	—	8,400	8,400
	—	806,858	133,851	940,709
EXPENSES				
Reimbursed expenses	—	610,736	221,092	831,828
Depreciation	—	8,126	7,621	15,747
Investment management fees and taxes	—	70,228	12,359	82,587
	—	689,090	241,072	930,162
Excess (deficiency) of revenue over expenses before the following	—	117,768	(107,221)	10,547
Aggregate Resources Charges [note 1]	10,463,362	—	—	10,463,362
Allocated to the Governments [note 1]	(9,697,193)	—	—	(9,697,193)
Allocated to the Crown [note 1]	(766,169)	—	—	(766,169)
Excess (deficiency) of revenue over expenses for the year	—	117,768	(107,221)	10,547
Trust Funds, beginning of year	—	12,264,347	2,987,983	15,252,330
Funds reinvested by the Crown [note 1]	766,169	—	—	766,169
Interfund transfer	(766,169)	—	766,169	—
Expenditures incurred in meeting the Trust purposes [schedules and note 1]	—	(31,225)	(629,699)	(660,924)
Trust Funds, end of year	—	12,350,890	3,017,232	15,368,122

See accompanying notes

STATEMENT OF REVENUE & EXPENSES AND CHANGES IN FUND BALANCES

Aggregate Resources Trust

For the Year ended December 31

2004

[note 6]

	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income [note 3]	—	699,686	106,956	806,642
Publications	—	135	2,103	2,238
	—	699,821	109,059	808,880
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 & 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
Deficiency of revenue over expenses before the following	—	(69,198)	(117,023)	(186,221)
Aggregate Resources Charges [note 1]	9,951,876	—	—	9,951,876
Allocated to the Governments [note 1]	(9,216,337)	—	—	(9,216,337)
Allocated to the Crown [note 1]	(735,539)	—	—	(735,539)
Deficiency of revenue over expenses for the year	—	(69,198)	(117,023)	(186,221)
Trust Funds, beginning of year	—	12,381,901	2,848,450	15,230,351
Funds reinvested by the Crown [note 1]	735,539	—	—	735,539
Interfund transfer	(735,539)	—	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 CASH FLOWS

Aggregate Resources Trust

For the Year ended December 31	2005	2004
	\$	\$ (note 6)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenue over expenses for the year	10,547	(186,221)
Add items not involving cash		
Depreciation	15,747	34,582
Gain on disposal of capital assets	(8,400)	—
	17,894	(151,639)
Net change in non-cash working capital balances related to operations	(140,288)	(163,899)
Cash used in operating activities	(122,394)	(315,538)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(80,926)	(20,146)
Proceeds on disposal of capital assets	8,400	—
Purchase of investments	(3,342,048)	(3,477,602)
Sale of investments	4,775,973	2,447,252
Cash provided by (used in) investing activities	1,361,399	(1,050,496)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds reinvested by the Crown [note 1]	766,169	735,539
Expenditures incurred in meeting the Trust purposes	(660,924)	(527,339)
Cash provided by financing activities	105,245	208,200
Net increase (decrease) in cash during the year	1,344,250	(1,157,834)
Cash and short-term investments, beginning of year	1,438,521	2,596,355
Cash and short-term investments, end of year	2,782,771	1,438,521

See accompanying notes



SCHEDULES OF REHABILITATION COSTS FOR THE REHABILITATION FUND Aggregate Resources Trust

For the Year ended December 31

2005

Project number	Project name	Paid or Payable/ (Recovered) \$
	Tendering, consulting and other	8,805
	Rehabilitation Manual	41,927
	Government Recoveries [Note 5]	(19,507)
		31,225

See accompanying notes

For the Year ended December 31

2004

Project number	Project name	Paid or Payable/ (Recovered) \$
04-01	Cann Pit, Algoma District	40,125
	Tendering, consulting and other	8,231
		48,356

See accompanying notes

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

Aggregate Resources Trust

For the Year ended December 31, 2005

Project number	Project name	Paid or Payable / (Recovered) \$
04-13	Garside Pit, Algoma District	5,000
05-01	Wright Pit, The County of Elgin	31,000
05-02	Hiemstra Pit, The County of Middlesex	34,700
05-03	Taylor Pit, The County of Middlesex	30,000
05-04	Barker Pit, The County of Middlesex	13,000
05-05	Baldwin Pit, The Restructured County of Oxford	16,600
05-06	Van Nes Pit, The Restructured County of Oxford	16,206
05-07	Kipfer Pit, The County of Perth	9,450
05-08	Weitzel Pit, The County of Perth	6,100
05-09	Byler Pit, The County of Perth	55,013
05-10	Mann Pit, The County of Perth	6,500
05-11	Mann Pit, The County of Perth	30,000
05-12	Chittick Pit, The County of Perth	16,000
05-13	Schoonderwoerd Pit, The County of Perth	15,750
05-14	McCarthy Pit, The County of Perth	6,500
05-16	Reaney Pit, The County of Perth	28,647
05-17	Barker Pit, The County of Perth	13,100
05-18	Linton Pit, The County of Perth	10,805
05-19	Hamilton Conservation Authority Quarry, City of Hamilton	60,000
05-20	J. Mann Pit, The County of Perth	15,000
05-21	Vogels Pit, The County of Perth	6,500
05-22	Hocking Pit, The County of Perth	15,000
05-23	Topping / Lavigne Pit, The County of Leeds and Grenville	14,001
05-24	Francis-Brooks Pit, The County of Leeds and Grenville	15,000
05-25	Martin Pit, The County of Leeds and Grenville	38,500
05-26	MacKey Pit, The County of Leeds and Grenville	5,400
05-27	Tessier Pit, The County of Stormont, Dundas & Glengarry	20,000
05-28	Van Der Bijl Pit, The County of Stormont, Dundas & Glengarry	14,500
	Tendering, consulting and other	7,667
	Research costs	
	University Guelph – Alvar quarry recolonization	64,000
	University Guelph – Computer simulation of a naturalization rehabilitation plan	8,065
	Nature Conservancy of Canada – Forest wetland restoration	44,325
	McMaster University – Calcareous wetland rehabilitation	48,000
	University Guelph – Connecting opportunities & solutions	40,501
	Government Recoveries [Note 5]	(131,131)
		629,699

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 / (Recovered)
		\$
03-12	Wilson Pit, City of Ottawa	12,359
03-14	Grenville Fish & Game Club Pit, County of 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

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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, the Ontario Stone, Sand & Gravel Association [the "OSSGA"] formerly 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 OSSGA 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 OSSGA 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 Aggregate Resources Fund is for the collection of the annual licence and permit fees, royalties, and wayside permit fees [aggregate resources charges] collected on behalf of the Minister. 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 reinvested by the Crown to the Trust from the Aggregate Resources Fund will be



transferred within the Trust and used for the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. In addition, the Trust collects royalty payments and annual fees related to aggregate permits and also disburses the funds to the Crown within six months of receipt.

The 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 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 Trust.

Aggregate Resources Charges

Aggregate resources charges collected on behalf of the Minister are recorded 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.

Deferred Aggregate Resources Charges represents prepayments and overpayments of fees charged to Licensees and Permittees.

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:



NOTES TO FINANCIAL STATEMENTS

December 31, 2005

Aggregate Resources Trust

Computer equipment & software	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 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:

	2005		2004	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds				
Government of Canada	5,573,883	5,446,075	4,858,351	4,692,183
Corporate	2,291,461	2,258,943	2,193,261	2,115,928
Canadian equities	3,779,350	1,973,552	3,901,778	2,418,595
Foreign equities	2,566,135	2,760,524	4,015,604	4,646,313
	14,210,829	12,439,094	14,968,994	13,873,019

The Government of Canada bonds bear interest at rates ranging from 3.00% to 5.75% per annum [2004 – 3.00% to 6.375%] with maturity dates ranging from June 1, 2006 to June 2, 2035.

The corporate bonds bear interest at rates ranging from 3.93% to 6.60% per annum [2004 – 3.96% to 6.60%] with maturity dates ranging from April 21, 2006 to June 30, 2015.

Investment income is broken down as follows:

	2005 \$	2004 \$
Interest income	528,212	474,115
Dividends	124,569	135,118
Capital gains [net]	299,976	239,655
Foreign exchange loss [net]	(24,477)	(43,854)
Other income	1,521	1,608
	929,801	806,642

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of \$143,890 [2004 - \$110,691].



4. CAPITAL ASSETS

Capital assets consist of the following:

	2005			2004		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Computer equipment and Software	136,329	86,388	49,941	93,576	84,890	8,686
Furniture and fixtures	98,606	75,477	23,129	101,073	64,326	36,747
Vehicles	79,315	41,773	37,542	75,090	75,090	—
	314,250	203,638	110,612	269,739	224,306	45,433

5. GOVERNMENT RECOVERIES

During the year, the Trust received favorable GST rulings that resulted in amounts due to the Trust for the 2000 to 2005 fiscal years inclusive of approximately \$279,000.

6. COMPARATIVE FIGURES

The comparative figures have been reclassified to reflect a change in the presentation of Aggregate Resources Charges collected on behalf of the Minister and the interest earned on those Aggregate Resources Charges.





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, 2005 and the statement of operations and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation'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 Corporation as at December 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Corporations Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

BDO January LLP
Chartered Accountants

Hamilton, Canada
January 26, 2006

BALANCE SHEET

The Ontario Aggregate Resources Corporation

As at December 31	2005	2004
	\$	\$
ASSETS		
Cash	1	1
Due from Aggregate Resources Trust	—	647
	1	648
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Due to Ontario Stone, Sand & Gravel Association	—	647
Total liabilities	—	647
Shareholder's equity		
Share capital		
Authorized and issued, 1 common share	1	1
Retained earnings	—	—
Total shareholder's equity	1	1
	1	648

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 \$	2005 Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
EXPENSES			
Salaries and employee benefits	385,195	143,677	528,872
Board expenses	12,116	—	12,116
Professional fees	137,114	4,949	142,063
Data processing	22,356	1,253	23,609
Travel	26,033	38,963	64,996
Communication	27,871	11,071	38,942
Office	17,616	3,446	21,062
Office lease, taxes and maintenance	34,130	16,280	50,410
Insurance	4,611	3,288	7,899
Government recoveries [note 4]	(56,306)	(1,835)	(58,141)
	610,736	221,092	831,828
Recovery of costs	(610,736)	(221,092)	(831,828)
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 \$	2004 Abandoned Pits and Quarries Rehabilitation Fund \$	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



NOTES TO FINANCIAL STATEMENTS

December 31, 2005

The Ontario Aggregate Resources Corporation

1. FORMATION AND NATURE OF OPERATIONS

The Ontario Aggregate Resources Corporation [the "Corporation"] was incorporated on February 20, 1997. The Corporation's sole shareholder is the Ontario Stone, Sand & Gravel Association [the "OSSGA"] formerly The Aggregate Producers' Association of Ontario [the "APAO"], a not-for-profit organization. The Corporation's sole purpose is to act as Trustee of the Aggregate Resources Trust [the "Trust"]. On June 27, 1997, the Corporation 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 Corporation as Trustee of the Trust.

In accordance with the Indenture Agreement, the Corporation 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 Corporation on behalf of the Trust are reimbursed from the Trust's assets.

The Trust's assets managed by the Corporation, amounting to approximately \$15.4 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 four years are as follows:

	\$
2006	57,430
2007	60,320
2008	61,170
2009	45,880
	224,800

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 RECOVERIES/ASSESSMENTS

During the year, the Corporation applied for GST refunds relating to the 2000 to 2005 fiscal years inclusive of approximately \$58,000.





The Ontario Aggregate Resources Corporation

1001 Champlain Avenue, Suite 103
Burlington, ON L7L 5Z4
Tel 905.319.7424 • Fax 905.319.7423
Toll Free 866.308.6272

www.toarc.com

