



2017 ANNUAL REPORT



“ BOARD OF DIRECTORS

REPRESENTING THE ONTARIO STONE, SAND & GRAVEL ASSOCIATION (OSSGA)

Ken Lucyshyn | Chairman of the Board
Ryan Essex | Secretary/Treasurer
Terry Waites
Ed Persico

REPRESENTING A CONSERVATION OR ENVIRONMENTAL ORGANIZATION

Chris Darling

REPRESENTING THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO (AMO)

Dennis Lever

REPRESENTING THE AGGREGATE INDUSTRY AT LARGE (NON OSSGA)

Kerry Doughty

REPRESENTING THE MINISTRY OF NATURAL RESOURCES AND FORESTRY AS AN “EX OFFICIO MEMBER”

Monique Rolf von den Baumen-Clark

2017

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2018

April 30, 2018

Honourable Nathalie Des Rosiers
Minister of Natural Resources and Forestry
Suite 6630, 6th Floor, Whitney Block
99 Wellesley Street West
Toronto, Ontario M7A 1W3

Minister Des Rosiers;

On behalf of the Board of Directors, I am pleased to submit the 2017 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, 2017. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the Management of Abandoned Aggregate Properties (MAAP) program in 2017.

The report also reviews a number of the rehabilitation projects undertaken by the MAAP program along with research funded by the Abandoned Pits & Quarries Rehabilitation Fund.

Yours truly,



Ken Lucyshyn
Chairman of the Board

CHAIRMAN'S MESSAGE 2017

One of the primary functions of the Trust is the collection of aggregate resource fees and their disbursement to the municipal governments and the Province of Ontario. Aggregate production from licenced sources in 2016 and collected in 2017 dropped 5 million tonnes from 2015 to total 143 million tonnes. This is up slightly from 2014, but total production is still significantly below the levels experienced from 2004 -2008 in the Province of Ontario.

Production from Permits, Forestry Aggregate Pits, and Non-Designated Private Land sources fell to 11 million tonnes, down from 12 million tonnes in 2015.

Total fees of \$19.4 million dollars were invoiced and disbursed amongst recipients as follows:

	(\$MILLION)
LOCAL MUNICIPALITIES	9.0
COUNTIES & REGIONS	2.3
MAAP PROGRAM	0.8
PROVINCE (from licence fees)	5.2
PROVINCE (from royalties and permit fees)	2.1
TOTAL	19.4

Updated legislation and regulations were introduced mid-year 2017 and will bring many changes with respect to aggregate fees on both licences and permits, the implementation of an annual inflation index, and changes in the allocation of disbursements to the Province, Upper and Lower Tier Municipalities and MAAP. TOARC faced many challenges to ensure that it will be capable of managing all the proposed changes and I am pleased to say the team conquered these challenges head on!

To integrate these changes, TOARC reviewed and updated our custom software program: LPAS Operating System that manages the collection and disbursement fees of all active aggregate producers in Ontario. The system was originally implemented in 2007 and had worked well, but with the release of "The Blueprint for Change" in late 2015, it was immediately recognized that the existing LPAS operating platform would not be able to accommodate the potential changes proposed in "The Blueprint".

Development started on the new LPAS Operating System in late 2016, however it was not until the updated legislation and regulations were released in 2017 that TOARC could fully comprehend and integrate the 2018 requirements. TOARC continually developed and tested the new system with the goal to run the old and new systems in parallel to close the 2017 yearend to verify the data. I am pleased to report that both systems produced the same results meaning the new system was performing as expected!

This year the TOARC team reviewed their existing information technology (IT) infrastructure and with the support of a third party identified weaknesses and opportunities for improvements. These identified opportunities led to the installation of improved firewall security, operational improvement in systems infrastructure including: implementing virtual servers, increased internet capacity, remote access through VPN and cloud based backup systems. TOARC executed a third party IT support service agreement to ensure that resources are available whenever required. The Board of Directors believes that these upgrades are essential in sustaining a secure, efficient and sustainable operation.

A special thanks to Mr. John Dorlas who led the implementation of LPAS Operating System back in 2007, and has led the successful LPAS system upgrades over the past two years.

The rehabilitation of legacy aggregate sites by the MAAP program is one of the primary functions of TOARC's Management of the Abandoned Pits and Quarries Rehabilitation Fund. In 2017, the MAAP program conducted rehabilitation work on 30 sites at a total cost of \$508,736. Locations of these sites are shown later in this report.

Danielle Solondz, Paul Hartnett and Erica Rumbolt continue to amaze the TOARC Board members and myself with the results that they are able to achieve year over year rehabilitating the legacy aggregate sites across Ontario.

The total file count in our eMAAP database of legacy sites in the Province is now at 8110. In 2017, many of the older open sites were revisited and reevaluated to determine if the current site condition would benefit from rehabilitation. Currently there are 2740 open sites that need to be dealt with, with an expectation that most will require intervention. To date 5370 files are now closed for a multitude of reasons as seen below. The listing by category of closed files now stands as follows:

Developed	641
Licensed	290
No Historical Extraction	376*
Naturalized (to create new habitat)	1936
Rehabilitated (by owner)	668
Situated on Crown Land	221
Landowner Not Interested	717
Rehabilitated by MAAP/MNR	521
Total Files Closed	5,370

**Files where no disturbances could be found or where it was determined the site disturbance was not a result of aggregate extraction.*

Part of TOARC's mandate is research on aggregate resources including rehabilitation. TOARC continues to generate new research projects that will aid the industry in being a leader in rehabilitation processes. Currently underway is an afforestation study being conducted by researchers from the University of Waterloo's Conservation and Restoration Ecology Lab, headed by Professor Stephen Murphy and under the management of Dr. Paul Richardson. The Rapid Ecological Restoration for Aggregate Sites (RERAS) study is a 4-year research commitment funded by TOARC and the Natural Sciences and Engineering Research Council of Canada (NSERC). Details of this project can be found later in this report.

Education with respect to the aggregate industry is also a part of TOARC's mandate. In 2015, TOARC agreed to funding support for 3 years at the University of Waterloo: School of Planning for "Aggregate Resources Planning, Development and Management". The course is offered as an elective at the undergraduate/graduate level. This is the first course specific to aggregate resources planning that has been presented at a University level in Canada. I am pleased to announce that funding

for an additional 3 years has been recently approved by the TOARC Board and funding will aid in the development of a new module short course that planner practitioners can access remotely and use towards certifications.

TOARC has also continued to gather field data about all former aggregate licences and permits in the Province of Ontario that have been surrendered for our internal database: eSurrender. From this internal database TOARC has created an external online database to be used as an educational tool for the public called the Surrendered Site Reporting Tool. It is now available through the TOARC website and further details are in an article included later in this report.

Trust funds decreased in the year ending 2017 to \$20,703,064 from \$20,751,662 at the yearend 2016. Trust revenue decreased significantly (\$340,148) compared to the previous year as gains in the "sale of investments and unrealized changes in fair value portion" reflect lower performance of the 2017 financial markets. Trust's expenses increased by \$84,885 in 2017. This increase was mainly a result of increased employee benefits expenses and increased legal expenses.

I want to take this opportunity to welcome Mr. Terry Waites, Mr. Ryan Essex and Mr. Mark Geens, all representing OSSGA on the TOARC Board of Directors. I send a special thank you for many years of service and support on the TOARC Board of Directors to Mr. John Moroz and Mr. Ed Persico who stepped off the TOARC Board this year.

Respectfully submitted,



Ken Lucyshyn
Chairman of the Board



MAAP 2017 PROJECT SUMMARY

SUMMARY OF MAAP REHABILITATION COSTS

PROJECT NUMBER	LANDOWNER / LOCATION	END USE	AREA (HA)	COST \$
16-12a	Elmhirst Pit, Peterborough County	Agriculture Pasture	1.12	18,832
17-01	White Pit, Northumberland County	Agriculture Pasture	0.50	201
17-02a	Cunningham Pit, Bruce County	Agriculture Crop	0.68	4,097
17-02c	Dietrich Pit, Bruce County	Agriculture Crop	1.10	7,938
17-03a	Dent Pit, Bruce County	Agriculture Crop	1.00	10,870
17-03b	Holdenby Pit, Bruce County	Agriculture Crop	0.41	5,252
17-03c	Vollmer Pit, Huron County	Agriculture Pasture	0.15	3,374
17-04a	Onias Pit, Huron County	Agriculture Pasture	0.58	13,200
17-04b	Gingrich Pit, Huron County	Agriculture Crop	0.29	7,500
17-04c	Richmond Pit, Huron County	Agriculture Crop	1.77	56,900
17-05a	Kraemer 1 Pit, Huron County	Natural Area	0.11	15,000
17-05b	Kraemer 2 Pit, Huron County	Natural Area	0.06	3,750
17-05d	VanBakel Pit, Perth County	Agriculture Crop	0.75	20,300
17-06	Schoedel Pit, Peel County	Natural Area	0.37	925
17-07a	Drake 1 Pit, Perth County	Natural Area	0.70	22,250
17-07b	Drake 2 Pit, Perth County	Natural Area	0.20	10,653
17-07c	Kalveboer Pit, Huron County	Natural Area	0.49	52,372
17-07e	Flynn Pit, Huron County	Agriculture Crop	1.66	17,913
17-08a	Kelly Pit, Huron County	Agriculture Pasture	4.05	31,480
17-08b1	VanCamp 1 Pit, Huron County	Natural Area	0.30	10,340
17-08b2	VanCamp 2 Pit, Huron County	Natural Area	0.19	4,411
17-08c	Johnston Pit, Huron County	Agriculture Crop	1.09	40,888
17-08d1	Hastings Pit, Huron County	Agriculture Crop	1.94	16,792
17-08d2	Hastings Pit, Huron County	Agriculture Crop	1.45	17,318
17-09a	Grubb Pit, Bruce County	Agriculture Crop	1.54	15,432
17-09c	Linthorst 1 Pit, Perth County	Agriculture Crop	0.32	5,275
17-09d	Linthorst 2 Pit, Perth County	Agriculture Crop	2.22	26,820
17-09e	D. Johnston Pit, Perth County	Agriculture Pasture	2.67	26,345
17-10b	Staples Pit, Peel County	Recreational	1.34	515
17-11	Heise Pit, County of Kawartha Lakes	Natural Area	0.09	16,472
			29.14	483,415

YEAR	NUMBER OF NEW 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	498,819	6,611	17,815	2.69
2006	28	48.50	510,556	10,527	18,234	1.73
2007	23	39.11	740,796	18,941	32,209	1.70
2008	29	45.10	482,875	10,707	16,651	1.56
2009	19	22.29	298,699	13,401	15,721	1.17
2010	19	21.35	298,205	13,967	15,695	1.12
2011	38	34.40	274,436	7,978	7,222	0.91
2012	30	38.10	444,222	11,659	14,807	1.27
2013	28	44.13	490,054	11,105	17,502	1.58
2014	13	21.79	431,413	19,799	33,186	1.68
2015	23	38.73	404,093	10,434	17,569	1.68
2016	36	41.68	444,000	10,653	12,333	1.16
2017	30	29.14	483,415	16,589	16,114	0.97
Total	519	790.95	\$9,390,161	\$11,261	\$17,161	1.52

* 1992-1996 data is based on information provided by MNRF

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

* Total project costs incurred for 2017 were \$508,736. The difference between \$483,415 shown and the total was monies spent on project preparations



AGGREGATE RESEARCH

RAPID ECOLOGICAL RESTORATION FOR AGGREGATE SITES (RERAS)

AFFORESTATION

When extraction requires forest-clearing, and the site licence requires off-site forest replacement to help mitigate the impact, how should the operator create the offset? The new forest should be ecologically representative of the impacted one, but also cost-effective and timely in its development – which is problematic, given that forests are complex ecosystems, which cannot be made to grow overnight. This is precisely the challenge being investigated by researchers from the University of Waterloo’s Conservation and Restoration Ecology Lab, headed by Professor Stephen Murphy. Under the management of Dr. Paul Richardson, the Rapid Ecological Restoration for Aggregate Sites (RERAS) project was made possible when Walker Aggregates volunteered the use of their Duntroon Quarry expansion to act as a living laboratory for afforestation research! This allows the researchers¹ to test cutting-edge ideas about accelerating development of hardwood forests by adaptively managing and monitoring the field experiments that were initiated near the Duntroon Quarry. The research is funded by NSERC’s Collaborative R&D program, with co-funding from TOARC. It is highly collaborative, with the researchers receiving input and assistance from Walker Aggregates, Stantec Consulting and Clearview Nursery.

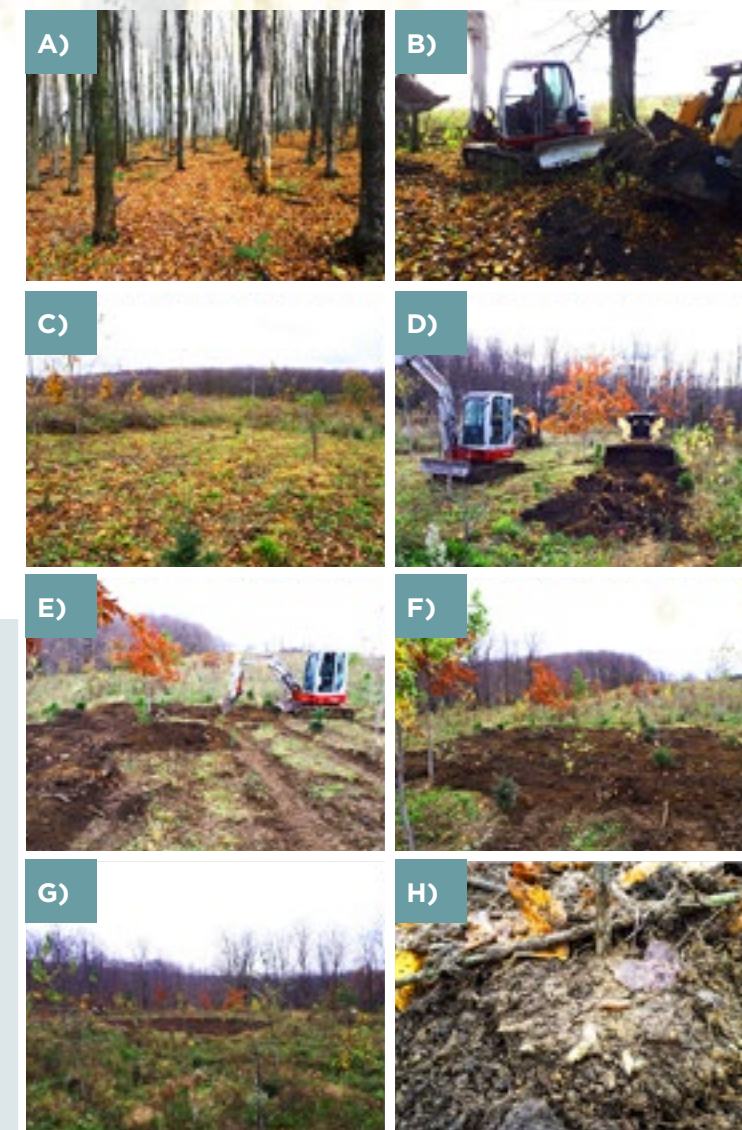
The team is testing the hypothesis that mitigative afforestation (i.e. tree-planting on poor agricultural land near the extraction site) can produce ecological features of mature natural hardwood forests more completely and more rapidly if current best practices

– including planting diverse native hardwoods – are supplemented by “living mulch”, and translocated directly from forested areas being cleared. Living mulch includes the upper layers of the forest floor, from the topmost litter and woody debris through to the topsoil, with its banks of seeds and roots of forest plants, plus essential soil animals, microbes, nutrients, and organic matter. Although this material has great potential to stimulate establishment of forest features, intense sunlight and competition from weeds in newly planted forests may be too stressful for the living part of the mulch to flourish. This research will discover how important these constraints are, and whether they can be overcome through simple ecological engineering aimed at mimicking natural forest habitats. Techniques being tested include insertion of additional litter and woody debris from donor forests, as well as introduction of both natural and artificial shading agents. Additionally, as a potential alternative to directing efforts towards young afforestations, living mulch is also being tested at older plantation forests, where some target habitat conditions have already developed, but desired biotic communities are still lacking.

The research team spent the summer of 2017 assessing potential study sites around the Duntroon Quarry. Planted forests ranging in age, mature natural forest slated for clearing (and donation of living mulch), natural forest not slated for clearing (and providing long-term references for target conditions), and an abandoned quarry (to test the

potential for living mulch in rehabilitation). In November 2017, the team created forty-five, 125 m² experimental plots across the range of environments. Plots were constructed by covering the ground with living mulch from the donor forest, and installing four levels of increasing habitat mimicry in different sections of each plot. Over the coming years, the team will monitor and analyze how these interventions influence the similarity of recipient plots to the reference forest with respect to a wide range of ecological features. Ultimately, the knowledge generated by these investigations will help aggregate producers compensate for unavoidable forest-removals more completely, more rapidly and more cost-effectively than is currently possible.

Installation of the Experimental Living Mulch Relocation plots. A) The donor forest. B) Excavation of living mulch (LM), including topsoil, small plants and propagules, and overlying debris, from a donor plot. C) A plot in the 2 year-old planted forest that has been prepared for LM via mowing and herbicide application. D) Deposition of the excavated LM. E) Distribution of the LM throughout the plot. F-G) The LM recipient plot, post-relocation, but prior to dogwood planting and woody debris addition. H) Close-up of the LM; note the wild leek rhizomes and earthworm presence.

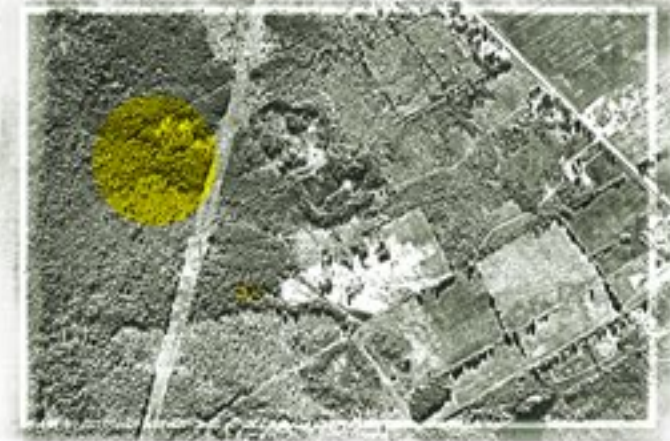


¹Doctoral students Jonas Hamberg and Andrew Moraga.

AN UPDATE ON THE MAAP LEGACY SITE DATABASE

Currently MAAP's database has 8110 records of abandoned ("legacy") pits and quarries throughout Ontario. Legacy pits and quarries were documented if they were located in designated areas under the Aggregate Resources Act (ARA) and never held a licence prior to December 31, 1989. MAAP's legacy pit and quarry inventory comes from three sources. The Ministry of Natural Resources and Forestry (MNRF) completed the original inventory of these sites in the 1990s, which resulted with 6,680 sites. In 2007, a large portion of the Province became newly designated under the ARA and Ontario Geologic Survey was contracted to locate legacy sites, an additional 1,300 sites were added to MAAP's database. The remaining 130 qualifying sites have been added to the database from landowner call-ins (with verification by MAAP and MNRF staff) of sites that had been missed in the initial two inventories.

During the original surveys in the early 1990's and 2007 the purpose was to identify locations of legacy sites rather than identify candidates for rehabilitation. It is important to have this record of legacy sites across the Province, however if they did not require rehabilitation, the MAAP program began to classify files as 'closed'. At the time of the original inventories many sites have already reverted to other uses as it had often been 20 years or more since they have been disturbed. To date, 5,370 files have been 'closed' for a multitude of reasons. To see examples throughout Ontario visit the MAAP Online Reporting Tool (MORT) on the TOARC website www.toarc.com



Aerial image from 1970 with a legacy pit highlighted in yellow and field-verified in 1999 by MNRF was the start of MAAP's database of legacy sites in the Province. Upon MNRF field verification, they documented "well-established wetland with no safety concerns and banks less than 1 metre".

For the legacy sites that remain 'open', MAAP sets a priority ranking to the sites. High-ranking sites that contain unstable slopes, deep water, and vertical cliffs with easy public access and high visibility have all been addressed if the landowner was interested in participating in the program. The obstacles MAAP is now facing with "medium" and "low" priority ranking sites is the severe lack of organics on site, generally smaller in disturbed area mixed with naturalized areas, and the locations are spread out geographically. This can be a challenge but the MAAP team is working hard to group multiple smaller sites together, research novel soil amendments and better naturalize sites that have started to on their own.

MAAP will continue to post new rehabilitation techniques on our website and communicate our successes and challenges to the industry and public and welcome your stories as well! Please do not hesitate to contact us to let us know what you have seen work or are trying!

MAAP PROJECTS

NORTHUMBERLAND COUNTY

At 2.10 ha (~5 acres) the Taylor pit offered a great opportunity to rehabilitate a site to an agricultural after use, seamlessly blending into the surrounding landscape. Typical of sites located in the middle of a farm property, it was being used as a collection and storage place for all items that get set aside for possible future use. In this instance, generations of old farm equipment, fencing, tires, sheets of barn roofing and other items had accumulated over time. As part of the MAAP program the landowner is responsible for the pre-existing condition of the site, meaning they are required to remove garbage or stored items prior to construction. Mr. Taylor reported that he was surprised how much money there was in selling the scrap metal stored in the pit, and what started as a somewhat onerous task became a money making venture! The site was awarded to a local contractor who graded the pit as designed by MAAP staff and Mr. Taylor used his seed drill to plant a nurse crop of red clover. This was a very successful project where the landowner was an exceptional steward of the land.

16-07E TAYLOR PIT

BEFORE



DURING



AFTER



MAAP PROJECTS

GREY COUNTY

The Stewart pit, ~1.10 ha (~2.7 acres), was an opportunity to take a site that posed some very real safety concerns for equipment operators working the farm, and anyone else venturing onto the site that may not be aware of the steep face, such as snowmobilers in the winter. Rehabilitation provided an opportunity to marry up the fields above and below the pit to maximize the workable land for the Stewart farm operation. This site demonstrates the typical need to disturb a much larger area than the pit to create a solution that provides an overall benefit to the landowner without the need to import fill. Deep pockets of topsoil were found in the hollows of the lower field where organics tend to wash into and collect. These deep pockets of organics immensely helped with giving the site a thick layer of topsoil making it perfect for agricultural after use. The landowner was able to cultivate the site immediately after the earthwork was completed by rock picking and grooming the site prior to planting the first nurse crop.

15-08B STEWART PIT

BEFORE



DURING



AFTER



MAAP PROJECTS

BEFORE



PETERBOROUGH COUNTY

A smaller MAAP project at ~0.20 ha (~0.5 acres), the Chiaropto pit had some unique challenges including site access, determining what parts of the site to disturb and what areas to leave because they had naturally regenerated. Site access was restricted due to paddock fencing above the pit area. Fortunately, a gap just wide enough for a small trim dozer existed that allowed access to the site without the need to remove and reinstall fencing.

Part of the pit was fully naturalized with trees and grasses, therefore MAAP worked with the landowner to create a rehabilitation plan that would address shallow pit faces while leaving a large area in its current naturalized state. Adequate organic soils were found stored on the site that were shared over the newly graded areas. This gave the grass seed a great start in germinating and the site quickly blended into the surrounding rolling landscape.

DURING



AFTER



16-11C CHIAROPTO PIT

“ LIFE AFTER AGGREGATE EXTRACTION

TOARC is happy to announce that the Surrendered Sites Mapping tool is now live on our website! One of the main purposes of the Trust is education, training, publishing and dissemination of the information on aggregate management. The Surrendered Sites Reporting and Mapping Tool is bridging communication and informational gaps between the aggregate industry and the public by communicating the end-use/ rehabilitation of pits and quarries across Ontario.

So, what is this tool and why should I check it out?

The tool provides all kinds of information on the end-use of rehabilitated aggregate sites. The online tool contains information on a site-by-site basis detailing the current and surrounding land-uses as well as information on the licence/permit itself, including operation type, licence/permit class, licensed area, location, and surrendered date. A photographic record of the sites is also available!

TOARC is continuing to update this database, but there might be gaps in this data as information is retired according to MNRF retention schedules and TOARC has done its best to find and combine data from multiple sources. We also want the industry, public and government to recognize that the Aggregate Resources Act (ARA) was enacted in 1990 as amended from the Pits and Quarries Control Act (1971). Consequently, this database covers a large temporal scale where standards, policy, procedures and regulations have changed over time. In addition, the information in this database on current and surrounding land-use is only reflective of the land

usage on the date of the TOARC visit. That is, the land-use may have changed since the surrender date as the decision of the land post-surrender is not subject to the ARA and becomes a decision of the landowner.

The Surrendered Sites Reporting and Mapping Tool provides a more complete understanding of the end-use of former pits and quarries and has the potential to be used to support licence and permit applications, provide information at public consultation meetings, be utilized for research initiatives and serve as an educational tool for end-use possibilities. We encourage you to visit the Surrendered Sites Reporting and Mapping tool at www.toarc.com/ssrt/index.html and explore the surrendered licences and permits in your community. Maybe your favourite park was once a pit used to build the community you live in!

We have audited the accompanying financial statements of Aggregate Resources Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2017, and the statements of revenue and expenses and changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 7, 2018

	DECEMBER 31 2017 \$	DECEMBER 31 2016 \$
ASSETS		
CURRENT		
Cash	158,617	1,482,029
Short-term investments ^[note 2]	921,982	398,046
Due from Licensees and Permittees	163,148	177,568
HST recoverable	70,794	51,383
Interest and dividends declared receivable	21,576	22,408
Prepaid expenses	35,813	26,630
TOTAL CURRENT ASSETS	1,371,930	2,158,064
Investments ^[note 3]	19,493,777	18,978,649
Capital assets, net ^[note 4]	304,583	224,363
	21,170,290	21,361,076
LIABILITIES AND TRUST FUNDS		
CURRENT		
Accounts payable and accrued liabilities	138,904	135,908
Wayside permit deposits	68,250	68,250
Deferred Aggregate Resources Charges	13,434	15,610
Due to Governments	237,993	376,285
Current Portion - Conditional Sales Contract - Auto Loan ^[note 5]	4,715	4,715
TOTAL CURRENT LIABILITIES	463,296	600,768
CONDITIONAL SALES CONTRACT - AUTO LOAN ^[note 5]	3,930	8,645
TOTAL LIABILITIES	467,226	609,413
TRUST FUNDS		
Rehabilitation Fund ^[see schedules]	18,806,683	18,615,667
Abandoned Pits and Quarries Rehabilitation Fund ^[see schedules]	1,896,381	2,135,996
TOTAL TRUST FUNDS	20,703,064	20,751,663
	21,170,290	21,361,076

The accompanying notes and schedules are an integral part of these financial statements.

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



Director



Director

AGGREGATE RESOURCES TRUST

Statement of Revenue and Expenses
and Changes in Fund Balances

FOR THE YEAR ENDED DECEMBER 31	2017 \$	2016 \$
REVENUE		
Investment income [note 3]	1,152,079	1,292,114
Unrealized changes in fair values	419,124	606,775
Realized gain on disposal of capital assets	3	93
	1,571,206	1,898,982
EXPENSES		
Trust's expenses [note 8]	1,364,475	1,267,365
Amortization	48,382	61,333
Investment management fees	139,243	138,516
	1,552,100	1,467,214
EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	19,106	431,768
Aggregate Resources Charges	19,213,021	19,955,109
Allocated to the Governments	(18,452,513)	(19,182,230)
Allocated to the Crown	(760,508)	(772,879)
Expenditures incurred in meeting the Trust purposes [see schedules]	(828,213)	(702,001)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(809,107)	(270,233)
Trust Funds, beginning of year	20,751,663	20,249,017
Funds reinvested by the Crown	760,508	772,879
TRUST FUNDS, END OF YEAR	20,703,064	20,751,663

The accompanying notes and schedules are an integral part of these financial statements

AGGREGATE RESOURCES TRUST

Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(809,107)	(270,233)
Add (less) items not involving cash		
Amortization	48,382	61,333
Unrealized changes in fair values	(419,124)	(606,775)
Gain on disposal of capital assets	(3)	(93)
	(1,179,852)	(815,768)
Net change in non-cash working capital balances related to operations		
Due from Licensees and Permittees	14,420	57,039
HST recoverable	(19,411)	(11,278)
Due from Ontario Stone, Sand & Gravel Association	—	43
Interest and dividends declared receivable	832	4,077
Prepaid expenses	(9,183)	(6,639)
Accounts payable and accrued liabilities	2,997	(63,047)
Wayside permit deposits	—	39,000
Deferred Aggregate Resources Charges	(2,176)	(66,871)
Due to Governments	(138,292)	(158,258)
CASH USED IN OPERATING ACTIVITIES	(1,330,665)	(1,021,702)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(128,600)	(148,219)
Proceeds on disposal of capital assets	—	500
Purchase of short-term investments	(20,032,742)	(20,518,872)
Sale of short-term investments	20,055,765	20,685,479
Purchase of investments	(1,649,034)	(861,645)
Sale of investments	1,006,071	1,235,091
CASH PROVIDED BY INVESTING ACTIVITIES	(748,540)	392,334
CASH FLOWS FROM FINANCING ACTIVITY		
Funds reinvested by the Crown	760,508	772,879
Conditional Sales Contract – Auto Loan	(4,715)	(4,322)
CASH PROVIDED BY FINANCING ACTIVITIES	755,793	768,557
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	(1,323,412)	139,189
Cash, beginning of year	1,482,029	1,342,840
CASH, END OF YEAR	158,617	1,482,029

The accompanying notes and schedules are an integral part of these financial statements



AGGREGATE RESOURCES TRUST

Schedules of Statement of Revenue and Expenses and Changes in Fund Balances for the Aggregate Resources Fund, Rehabilitation Fund and Abandoned Pits and Quarries Rehabilitation Fund

FOR THE YEAR ENDED DECEMBER 31, 2017	AGGREGATE RESOURCES FUND \$	REHABILITATION FUND \$	ABANDONED PITS AND QUARRIES REHABILITATION FUND \$	TOTAL \$
REVENUE				
Investment income ^[note 3]	—	923,974	228,105	1,152,079
Unrealized changes in fair value	—	375,983	43,141	419,124
Gain (Loss) on disposal of capital assets	—	3	—	3
	—	1,299,960	271,246	1,571,206
EXPENSES				
Trust's expenses ^[note 8]	—	760,994	603,481	1,364,475
Amortization	—	24,538	23,844	48,382
Investment management fees	—	124,910	14,333	139,243
	—	910,442	641,658	1,552,100
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING				
	—	389,518	(370,412)	19,106
Aggregate Resources Charges	19,213,021	—	—	19,213,021
Allocated to the Governments	(18,452,513)	—	—	(18,452,513)
Allocated to the Crown	(760,508)	—	—	(760,508)
Expenditures incurred in meeting the Trust purposes ^[see schedules]	—	(198,502)	(629,711)	(828,213)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR				
	—	191,016	(1,000,123)	(809,107)
Trust Funds, beginning of year	—	18,615,667	2,135,996	20,751,663
Funds reinvested by the Crown	760,508	—	—	760,508
Interfund transfer	(760,508)	—	760,508	—
TRUST FUNDS, END OF YEAR	—	18,806,683	1,896,381	20,703,064

The accompanying notes and schedules are an integral part of these financial statements.

AGGREGATE RESOURCES TRUST

Schedules of Statement of Revenue and Expenses and Changes in Fund Balances for the Aggregate Resources Fund, Rehabilitation Fund and Abandoned Pits and Quarries Rehabilitation Fund

FOR THE YEAR ENDED DECEMBER 31, 2016	AGGREGATE RESOURCES FUND \$	REHABILITATION FUND \$	ABANDONED PITS AND QUARRIES REHABILITATION FUND \$	TOTAL \$
REVENUE				
Investment income ^[note 3]	—	1,048,696	243,418	1,292,114
Unrealized changes in fair value	—	542,546	64,229	606,775
Gain on disposal of capital assets	—	467	(374)	93
	—	1,591,709	307,273	1,898,982
EXPENSES				
Trust's expenses ^[note 8]	—	698,199	569,166	1,267,365
Amortization	—	28,780	32,553	61,333
Investment management fees	—	121,684	16,832	138,516
	—	848,663	618,551	1,467,214
Excess (deficiency) of revenue over expenses before the following				
	—	743,046	(311,278)	431,768
Aggregate Resources Charges	19,955,109	—	—	19,955,109
Allocated to the Governments	(19,182,230)	—	—	(19,182,230)
Allocated to the Crown	(772,879)	—	—	(772,879)
Expenditures incurred in meeting the Trust purposes ^[see schedules]	—	(232,962)	(469,039)	(702,001)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR				
	—	510,084	(780,317)	(270,233)
Trust Funds, beginning of year	—	18,105,583	2,143,434	20,249,017
Funds reinvested by the Crown	772,879	—	—	772,879
Interfund transfer	(772,879)	—	772,879	—
TRUST FUNDS, END OF YEAR	—	18,615,667	2,135,996	20,751,663

The accompanying notes and schedules are an integral part of these financial statements.





AGGREGATE RESOURCES TRUST

Schedules of Rehabilitation Costs for the Rehabilitation Fund

For The Year Ended December 31, 2017

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT \$	PAID OR PAYABLE / (RECOVERED) \$
15-001	Canamerican Granite Corp. Pit, District of Sudbury	3,000	3,542
17-002	Watt pit, Perth County	84,918	84,918
14-002	Ed's Landscaping Pit, District of Kenora	43,000	43,000
	Miscellaneous expenses	9,685	2,739
	Education		
	TOARC study of surrendered sites in Ontario – (eSurrender) *	117,097	56,073
	Student Rehabilitation Design Competition	12,000	11,932
	University of Waterloo - Aggregate Resources Planning Credit Course	12,500	12,500
RECOVERIES			
	Blanchard - Legal cost recovery	—	(16,202)
		282,200	198,502

The accompanying notes are an integral part of these financial statements

* approved amount is the annual portion of an approved five-year project starting in 2015 totaling \$729,885

For The Year Ended December 31, 2016

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT \$	PAID OR PAYABLE / (RECOVERED) \$
15-001	Canamerican Granite Corp. Pit, District of Sudbury	22,493	18,942
15-002	ONeil, Gerald Lumber Limited. Pit, Hastings County	46,220	46,220
	Unallocated projects	31,287	—
RECOVERIES			
14-001	Nutall Pit, District of Sudbury	—	(48,672)
	Education		
	TOARC study of surrendered sites in Ontario – (e-Surrender)*	184,700	147,157
	Student Rehabilitation Design Competition	12,000	11,913
	Rehabilitation Tour Owen Sound & surrounding area	1,500	1,200
	University of Waterloo - Aggregate Resources Planning Credit Course	12,500	12,500
	Forests Ontario- Sponsorship Envirothon 2016	25,000	25,000
	Tendering, consulting and other	22,000	13,810
14-002	Ed's Landscaping Pit, District of Kenora	—	4,892
		357,700	232,962

The accompanying notes are an integral part of these financial statements

* Approved amount is the annual portion of an approved five-year project starting in 2015 totaling \$729,885

AGGREGATE RESOURCES TRUST



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

For The Year Ended December 31, 2017

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT \$	PAID OR PAYABLE / (RECOVERED) \$
16-02a	Elmhirst Pit, Peterborough County	18,832	18,832
17-01	White Pit, Northumberland County	201	201
17-02a	Cunningham Pit, Bruce County	4,097	4,097
17-02c	Dietrich Pit, Bruce County	7,938	7,938
17-03a	Dent Pit, Bruce County	10,870	10,870
17-03b	Haldenby Pit, Bruce County	5,252	5,252
17-03c	Vollmer Pit, Huron County	3,374	3,374
17-04a	Onias Pit, Huron County	13,200	13,200
17-04b	Gingrich Pit, Huron County	7,500	7,500
17-04c	Richmond Pit, Huron County	56,900	56,900
17-05a	Kraemer 1 Pit, Huron County	15,000	15,000
17-05b	Kraemer 2 Pit, Huron County	3,750	3,750
17-05d	VanBakel Pit, Perth County	20,300	20,300
17-06	Schoedel Pit, Peel County	925	925
17-07a	Drake 1 Pit, Perth County	22,250	22,250
17-07b	Drake 2 Pit, Perth County	10,653	10,653
17-07c	Kalveboer Pit, Huron County	52,372	52,372
17-07e	Flynn Pit, Huron County	17,913	17,913
17-08a	Kelly Pit, Huron County	31,480	31,480
17-08b1	VanCamp 1 Pit, Huron County	10,340	10,340
17-08b2	VanCamp 2 Pit, Huron County	4,411	4,411
17-08c	Johnston Pit, Huron County	40,888	40,888
17-08d1	Hastings Pit, Huron County	16,792	16,914
17-08d2	Hastings Pit, Huron County	17,318	17,318
17-09a	Grubb Pit, Bruce County	15,432	15,468
17-09c	Linthorst 1 Pit, Perth County	5,275	5,275
17-09d	Linthorst 2 Pit, Perth County	26,820	26,820
17-09e	D. Johnston Pit, Perth County	26,345	26,345
17-10b	Staples Pit, Peel County	515	515
17-11	Heise Pit, County of Kawartha Lakes	16,472	16,472
18-01	Wise Pit, Huron County	4,500	2,250
	Miscellaneous expenses	22,913	22,913
	Research costs		
	Dr. Richardson – Mitigating Extraction through Afforestation	241,950	241,950
	NSERC, Shared costs Mitigation Extraction through Afforestation	(120,975)	(120,975)
		631,803	629,711

The accompanying notes are an integral part of these financial statements



For The Year Ended December 31, 2016

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT \$	PAID OR PAYABLE / (RECOVERED) \$
15-10C	Kuhl Pit, Grey County	—	2,218
15-11	C. Martin Pit, Wellington County	4,800	4,800
16-01A	Harris Pit, Northumberland County	2,591	3,610
16-01B	Buchanan Pit, Northumberland County	486	486
16-02A	Sanftenberg Pit, Renfrew County	14,664	11,815
16-02B	McLean Pit, Renfrew County	2,806	2,806
16-03A	Reid Pit, Renfrew County	8140	8367
16-03B	Mick Pit, Renfrew County	22,315	22,315
16-03C	LeClaire#1 Pit, Renfrew County	2,535	2,535
16-03D	LeClaire#2 Pit, Renfrew County	8,075	8,075
16-03E	Mundt Pit, Renfrew County	28,125	28,125
16-03F	Red Pine Camp Inc., Pit, Renfrew County	13,975	13,975
16-04A	Smith Pit, Dufferin County	36,715	39,205
16-04B	Weppler#1 Pit, Renfrew County	25,500	29,696
16-04C	Weppler#2 Pit, Renfrew County	16,600	16,600
16-05A	Kostoff Pit, Northumberland County	8,215	8,215
16-05B	Brady Pit, Northumberland County	5,401	6,201
16-05C	White Pit, Northumberland County	18,142	14,577
16-05D	Tinney Pit, Northumberland County	10,794	10,794
16-06A	Ibboston Pit, Northumberland County	6,860	6,860
16-06B	Klem Pit, Northumberland County	17,518	17,833
16-06C	Deliso Pit, Northumberland County	3,300	3,300
16-06D	Groenewegen Pit, Northumberland County	6,175	6,490
16-07B	R Nelson Pit, Northumberland County	3,800	3,800
16-07Ci	Barlow Pit, Northumberland County	16,300	16,300
16-07Cii	Barlow Pit, Northumberland County	10,600	10,600
16-07D	Beven Pit, Northumberland County	10,672	10,672
16-07E	Taylor Pit, Northumberland County	28,355	28,573
16-08A	Dunstan Pit, Grey County	747	747
16-08B	Mansfield Pit, Wellington County	1,527	1,527
16-09	Caterall Pit, Durham County	360	360
16-10B	McMullen Pit, City of Kawartha Lakes	7,250	7,639
16-10C	Morrison Pit, City of Kawartha Lakes	10,100	10,554
16-11A	Diamond Pit, City of Kawartha Lakes	8,549	8,938
16-11B	Beers Pit, City of Kawartha Lakes	50,000	53,354
16-11C	Chiarotto Pit, City of Kawartha Lakes	6,000	6,128
16-12A	Elmhirst Pit, City of Kawartha Lakes	20,140	20,678
16-12B	Plouffe Pit, City of Kawartha Lakes	2,250	2,250
	Unallocated Projects	9,618	—
	Research costs		
	Dr. Richardson – Mitigating Extraction through Afforestation	215,080	—
	NSERC, Shared costs Mitigation Extraction through Afforestation	(107,540)	—
	TOARC Internal Research on Agricultural Rehabilitation	2,825	2,825
	Tendering, consulting and other	19,875	15,196
		580,240	469,039

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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."

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 fee is \$0.115 per tonne. The licence fees are due by March 15 of the following year, and are disbursed within six months of receipt and as follows: [a] \$0.06 to the lower tier municipality, [b] \$0.015 to the upper tier municipality, [c] \$0.035 to the Crown, collectively [the "Governments"] and [d] \$0.005 to the Trust. Minimum annual fees are:

- a Class A licence from \$200 to \$400 or \$0.115 per tonne whichever is greater;
 - a Class B licence from \$100 to \$200 or \$0.115 per tonne whichever is greater;
 - the minimum wayside fee from \$100 to \$400 or \$0.115 per tonne whichever is greater;
 - the annual aggregate permit fee from \$100 to \$200;
- and
- the minimum royalty rate for aggregate extracted on Crown land from \$0.25 to \$0.50 per tonne.

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 the 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 as per the Crown's directions. 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.

BASIS OF ACCOUNTING

The financial statements of the Trust have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's best estimates as additional information becomes available in the future. 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.

NOTES TO FINANCIAL STATEMENTS

Aggregate Resources Trust | For the Year Ended December 31, 2017

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 AND INTANGIBLES

Capital assets are recorded at cost less accumulated amortization. Amortization 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 to 5 years
Computer software	3 to 5 years
Furniture and fixtures	5 years
Vehicles	3 years

FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities and pooled funds traded in an active market are reported at fair value, with realized gains and losses and unrealized changes in fair values of investments recorded in the Statement of Revenue and Expenses and Changes in Fund Balances under investment income and unrealized changes in fair value respectively. In addition, all promissory notes, treasury bills and bonds have been designated to be in the fair value category, with realized gains and losses and unrealized changes in fair values of investments recorded in the Statement of Revenue and Expenses

and Changes in Fund Balances under investment income and unrealized changes in fair value respectively. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are included in the Statement of Revenue and Expenses and Changes in Fund Balances under investment income for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

REVENUE RECOGNITION

Investment income is recognized in the period in which it is earned.

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 investment income in the current period.

2. SHORT-TERM INVESTMENTS

Short-term investments consist of:	2017 \$	2016 \$
Corporate Alimentation Couche-Tard Note, bears interest at 2.861%	—	15,185
Municipal Finance Authority of British Columbia Note, bears interest at 4.80%	—	77,674
Provincial Guaranteed Issues – Canadian Alberta Capital Finance Authority Debenture, bears interest at 4.65%	—	101,757
Province of Saskatchewan Debenture, bears interest at 4.65%	—	102,622
Province of Ontario Note, bears interest at 1.90%	—	100,808
Canada Housing Trust, bears interest at 2.350%	40,309	—
Canada Treasury Bill	19,966	—
Canada Treasury Bill	99,798	—
City of Toronto City of DEBE, bears interest at 4.950%	50,849	—
Ontario Treasury Bill	49,875	—
Province of Manitoba Debenture, bears interest at 5.5%, No Call	108,557	—
Province of Manitoba Debenture, bears interest at 5.5%, No Call	125,157	—
Province of New Brunswick Debenture, bears interest at 4.45%	110,848	—
Province of Nova Scotia, bears interest at 0.903%	75,158	—
Province of Quebec, bears interest at 2.40%	151,102	—
Province of Quebec - Floating rate, bears interest at 1.107%	90,363	—
	921,982	398,046

Short-term investments have maturity dates ranging from January 11, 2018 to December 19, 2018 [2016 - June 15, 2017 to December 1, 2017]

3. INVESTMENTS

Investments consist of the following:	2017		2016	
	FAIR VALUE \$	COST \$	FAIR VALUE \$	COST \$
Fixed Income Securities	2,698,608	2,704,655	2,694,194	2,660,724
Canadian Equities	2,665,086	1,752,595	2,583,656	1,721,630
Foreign Equities	4,110,370	3,178,956	3,935,755	3,198,763
Pooled Funds	10,019,713	7,101,433	9,765,044	7,075,707
	19,493,777	14,737,639	18,978,649	14,656,824

The Fixed income securities consist of Government of Canada and Agencies bonds, Crown Corporations bonds and Corporate bonds that bear interest at rates ranging from 0.919% to 10.95% per annum [2016 - 0.903% to 10.95%] with maturity dates ranging from February 21, 2019 to June 1, 2027 [2016 - March 5, 2018 to June 1, 2027].

Investment income is broken down as follows:	2017 \$	2016 \$
Interest income	323,587	328,244
Dividends	340,246	336,689
Realized capital gains	502,727	623,898
Foreign exchange gains/(Loss)	(14,481)	3,135
Other income	—	148
	1,152,082	1,292,114

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of \$122,086 [2016- \$119,285].

NOTES TO FINANCIAL STATEMENTS

Aggregate Resources Trust | For the Year Ended December 31, 2017

4. CAPITAL ASSETS AND INTANGIBLES

Capital assets consist of the following:	2017			2016		
	COST \$	ACCUMULATED AMORTIZATION \$	NET BOOK VALUE \$	COST \$	ACCUMULATED AMORTIZATION \$	NET BOOK VALUE \$
Computer equipment	148,585	113,931	34,654	143,232	109,756	33,476
Furniture and fixtures	86,113	84,618	1,495	86,113	83,329	2,784
Vehicles	55,171	55,171	-	55,171	40,419	14,752
	289,869	253,720	36,149	284,516	233,504	51,102
INTANGIBLES						
Computer software	431,734	163,300	268,434	323,496	150,145	173,351
	721,603	417,020	304,583	608,012	383,649	224,363

5. CONDITIONAL SALES CONTRACT - AUTO LOAN

	2017 \$	2016 \$
Conditional Sales Contract - Auto Loan	8,645	13,360
Less current portion	(4,715)	(4,715)
	3,930	8,645

The Conditional Sales Contract bears no interest, is secured by the vehicle and has a term of sixty months maturing September 30, 2019 with monthly payments of \$393.

6. COMMITMENTS

The Trust has entered into a number of Research Funding Agreements. The future annual payments, in total and over the next four years, are as follows:

	\$
2018	167,313
2019	226,427
2020	202,446
	596,186

7. LEASE COMMITMENTS

The future minimum annual lease payments (excluding HST) are as follows:

	\$
2018	50,358
	50,358

8. TRUST'S EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017	REHABILITATION FUND \$	ABANDONED PITS AND QUARRIES REHABILITATION FUND \$	TOTAL \$
EXPENSES			
Salaries and employee benefits	505,070	447,659	952,730
Board expenses	2,811	1,950	4,760
Professional fees	120,359	17,458	137,817
Data processing	19,354	26,669	46,023
Travel	32,801	44,983	77,784
Communication	21,681	20,901	42,582
Office	17,125	13,103	30,228
Office lease, taxes and maintenance	38,975	28,331	67,306
Insurance	2,818	2,427	5,245
TRUST'S EXPENSES	760,994	603,481	1,364,475

FOR THE YEAR ENDED DECEMBER 31, 2016	REHABILITATION FUND \$	ABANDONED PITS AND QUARRIES REHABILITATION FUND \$	TOTAL \$
EXPENSES			
Salaries and employee benefits	468,653	416,836	885,489
Board expenses	3,768	2,938	6,706
Professional fees	66,077	16,074	82,151
Data processing	11,634	22,314	33,948
Travel	63,170	49,826	112,996
Communication	24,300	23,328	47,628
Office	14,422	6,055	20,477
Office lease, taxes and maintenance	41,876	30,136	72,012
Insurance	4,300	1,659	5,959
TRUST'S EXPENSES	698,199	569,166	1,267,365

9. FINANCIAL INSTRUMENT RISKS

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Trust is subject to credit risk through its due from Licensees and Permittees, interest and dividends declared receivable. This risk has not changed from the prior year.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust is exposed to currency risk arising from the possibility that changes in foreign exchange rates will affect the value of its foreign currency investments. This risk has not changed from the prior year.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments (Notes 2, 3). This risk has not changed from the prior year.

LIQUIDITY RISK

Liquidity risk is the risk that the Trust encounters difficulty in meeting its obligations associated with its financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Trust will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Trust's accounts payable and accrued liabilities and due to Governments. This risk has not changed from the prior year.

MARKET RISK

The Trust is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices affecting the value of the investments. This risk has not changed from the prior year.

TO THE SHAREHOLDER OF THE ONTARIO AGGREGATE RESOURCES CORPORATION:

We have audited the accompanying financial statements of The Ontario Aggregate Resources Corporation (the "Corporation"), which comprise the balance sheet as at December 31, 2017 and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Ontario Aggregate Resources Corporation as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
March 7, 2018

DECEMBER 31	2017 \$	2016 \$
ASSET		
Cash	1	1
SHAREHOLDER'S EQUITY		
Share capital		
Authorized and issued, 1 common share	1	1
Retained earnings	—	—
TOTAL SHAREHOLDER'S EQUITY	1	1

The accompanying note is an integral part of these financial statements

On behalf of the Board:



Director



Director

For the year ended December 31, 2017

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FORMATION AND NATURE OF CORPORATION

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 and Forestry [the "Minister"], entered into a Trust Indenture, appointing the Corporation as Trustee of the Trust.

In accordance with the Indenture Agreement, the Corporation manages the 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.

The Trust's assets managed by the Corporation, amounting to approximately \$20.7 million, are not included in the accompanying balance sheet. The beneficial owner of the Trust's assets is the Crown.

The financial statements do not include an income statement or statement of cash flows as there is no activity recorded in the Corporation as all fees or costs are absorbed by the related Trust.

BASIS OF ACCOUNTING

The financial statements of the Corporation have been prepared in accordance with Canadian accounting standards for private enterprises.



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Burlington, Ontario L7L 5Z4

TOARC.COM

“ AUDITS AND REVOKED STATUS

PRODUCTION REPORTING – AUDIT PROGRAM

TOARC, on behalf of the Trust, initiated an audit program in 2000 to monitor the completeness and accuracy of production reports submitted by licensees and permittees. The program is designed to educate licence and permit holders with respect to their obligations for record keeping under the Aggregate Resources Act in addition to assuring that aggregate production is being reported properly. The audit program is currently being reviewed by the TOARC Board regarding the selection process.

Since the inception of the program, TOARC has audited 980 clients covering 2,819 licences and permits resulting in an additional \$1,544,709 of net aggregate resource fees collected.

REVOKED LICENCES AND PERMITS

Under Subsection (v) (i) of the Trust Indenture, TOARC has the responsibility for “the rehabilitation of land for which a Licence or Permit has been revoked and for which final rehabilitation has not been completed”. Since inception of the Trust, 111 licences and 260 permits have been revoked. In the case of licences, 99 have been rehabilitated or the files have been closed for other reasons. In the case of permits, 194 have been rehabilitated or closed for other reasons. To date the Trust has expended \$1,047,427 in net direct costs for rehabilitation of revoked sites.

PROFESSIONAL ASSISTANCE

BANKING INSTITUTION

Scotiabank®

INVESTMENT ADVISORS

T.E. Investment Counsel Inc.

INVESTMENT MANAGERS

Burgundy Asset Management Ltd.
Letko Brosseau & Associates Inc.

AUDITORS

BDO Canada LLP

LEGAL COUNSEL

Blakes, Cassels & Graydon LLP

SHAREHOLDER

Ontario Stone, Sand & Gravel Association