2018 TOARC ANNUAL REPORT

Revitalizing Legacy Pits and Quarries

THE ONTARIO AGGREGATE RESOURCES CORPORATION

TOARC

BOARD OF DIRECTORS

2018

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

Ken Lucyshyn | Chairman of the Board
Ryan Essex | Secretary/Treasurer
Terry Waites
Mark Geens

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

2019

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

Terry Waites | Chairman of the Board
Ryan Essex | Secretary/Treasurer
Ken Lucyshyn
Mark Geens

REPRESENTING A CONSERVATION OR ENVIRONMENTAL ORGANIZATION

Chris Darling

REPRESENTING THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO (AMO)

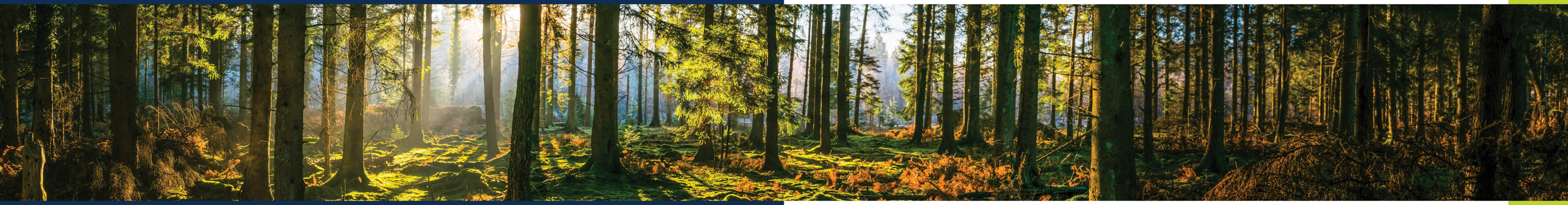
Sandra Easton

REPRESENTING THE AGGREGATE INDUSTRY AT LARGE (NON OSSGA)

Kerry Doughty

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

Kathy Woeller



May 27, 2019

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

Minister Yakabuski;

On behalf of the Board of Directors, I am pleased to submit the 2018 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, 2018. 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 2018.

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



2018 CHAIRMAN'S MESSAGE

Aggregate production in the Province rose to its highest level in seven years in 2017 mainly because of increases realized from licensed sources. Production reported on licenses increased in 2017 to 152 million tonnes as compared to the 142 million tonnes reported in 2016.

Production from Permits, Forestry Aggregate Pits and Non-Designated Private Land sources remained at 11 million tonnes.

Total fees of $19.8 million dollars were invoiced in 2018 based on the 2017 production with Upper and Lower Tier Municipalities seeing an increase in their portion of the distribution of approximately $500,000. The Province realized a similar gain in their proportion of the fees from licences. However with 2018 being a year of transition for aggregate fees on permits, the Province realized a slight reduction overall in 2018 disbursed fees.

2018 Fees were disbursed amongst recipients as follows:

	($ Million)
Local Municipalities	**9.4**
Counties & Regions	**2.4**
MAAP Program	**0.8**
Province (from licence fees)	**5.5**
Province (from royalties and permit fees)	**1.7**
Total	**19.8**

In the 2017 Chairman's Report, I discussed the many challenges TOARC was facing with respect to the changes in the updated Aggregate Resources Act regarding our customized operating system and the need to update the organization's IT infrastructure. I am pleased to report that the investments and efforts made by the TOARC team to prepare for those changes performed as expected and allowed the team to meet its goals.

The Management of the Abandoned Aggregate Properties program (MAAP) had a very successful year where our team worked with landowners and local Conservation Authorities to successfully rehabilitate 21 legacy sites at a cost of $611,830. There are three recent examples of the great work completed by the MAAP team later in this report.

The total number of legacy sites in the province is 8,201. In 2018, the MAAP team continued to revisit many of the older open sites, speak with landowners and re-evaluate the site conditions. With 5,817 files now closed, there remains 2,384 sites that need to be reviewed by staff with an expectation that most will require intervention.

The listing by category of closed files now stands as follows:

Developed	**696**
Licensed	**335**
No Historical extraction	**389***
Naturalized (to create new habitat)	**2,182**
Rehabilitated (by owner)	**743**
Situated on Crown Land	**221**
Landowner Not Interested	**710**
Rehabilitated by MAAP/MNRF	**541**
Total Files Closed	**5,817**

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

Research on aggregate resources rehabilitation continues to be a large area of focus for the MAAP program. The Rapid Ecological Restoration for Aggregate Sites is in its second year of study and "seeks to determine the degree to which succession can be fast-tracked by bypassing delays related to soil development, tree establishment, canopy-shading, woody habitat-provisioning and immigration by understory species". The study is 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 4-year research commitment is being funded by TOARC and the Natural Sciences and Engineering Research Council of Canada (NSERC) and through partnership with Walker Aggregates. Updated details regarding this project can be found later in this annual report.

The MAAP program aims to rehabilitate sites to provide a higher level of function (usefulness) over the prevailing condition of the site. When the MAAP team reviewed a potential site that is seasonally flooded and provides a marginal wetland habitat, it was acknowledged that special expertise was required to enhance the site. The MAAP team approached Ducks Unlimited Canada (DUC) who finished the design in 2018 with construction set to be completed in 2019. (See 'MAAP Partners with Ducks Unlimited Canada' article)

Education with respect to the aggregate industry is part of TOARC's mandate. In 2018 TOARC agreed to continue funding support for another 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. In addition, TOARC also agreed to support funding for the development of an on-line version of the course, as well as development of a modular short course for in-career professionals.

In an effort to improve TOARC's communication with the industry and public, a new website was developed in 2018. Please visit it and let us know what you think (www.toarc.com, see 'TOARC Launches New Website' article). In its education efforts TOARC continues to support the annual "OSSGA Student Design Competition" on aggregate site rehabilitation and the "OSSGA Rehabilitation Tour".

In 2018 TOARC signed a new 5-year lease at their Burlington office location. The lease included refurbishing the space that TOARC has occupied since 2004. This included painting, new flooring, new kitchen cabinets, relocation of the storage room and additional space to allow for a larger meeting room.

Trust funds decreased to $18,669,857 in the year ending 2018, from $20,703,064 at the yearend 2017. Trust revenue decreased significantly ($1,965,727) compared to the previous year as losses in the "unrealized changes in fair value portion" reflect lower performance of the 2018 financial markets. Trust's expenses increased by $21,164 in 2018. This increase was mainly a result of two replacement employees who were in training for two months, increasing employee benefits expenses, offset partially by a decrease in legal and audit costs.

I want to take this opportunity to send a special thank you to Mr. Dennis Lever for years of service and support. Mr. Lever stepped off the TOARC Board this year after representing the Association of Municipalities of Ontario (AMO) since 2015.

As his replacement, we welcome Mayor Sandra Easton, Town of Lincoln to the TOARC Board as the new AMO representative.

Respectfully submitted,



Ken Lucyshyn
Chairman of the Board



AGGREGATE RESOURCES TRUST

2018 MAAP PROJECT SUMMARY

Project Number	Landowner /Location	Rehabilitation End Use	Area (ha)	Cost
17-01	White Pit , Northumberland County	Agriculture Pasture	**0.50**	**27,286**
17-10a	Staples Pit , Peel County	Recreational	**1.34**	**41,156**
17-10b	Scheffler Pit , Simcoe County	Natural Area	**0.37**	**15,092**
18-01a	Wise Pit , Huron County	Wetland	**1.00**	**7,750**
18-02a	McLean Pit , Huron County	Agriculture Pasture	**0.52**	**28,075**
18-02b	Dykstra Pit , Huron County	Agriculture Crop	**1.23**	**17,246**
18-02c	Bormann Pit , Huron County	Agriculture Crop/Meadow	**1.25**	**22,987**
18-02d	Scott Pit , Bruce County	Agriculture Crop	**0.25**	**6,473**
18-03a	Lippert Pit , Bruce County	Agriculture Crop	**0.22**	**8,073**
18-03b	Schmidt Pit , Bruce County	Agriculture Crop	**0.66**	**18,768**
18-03ci	Schmidt Pit , Bruce County	Agriculture Crop	**0.60**	**10,207**
18-03cii	Schmidt Pit , Bruce County	Agriculture Crop	**1.10**	**9,665**
18-03d	Fink Pit , Bruce County	Agriculture Crop	**1.28**	**17,289**
18-04a	Slumskie Pit , Bruce County	Agriculture Pasture	**0.24**	**8,933**
18-04b	Wolfe Pit , Bruce County	Agriculture Crop	**0.27**	**8,500**
18-04c	Tedford Pit , Bruce County	Agriculture Pasture	**0.41**	**9,703**
18-04d	Morris Pit , Bruce County	Agriculture Crop	**1.50**	**12,428**
18-04e	Morris Pit , Bruce County	Agriculture Crop	**0.52**	**12,428**
18-04f	Horner Pit , Bruce County	Agriculture Crop	**2.92**	**80,418**
18-05a	Boettger Pit , Grey County	Agriculture Crop	**4.38**	**44,878**
18-05b	Poechman Pit , Bruce County	Agriculture Crop	**1.53**	**11,175**
18-06a	Schaap Pit , Oxford County	Agriculture Pasture	**2.48**	**60,900**
18-06b	Walters Pit , Oxford County	Agriculture Crop	**4.75**	**111,840**
				591,270

*Total project costs incurred in 2018 were $611,830. The difference between $591,270 shown and the total was monies spent on project preparations.

AGGREGATE RESOURCES TRUST

2018 SUMMARY OF MAAP REHABILITATION COSTS

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**
2018	23	29.32	**591,270**	**20,166**	**25,707**	**1.27**
Total	**542**	**820.27**	**9,981,431**	**12,168**	**18,416**	**1.51**

* 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

HOW CAN REHABILITATION AND OFFSETTING PROJECTS SPEED-UP THE PACE OF ECOSYSTEM DEVELOPMENT?

Disturbed ecosystems can exhibit remarkable recoveries provided that suitable organisms can immigrate and drive the recovery process of succession. Succession requires key pioneering microbes, plants and animals to interact with each other and their surroundings in ways that gradually change the environment to make it increasingly suitable for different species to flourish. Succession may require centuries if long-developing soil structures have been damaged, or slow-growing hardwood trees are to provide the dominant vegetation. Even when conditions support large-scale tree planting, many decades are required for canopy closure, production of woody debris habitats, and colonization by diverse understory species. Managers are often reluctant to rely on succession alone for rehabilitation or offsets because it can take considerably longer than typical industry projects. Yet despite the extended wait, succession's outcome of a biodiverse ecosystem is highly desirable and rarely achieved by rehabilitation practices aimed at quick re-greening.

FIGURE 1. Earliest-successional site (post gravel pit) after receiving living mulch and woody debris from a later-successional site.



Technology capable of achieving similar outcomes to succession, in a shorter period of time, could fundamentally advance comprehensive rehabilitation and mitigation for extraction sites. Ecologists Professor Stephen Murphy and Dr. Paul Richardson from the University of Waterloo's School of Environment, Resources & Sustainability created the Rapid Ecological Restoration for Aggregate Sites (RERAS) project. The research, co-funded by TOARC and NSERC from 2017-2021, seeks to determine the degree to which succession can be fast-tracked by bypassing delays related to soil development, tree establishment, canopy-shading, woody habitat-provisioning and immigration by understory species. The novel approach requires some disturbance to a late-successional forest ecosystem and was made possible through partnership with Walker Aggregates, approved Duntroon Quarry expansion that requires removal and offsetting of mixed forest capping a portion of the Niagara Escarpment.

The central hypothesis being tested is that *aspects of succession may be accelerated at early-stage sites by applying organic environmental materials extracted from later-stage ecosystems, provided requirements of the material's living components are met.* This concept hinges on the possibility that some of the slowest-forming ecosystem structures such as the plant-animal-microbe networks in topsoil can be preserved during transport and nurtured into expansion at younger sites by meeting the habitat requirements of the organisms involved.



FIGURE 2

Example of a later-stage successional site, specifically a sugar maple forest.



FIGURE 3

Latest-successional site with excavated patches that served as a donor for living mulch and woody debris relocation.

The research team spent 2018 finalizing the experimental setup and setting up monitoring needed to test this hypothesis. In Fall 2017, collaborator Clearview Nursery excavated patches of forest floor from the late-stage woodland (the mix of surface litter, topsoil, organisms and propagules is considered "living mulch"), then immediately relocated the materials to former forests at different stages of recovery. Recipients ranged from young (a 20-year abandoned gravel pit), to intermediate (post-agricultural fields planted with trees <5, ~40, and ~70 years ago), to late-successional sites (mature forest connected to the donor site). Living mulch was deposited throughout five 125 m^2 plots in each environment, and woodland habitat structures were superimposed on different plot quadrants in spring 2018. These included deposits of woody debris from the donor forest and either quick-growing dogwood shrubs or constructed shade-cloth shelters to enhance ground-shading.





FIGURE 4

Signs of early growth in an early-stage area after receiving living mulch and woody debris from the latest-successional site.



FIGURE 5

Earliest-successional site after installation of a shade-cloth shelter.



FIGURE 6

Early-stage site growth after receiving living mulch and habitat replication from a 70-year old plantation.

Comparing ecosystem responses in the late-stage forest to earlier-stage environments receiving various manipulations over the next two years will determine conditions under which relocated living mulch stimulates younger ecosystems to ecologically resemble older ones. Two Doctoral students will be using metabarcoding of environmental DNA to evaluate habitat features, soils and vegetation communities, ecosystem thermodynamics, seed banks, light, microbial networks, and complex soil food webs between the forest stages. Although far too early to draw conclusions, preliminary analysis confirms some components of late-successional plant communities were resilient to relocation and able to thrive in earlier-stage environments where ground-shading and woody habitats were present. However, only time, extensive field sampling, and comprehensive ecosystem analysis will reveal how strong the lasting benefits of living mulch relocation and habitat replication truly are.

Stay tuned for future developments on this study by visiting our website at **www.toarc.com.**



MAAP PARTNERS WITH DUCKS UNLIMITED CANADA

The Management of Abandoned Aggregate Properties (MAAP) program is working with Ducks Unlimited Canada (DUC) to enhance a small abandoned (legacy) aggregate pit in Huron County (near Clinton). This two acre site was excavated to construct the adjacent highway prior to the Aggregate Resources Act and never held a licence. The site is now seasonally flooded and is providing marginal wetland habitat due to *Phragmites* invasion and lack of wetland vegetation. These sites can be a challenge to rehabilitate as wetlands due to porous soils (sand and gravel). However, this site lends itself well to wetland creation as the water table is at, or very close, to the surface.

The MAAP program aims to rehabilitate sites to provide a higher level of function (usefulness) over the prevailing condition of the site, always having regard to eliminating any safety concerns. The Landowner of this site wanted the legacy site enhanced as a wetland due to his interest in wildlife, although the previous land use was agriculture. MAAP reached out to DUC for their expertise in this area. Currently DUC has developed a rehabilitation plan that included *Phragmites* control and monitoring as well as strategic contouring of the basin to soften the side slopes and provide an undulating bottom which will encourage a diverse variety of wetland plant communities.

The project is set to be completed in the fall of 2019. We are excited to partner with DUC to not only rehabilitate this legacy pit, but to learn more on the creation of wetlands and implement these practices at more sites across the Province.





AGGREGATE RESOURCES TRUST

17-03A DENT PIT

PROJECT STATISTICS | **REHABILITATION AREA = 10,000m²**
VOLUME OF MATERIAL MOVED = 8,800m³

The Dent legacy pit had become a dumping ground for locals and had accumulated a significant pile of debris over the years since it had been extracted. A group of new landowners, interested in the MAAP program, took on the challenge of cleaning up the site in preparation of earthwork. A plan was developed to incorporate the pit into the adjacent working farm. With a pit face of ~6.5 metres in height, a fairly good swath of field was peeled back in order to achieve a very safe, workable grade of 15:1. The contractor took great care in preserving the organic soils around the pit prior to grading, and this material was then evenly distributed across the entire site. The site was successfully growing beans the following Spring.







AGGREGATE RESOURCES TRUST

17-07E FLYNN PIT

PROJECT STATISTICS | **REHABILITATION AREA = 17,000m²**
VOLUME OF MATERIAL MOVED = 10,400m³

The Flynn pit was a very sandy legacy site with a 7 metre pit face, situated on a rolling hay field. The objective was to incorporate the site into the surrounding field that could sustain a hay crop to support other farm operations. Although extremely sandy, the site still had an adequate topsoil profile. Additionally, earlier extraction activities on the farm had included stripping and stockpiling topsoil. In one area to the north side of the pit, topsoil had been stripped and spread out on the field to a depth of up to 1 metre. The contractor was able to utilize the available organic soils to cover the regraded site to a depth of about 15 cm (6 inches). The Landowner was then able to groom the site with very few stones to pick, and seed drill with a hay field mix.







AGGREGATE RESOURCES TRUST

17-08D1 HASTINGS PIT

PROJECT STATISTICS | **REHABILITATION AREA = 16,700m²**
VOLUME OF MATERIAL MOVED = 21,000m³

The Hastings pit had a very dangerous sheer 11 metre face at the edge of a working field. Furthermore, it was in close proximity to the neighbouring property and posed a number of challenges. The objective was to create a stable, workable slope while directing surface flow away from the neighbours' outbuilding. A site plan was developed to create a workable slope of 7:1 while maintaining an existing high ridge along the fence line bordering the two properties. The prescribed grading work was completed in the Fall of 2017. During Winter of 2018 some issues arose from a mid-winter thaw that saw some heavy rains in February. Remedial measures were taken to redirect surface flow to the adjacent low laying cedar bush. In the spring, further grading helped ensure future storm events would not adversely impact the site and be directed to the infiltration area.







TOARC LAUNCHES NEW WEBSITE

WWW.TOARC.COM

TOARC is happy to announce that it has launched its new website! One of the main purposes of the Trust is education, training, publishing and dissemination of the information on aggregate management. With our new web interface, we have made access to this information even easier!

Licence and permit holders can easily access tools for their business including TOARC's production reporting handbook, contacts for local MNRF Aggregate Technical Specialists, royalty and production waiver forms, annual production statistics and links to organizations in the aggregate industry.

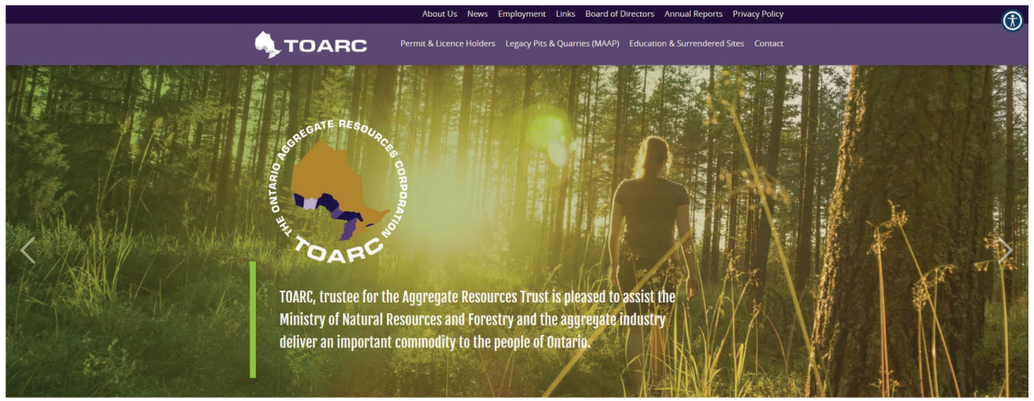
TOARC's new website allows the viewer to obtain a more complete understanding of the end-use of former pits and quarries that were either licenced/permitted or that predate the Aggregate Resource Act (legacy pits and quarries).

The MAAP program is responsible for the assessment of nearly 8,201 legacy pits and quarries in the Province. It is important to have this record of legacy sites across the Province. However, if, after a field assessment, the site does not require rehabilitation, the MAAP program classifies these files as 'closed'. To date 5,817 files have been 'closed' for a multitude of reasons. TOARC has created the MAAP Online Reporting Tool (MORT) that allows the Public to review how many of these legacy sites are still open or have been closed in their communities, while protecting the privacy of the individuals who own them.

Through TOARC's website, the interactive Surrendered Sites Reporting and Mapping Tool provides all kinds of information on the end-use of rehabilitated licenced/permitted 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 are also available.

In addition to these interactive tools, the website highlights the rehabilitation work and research being completed by the MAAP program on legacy sites across the Province, which is funded by the aggregate industry through the annual tonnage levy.

We encourage you to visit TOARC's website and check out these new tools and features and let us know what you think!



AGGREGATE RESOURCES TRUST

FINANCIAL STATEMENTS

For the year ended
December 31, 2018



INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF AGGREGATE RESOURCES TRUST:



Opinion
We have audited the financial statements of Aggregate Resources Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2018, and the statements of revenue and expenses and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2018, 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.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the 2018 Annual Report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The 2018 Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO CANADA LLP

Chartered Professional Accountants,
Licensed Public Accountants
Burlington, Ontario
April 4, 2019

AGGREGATE RESOURCES TRUST

STATEMENT OF FINANCIAL POSITION

	December 31 2018 $	December 31 2017 $
ASSETS		
Current		
Cash	**365,396**	158,617
Short-term investments [Note 2]	**1,107,554**	921,982
Due from Licensees and Permittees	**149,274**	163,148
HST recoverable	**136,771**	70,794
Interest and dividends declared receivable	**21,501**	21,576
Prepaid expenses	**35,405**	35,813
Total current assets	**1,815,901**	1,371,930
Investments [Note 3]	**17,056,579**	19,493,777
Capital assets and Intangibles, net [Note 4]	**419,948**	304,583
	19,292,428	21,170,290
LIABILITIES AND TRUST FUNDS		
CURRENT		
Accounts payable and accrued liabilities	**159,077**	138,904
Wayside permit deposits	**39,619**	68,250
Deferred Aggregate Resources Charges	**20,322**	13,434
Due to Governments	**405,334**	237,993
Current Portion - Conditional Sales Contract - Auto Loan	**—**	4,715
Total Current Liabilities	**624,352**	463,296
Conditional Sales Contract - Auto Loan	**—**	3,930
Total liabilities	**624,352**	467,226
TRUST FUNDS		
Rehabilitation Fund [see schedules]	**17,166,155**	18,806,683
Abandoned Pits and Quarries Rehabilitation Fund [see schedules]	**1,501,921**	1,896,381
Total Trust Funds	**18,668,076**	20,703,064
	19,292,428	21,170,290

The accompanying notes 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	2018 $	2017 $
REVENUE		
Investment income [Note 3]	**1,539,413**	1,152,079
Unrealized changes in fair values	**(1,975,357)**	419,124
Gain on disposal of capital assets and Intangibles	**18,000**	3
	(417,944)	1,571,206
EXPENSES		
Trust's expenses [Note 7]	**1,388,995**	1,364,475
Amortization	**57,467**	48,382
Investment management fees	**131,736**	139,243
	1,578,198	1,552,100
Excess (deficiency) of revenue over expenses before the following	**(1,996,142)**	19,106
Aggregate Resources Charges	**19,742,260**	19,213,021
Allocated to the Governments	**(18,958,329)**	(18,452,513)
Allocated to the Crown	**(783,931)**	(760,508)
Expenditures incurred in meeting the Trust purposes [see schedules]	**(822,777)**	(828,213)
Deficiency of revenue over expenses for the year	**(2,818,919)**	(809,107)
Trust Funds, beginning of year	**20,703,064**	20,751,663
Funds reinvested by the Crown	**783,931**	760,508
Trust Funds, End of Year	**18,668,076**	20,703,064

The accompanying notes 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 AND ABANDONED PITS AND QUARRIES REHABILITATION FUND

FOR THE YEAR ENDED DECEMBER 31, 2018	Aggregate Resources Fund $	Rehabilitation Fund $	Abandoned Pits and Quarries Rehabilitation Fund $	Total $
REVENUE				
Investment income [Note 3]	—	1,232,888	306,525	1,539,413
Unrealized changes in fair value	—	(1,794,416)	(180,941)	(1,975,357)
Gain on disposal of capital assets and Intangibles	—	1,000	17,000	18,000
	—	(560,528)	142,584	(417,944)
EXPENSES				
Trust's expenses [Note 7]	—	809,028	579,967	1,388,995
Amortization	—	47,669	9,798	57,467
Investment management fees	—	119,669	12,067	131,736
	—	976,366	601,832	1,578,198
Deficiency of revenue over expenses before the following	—	(1,536,894)	(459,248)	(1,996,142)
Aggregate Resources Charges	19,742,260	—	—	19,742,260
Allocated to the Governments	(18,958,329)	—	—	(18,958,329)
Allocated to the Crown	(783,931)	—	—	(783,931)
Expenditures incurred in meeting the Trust purposes [see schedules]	—	(103,634)	(719,143)	(822,777)
Deficiency of revenue over expenses for the year	—	(1,640,528)	(1,178,391)	(2,818,919)
Trust Funds, beginning of year	—	18,806,683	1,896,381	20,703,064
Funds reinvested by the Crown	783,931	—	—	783,931
Interfund transfer	(783,931)	—	783,931	—
Trust Funds, end of year	—	17,166,155	1,501,921	18,668,076

The accompanying notes 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 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 on disposal of capital assets and Intangibles	—	3	—	3
	—	1,299,960	271,246	1,571,206
EXPENSES				
Trust's expenses [Note 7]	—	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

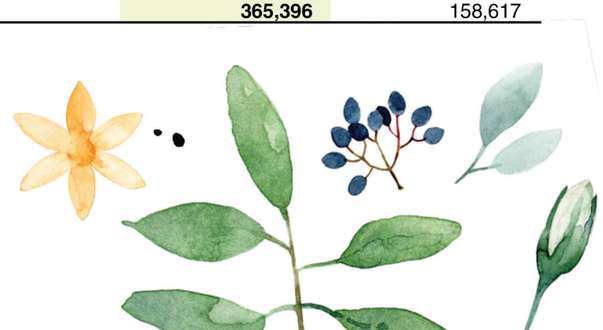
The accompanying notes are an integral part of these financial statements.

AGGREGATE RESOURCES TRUST

STATEMENT OF CASH FLOWS

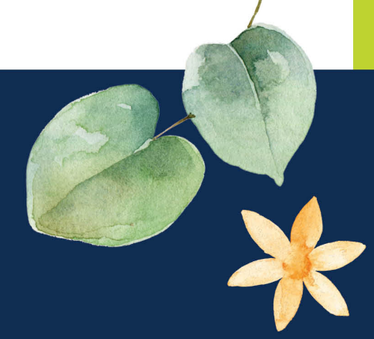
FOR THE YEAR ENDED DECEMBER 31	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	**(2,818,919)**	(809,107)
Add (less) items not involving cash		
Amortization	**57,467**	48,382
Unrealized changes in fair values	**1,975,357**	(419,124)
Gain on disposal of capital assets and intangibles	**(18,000)**	(3)
	(804,095)	(1,179,852)
Net change in non-cash working capital balances related to operations		
Due from Licensees and Permittees	**13,874**	14,420
HST recoverable	**(65,977)**	(19,411)
Interest and dividends declared receivable	**75**	832
Prepaid expenses	**408**	(9,183)
Accounts payable and accrued liabilities	**20,174**	2,997
Wayside permit deposits	**(28,631)**	—
Deferred Aggregate Resources Charges	**6,888**	(2,176)
Due to Governments	**167,341**	(138,292)
Cash used in operating activities	**(689,943)**	(1,330,665)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets and Intangibles	**(172,832)**	(128,600)
Proceeds on disposal of capital assets and Intangibles	**18,000**	—
Purchase of short-term investments	**(18,967,220)**	(20,032,742)
Sale of short-term investments	**18,781,648**	20,055,765
Purchase of investments	**(1,940,249)**	(1,649,034)
Sale of investments	**2,402,089**	1,006,071
Cash provided by (used in) investing activities	**121,436**	(748,540)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds reinvested by the Crown	**783,931**	760,508
Conditional Sales Contract – Auto Loan	**(8,645)**	(4,715)
Cash provided by financing activities	**775,286**	755,793
Net increase (decrease) in cash during the year	**206,779**	(1,323,412)
Cash, beginning of year	**158,617**	1,482,029
Cash, end of year	**365,396**	158,617

The accompanying notes 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, 2018

Project Number	Project Name	Approved Amount $	Paid or Payable / (Recovered) $
18-001	Donald Inglis Pit, Muskoka Country	**10,446**	**10,446**
	Charles Ditrich Construction Ltd. Pit	**20,000**	**—**
	Legal	**7,972**	**7,972**
	Miscellaneous expenses	**2,475**	**2,475**
	Education		
	Swinton Legacy Quarry rehabilitation research	**8,500**	**8,500**
	TOARC study of surrendered sites in Ontario – (e-Surrender)*	**45,176**	**47,029**
	Student Rehabilitation Design Competition	**12,500**	**10,962**
	University of Waterloo - Aggregate Resources Planning - Credit Course	**16,250**	**16,250**
	Variance to Budget	**111,681**	**—**
		235,000	**103,634**

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, 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	John 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 – (e-Surrender)*	**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*

AGGREGATE RESOURCES TRUST

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

FOR THE YEAR ENDED DECEMBER 31, 2018

Project Number	Project Name	Approved Amount $	Paid or Payable / (Recovered) $
17-10a	Staples Pit , Peel County	**41,116**	**41,156**
17-10b	Scheffler Pit , Simoce County	**6,426**	**15,092**
18-01a	Wise Pit , Huron County	**5,500**	**7,750**
18-02a	McLean Pit , Huron County	**28,075**	**28,075**
18-02b	Dykstra Pit , Huron County	**17,246**	**17,246**
18-02c	Bormann Pit , Huron County	**22,987**	**22,987**
18-02d	Scott Pit , Bruce County	**6,058**	**6,473**
18-03a	Lippert Pit , Bruce County	**7,358**	**8,073**
18-03b	Schmidt Pit , Bruce County	**18,353**	**18,768**
18-03ci	Schmidt Pit , Bruce County	**8,395**	**10,207**
18-03cii	Schmidt Pit , Bruce County	**8,395**	**9,665**
18-03d	Fink Pit , Bruce County	**16,574**	**17,289**
18-04a	Slumskie Pit , Bruce County	**8,500**	**8,933**
18-04b	Wolfe Pit , Bruce County	**8,500**	**8,500**
18-04c	Tedford Pit , Bruce County	**9,250**	**9,703**
18-04d	Morris Pit , Bruce County	**12,250**	**12,428**
18-04e	Morris Pit , Bruce County	**12,250**	**12,428**
18-04f	Horner Pit , Bruce County	**66,570**	**80,418**
18-05a	Boettger Pit , Grey County	**44,750**	**44,878**
18-05b	Poechman Pit , Bruce County	**11,175**	**11,175**
18-06a	Schaap Pit , Oxford County	**60,500**	**60,900**
18-06b	Walters Pit , Oxford County	**111,840**	**111,840**
17-01	White Pit , Northumberland County	**—**	**27,286**
	Miscellaneous expenses	**—**	**6,040**
	Drone lease	**15,000**	**14,520**
	Research costs		
	Dr. Richardson – Mitigating Extraction through Afforestation	**214,626**	**214,626**
	NSERC, Shared costs Mitigation Extraction through Afforestation	**(107,313)**	**(107,313)**
	Variance to budget	**(31,839)**	**—**
		622,542	**719,143**

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

AGGREGATE RESOURCES TRUST

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

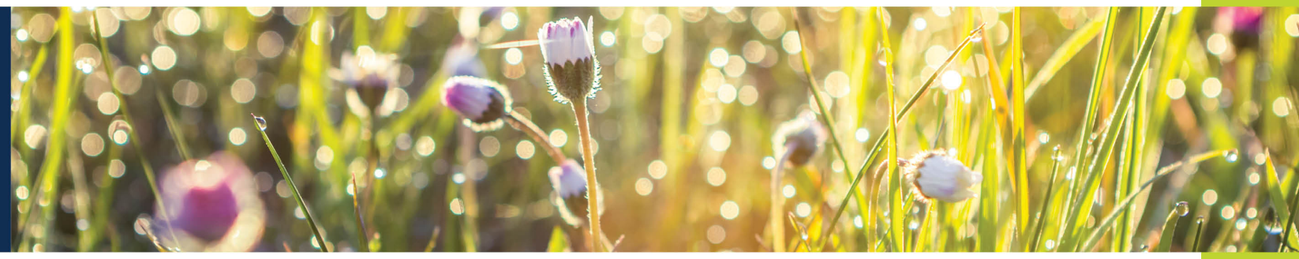
FOR THE YEAR ENDED DECEMBER 31, 2017

Project Number	Project Name	Approved Amount $	Paid or Payable / (Recovered) $
16-12a	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**
17-10a	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)**
	Variance to budget	**(73,263)**	**—**
		558,540	**629,711**

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

AGGREGATE RESOURCES TRUST

NOTES TO FINANCIAL STATEMENTS



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."

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. Effective for the 2007 production year the annual licence fee increased from $0.06 per tonne to $0.115 per tonne. The licence fees are due by March 15 of the following year, and are

disbursed within six months of receipt. The fees are disbursed 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 were increased effective for the 2007 production year:

- 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; and
- the minimum royalty rate for aggregate extracted on Crown land from $0.25 to $0.50 per tonne.

For production prior to 2007 all aggregate resources charges remain at the old fee schedule with the $0.06 licence fee being 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 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

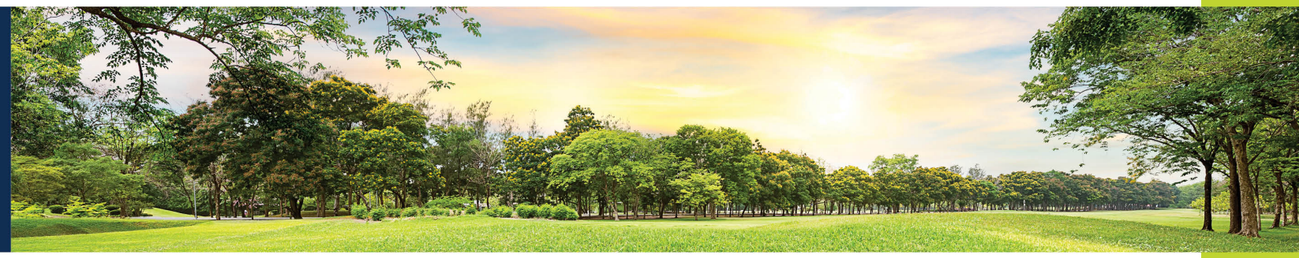
The financial statements of the Trust have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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.

AGGREGATE RESOURCES TRUST

NOTES TO FINANCIAL STATEMENTS CONTINUED



FOR THE YEAR ENDED DECEMBER 31, 2018

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 and intangibles are recorded at cost less accumulated amortization. Amortization is recorded to write off the cost of capital assets and intangibles 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 - Car	**3 years**
Vehicles - Truck	**5 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.

FOR THE YEAR ENDED DECEMBER 31, 2018

2. SHORT-TERM INVESTMENTS

Short-term investments consist of:

	2018 $	2017 $
Canada Housing Trust 1.950%	**120,079**	**—**
Canada Treasury Bills	**34,872**	**—**
Canada Treasury Bills	**49,747**	**—**
Capital Power Corp 4.850%	**5,014**	**—**
City of Toronto Debenture 4.500%	**51,101**	**—**
Cominar REIT 4.230%	**15,090**	**—**
Hydro Quebec 2.390%	**40,159**	**—**
Ontario Treasury Bill	**49,789**	**—**
Provence of New Brunswick 2.338%	**80,177**	**—**
Province of Manitoba 2.163%	**50,055**	**—**
Province of New Brunswick 4.400%	**60,629**	**—**
Province of Quebec 2.510%	**50,130**	**—**
Province of Quebec 2.393%	**60,188**	**—**
Province of Quebec 2.450%	**150,663**	**—**
Province of Quebec Promissory Note	**99,687**	**—**
Province of Quebec Promissory Note	**99,690**	**—**
Rogers Communication Inc 2.800%	**25,024**	**—**
Saputo Inc. 2.654%	**10,000**	**—**
Toronto Dominion Bank 2.447%	**10,008**	**—**
Reagional Municipality of York Debenture 5.000%	**45,452**	**—**
Canada Housing Trust 2.350%	**—**	**40,309**
Canada Treasury Bills	**—**	**19,966**
Canada Treasury Bills	**—**	**99,798**
City of Toronto Debenture 4.950%	**—**	**50,849**
Ontario Treasury Bill	**—**	**49,875**
Province of Manitoba Debenture 5.500%, No Call	**—**	**108,557**
Province of Manitoba Debenture 5.500%, No Call	**—**	**125,157**
Province of New Brunswick Debenture 4.450%	**—**	**110,848**
Province of Nova Scotia 0.903%	**—**	**75,158**
Province of Quebec Note 1.107%	**—**	**90,363**
Province of Quebec Note 2.400%	**—**	**151,102**
	1,107,554	**921,982**

Short-term investments have maturity dates ranging from February 04, 2019 to December 04, 2019. [2017 - January 11, 2018 to December 19, 2018]



FOR THE YEAR ENDED DECEMBER 31, 2018

3. INVESTMENTS

Investments consist of the following:

	2018		2017	
	Fair Value $	Cost $	Fair Value $	Cost $
Bonds	2,129,301	2,150,963	2,698,608	2,704,655
Canadian Equities	2,261,354	1,923,082	2,665,086	1,752,595
Foreign Equities	3,475,451	3,310,524	4,110,370	3,178,956
Pooled Funds	9,190,473	6,894,000	10,019,713	7,101,433
	17,056,579	14,278,569	19,493,777	14,737,639

The bonds consist of Government of Canada and Agencies bonds, Crown Corporations bonds and Corporate bonds that bear interest at rates ranging from 1.25% to 10.95% per annum [2017 – 0.919% to 10.95%] with maturity dates ranging from February 11, 2020 to June 1, 2027 [2017 - February 21, 2019 to June 1, 2027].

Investment income is broken down as follows:

	2018 $	2017 $
Interest income	404,881	323,587
Dividends	341,851	340,246
Realized capital gains	784,663	502,727
Foreign exchange gains (Loss)	8,018	(14,481)
	1,539,413	1,152,079

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of $182,206 [2017 - $122,086].



FOR THE YEAR ENDED DECEMBER 31, 2018

4. CAPITAL ASSETS AND INTANGIBLES

Capital assets consist of the following:

	2018			2017		
	Cost $	Accumulated Amortization $	Net Book Value $	Cost $	Accumulated Amortization $	Net Book Value $
Computer equipment	160,602	130,947	29,655	148,585	113,931	34,654
Furniture and fixtures	105,664	85,913	19,751	86,113	84,618	1,495
Vehicles	60,088	3,706	56,382	55,171	55,171	—
Leasehold Improvements	38,670	1,229	37,441	—	—	—
	365,024	221,795	143,229	289,869	253,720	36,149
INTANGIBLES						
Computer Software	474,241	197,522	276,719	431,734	163,300	268,434
	839,265	419,317	419,948	721,603	417,020	304,583

5. COMMITMENTS

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

	$
2019	226,427
2020	202,446
	428,873

6. LEASE COMMITMENTS

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

	$
2019	93,533
2020	93,826
2021	95,289
2022	95,581
2023	80,870
	459,099

AGGREGATE RESOURCES TRUST

NOTES TO FINANCIAL STATEMENTS CONTINUED



FOR THE YEAR ENDED DECEMBER 31, 2018

7. TRUST'S EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Rehabilitation Fund $	Abandoned Pits and Quarries Rehabilitation Fund $	Total $
EXPENSES			
Salaries and employee benefits	570,507	460,689	1,031,196
Board expenses	2,200	189	2,389
Professional fees	51,758	1,732	53,490
Data processing	32,121	19,160	51,281
Travel	56,420	34,906	91,326
Communication	24,027	20,700	44,727
Office	20,765	10,339	31,104
Office lease, taxes and maintenance	46,298	29,641	75,939
Insurance	4,932	2,611	7,543
Trust's Expenses	809,028	579,967	1,388,995

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	952,729
Board expenses	2,811	1,950	4,761
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

8. 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.



INDEPENDENT AUDITOR'S REPORT



To the Shareholder of The Ontario Aggregate Resources Corporation:

Opinion
We have audited the financial statements of The Ontario Aggregate Resources Corporation (the "Corporation"), which comprise the balance sheet as at December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2018 in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the 2018 Annual Report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The 2018 Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO CANADA LLP

Chartered Professional Accountants
Licensed Public Accountants
Burlington, Ontario
April 4, 2019



THE ONTARIO AGGREGATE RESOURCES CORPORATION

BALANCE SHEET AND NOTE TO FINANCIAL STATEMENTS

DECEMBER 31	2018 $	2017 $
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, 2018

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 notfor-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 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.

2018 AUDITS AND REVOKED

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 1092 clients covering 3,026 licences and permits resulting in an additional $1,558,992 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, 113 licences and 270 permits have been revoked. In the case of licences, 100 have been rehabilitated or the files have been closed for other reasons. In the case of permits, 197 have been rehabilitated or closed for other reasons. To date the Trust has expended $1,057,873 in net direct costs for rehabilitation of revoked sites.

PROFESSIONAL ASSISTANCE

BANKING INSTITUTION
Scotiabank®

INVESTMENT ADVISORS
T.E. Investment Counsel Inc.

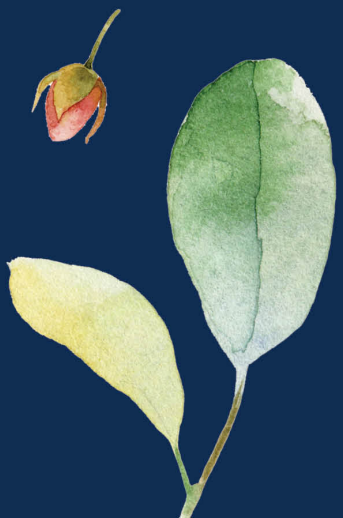
INVESTMENT MANAGERS
Burgundy Asset Management Ltd.
Letko Brosseau & Associates Inc.

AUDITORS
BDO Canada LLP

LEGAL COUNSEL
Blakes, Cassels & Graydon LLP

SHAREHOLDER
Ontario Stone, Sand & Gravel Association





THE ONTARIO AGGREGATE RESOURCES CORPORATION
TOARC

TOARC.COM
Suite 103, 1001 Champlain Avenue
Burlington, Ontario L7L 5Z4