



ANNUAL REPORT 2019

BOARD OF DIRECTORS

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

2020

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July 1, 2020

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

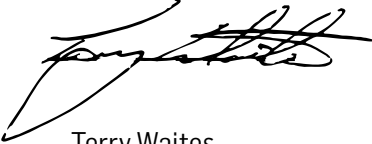
MINISTER YAKABUSKI;

On behalf of the Board of Directors, I am pleased to submit the 2019 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, 2019. 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 2019.

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,



Terry Waites
Chairman of the Board

2019 CHAIRMAN’S MESSAGE

As the new Chairman of The Ontario Aggregate Resources Corporation (TOARC), I am pleased to provide my comments and an update on the highlights of the previous year’s activities of TOARC. As Trustee of the Aggregate Resources Trust, TOARC is responsible for the collection of production data, invoicing of fees based on this data, and the disbursement of these fees as prescribed in the Aggregate Resources Act.

Changes to the Annual Fee and Minimum Royalty rate structure in the updated Aggregate Resources Act of 2017 prompted a significant increase of aggregate fees collected and disbursed in 2019 over 2018. Annual Fees and Minimum Royalties totaling \$33.7 million dollars were collected and disbursed in 2019 based on the 2018 production reporting. By comparison, in 2018 a total of \$19.3 million dollars was collected and disbursed based on the 2017 production. This increase in revenue was mainly a result of the Annual Fee increasing from \$0.115 per tonne in 2017 to \$0.198 per tonne in 2018, as well as the application of a per tonne Annual Fee on active permits and the phase in of a Minimum Royalty on mining leases that include aggregate extraction.

The Upper and Lower Tier Municipalities collectively realized the largest portion of the fee increase as their share of the disbursement dollars increased by \$12.4 million to \$24.2 million in total. The Crown realized a gain in their proportion of disbursed fees of \$1.3 million from both licence fees and permits as well as the royalty implementation on mining leases.

Production reported on licences decreased slightly in 2018 to 150 million tonnes from the 153 million tonnes reported in 2017. Production from Permits, Forestry Aggregate Pits, and Non-Designated Private Land sources remained relatively constant at 11 million tonnes.

2019 Fees based on 2018 production were disbursed amongst recipients as follows: (2018 Disbursement shown as a comparison to highlight the changes in 2017 to the Aggregate Resources Act).

DISBURSEMENT YEAR	2019 (\$MILLION)	2018 (\$MILLION)
Local Municipalities	19.4	9.4
Counties & Regions	4.8	2.4
MAAP Program	1.0	0.8
Province (from Licence Fees)	6.7	5.5
Province (from Royalties and Permit Fees)	1.8	1.7
TOTAL	33.7	19.8

The Management of Abandoned Aggregate Properties (MAAP) program had a very busy year working across the Province conducting work on 28 sites in 2019 at a cost of \$610,437. The work consisted of four (4) sites in Simcoe County, four (4) sites in Grey County, two (2) sites in Dufferin County, and one (1) site in Wellington County completed in the spring. In the fall, MAAP conducted work on ten (10) sites in Stormont, Dundas and Glengarry Counties, six (6) sites in Ottawa County and one (1) site in Lanark County.

Of the 28 sites, eight (8) were rehabilitated to agricultural crop, four (4) to agricultural pasture, four (4) to meadow and twelve (12) were naturalized. Three (3) recent examples of the great work completed year after year by the MAAP team are included later in this report.

The total count of legacy sites in the Province has risen by four (4) to 8,205 sites now in our eMAAP database of which 6,044 are now closed. This means that there still remains 2,161 open sites that need to be dealt with, and have an expectation that most will require intervention.

Each year our MAAP team continues to revisit many of the older open legacy sites, allowing staff to confirm ownership, reassess site conditions and evaluate the need for rehabilitation. When visiting areas scheduled for an upcoming rehabilitation construction season, the MAAP program will make every effort to contact landowners of potential projects. Even sites previously flagged as ‘Landowner Not Interested’ (LNI) will be revisited to see if it is under new ownership, or if they have changed their minds ensuring they do not miss the opportunity for rehabilitation.

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

Developed	724
Licensed	344
No Historical extraction	394*
Naturalized (to create new habitat)	2301
Rehabilitated (by owner)	764
Situated on Crown Land	236
Landowner Not Interested	716
Rehabilitated by MAAP/MNR	565
Total Files Closed	6,044

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

The Rapid Ecological Restoration for Aggregate Sites (RERAS) 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 has completed its third year of the four-year study. The research which we often refer to as **The Living Mulch Study** “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 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. An article written by Dr. Paul Richardson updating details and interim results can be found later in the annual report.

The MAAP program aims to rehabilitate sites to provide a higher level of function (usefulness) over the prevailing condition of the site. One challenge that the MAAP team is continually faced with is the lack of organics or topsoil available on many of the legacy sites. Whether the site is being rehabilitated to a naturalized state or to agriculture, a lack of organic materials makes projects more challenging. Over the last few years, the MAAP team has been experimenting and completing trials with various soil amendments and seed blends. An article describing these trials can be found later in the annual report.

The use of drones is becoming more common within the aggregate and construction industries as they can survey sites and capture aerial photos with great efficiency, detail and accuracy. The MAAP team was an early adapter of this technology starting five years ago. First utilizing a third-party contractor, the MAAP program has more recently utilized the Kespry Drone and its cloud-based systems to survey potential project sites. An article describing how MAAP uses this technology and why it provides a safer and more complete collection of data points can be found later in the annual report.

TOARC continued its education efforts in 2019 by supporting the annual “OSSGA Student Design Competition” on aggregate site rehabilitation. These efforts were also recognized in the 2nd year of a 3-year commitment of funding support at the University of

Waterloo School of Planning for **“Aggregate Resources Planning, Development and Management.”** The course continues to be offered as an elective at the undergraduate/graduate level.

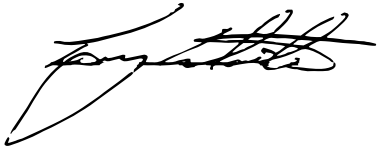
In 2019, at the direction of the Board a sub-committee was formed, and along with guidance from our investment advisor T.E. Investment Counsel looked at the performance of our existing Investment Managers as well as the existing structure. As a result of this review a change in structure was recommended to go from two Value Managers to one Value Manager and one Growth-At-a-Reasonable-Price (GARP) Manager. This recommendation was accepted and approved at the September Board meeting and the changes were implemented on October 1, 2019.

Trust funds increased in the year ending 2019 to \$19,590,356 from \$18,668,076 at the yearend 2018. Trust revenue increased by \$2,922,765 compared to the previous year as gains in the “unrealized changes in fair value portion” reflect higher performance of the 2019 financial markets. Trust’s expenses increased by \$149,141 in 2019. This increase was mainly a result of an increase in legal and depreciation costs.

There were no changes to the composition of Board members in 2019. However, Ken Lucyshyn, our longest serving member stepped down as Chair at the 2019 TOARC Annual General Meeting. This was Ken’s second service as Chair, and I want to thank him for his leadership and years of support to TOARC. Ken has thankfully agreed to continue on the Board, and I look forward to his guidance and knowledge moving forward!

Respectfully submitted,

Terry Waites



Chairman of the Board



MAAP 2019
PROJECT SUMMARY

SUMMARY OF MAAP
REHABILITATION COSTS

PROJECT NUMBER	LANDOWNER / LOCATION	END USE	AREA (HA)	COST \$
18-01a	Wise Pit, Huron County	Wetland	1.8	300
18-06a	Schaap Pit, Oxford County	Agriculture Pasture	2.0	660
19-01a	McMurchy Pit, Simoce County	Meadow	0.7	14,662
19-01b	Bradford Pit, Simoce County	Meadow	1.0	21,227
19-01c	Bourassa Pit, Simoce County	Meadow	0.3	6,326
19-02ai	Sinclair Pit, Grey County	Agriculture Crop	0.7	20,290
19-02aii	Sinclair Pit, Grey County	Agriculture Crop	0.9	17,871
19-02b	Armitage Pit, Grey County	Agriculture Crop	0.3	2,339
19-02d	McQueen Pit, Grey County	Agriculture Crop	0.7	31,536
19-02e	A. Martin Pit, Dufferin County	Agriculture Pasture	1.4	11,886
19-03a	Ntakos Pit, Simcoe County	Meadow	1.3	28,400
19-03c	Black Pit, Dufferin County	Agriculture Crop	0.8	11,500
19-03d	Haus Pit, Wellington County	Agriculture Pasture	0.5	17,600
19-04a	Bouchard Pit, Stormont, Dundas and Glengarry Counties	Agriculture Pasture	3.0	69,676
19-04b	DaPrato Pit, Stormont, Dundas and Glengarry Counties	Naturalization	0.7	25,750
19-04c	Paré Pit, Stormont, Dundas and Glengarry Counties	Naturalization	1.0	50,000
19-04ci	Carriere Pit, Stormont, Dundas and Glengarry Counties	Naturalization	0.2	2,000
19-05a	Blaney Pit, Stormont, Dundas and Glengarry Counties	Agriculture Pasture	0.2	22,775
19-05b	Nowry Pit, Stormont, Dundas and Glengarry Counties	Agriculture Crop	0.0	16,600
19-05c	Lepage Pit, Stormont, Dundas and Glengarry Counties	Naturalization	0.5	18,465
19-05d	Prodonick Pit, Stormont, Dundas and Glengarry Counties	Agriculture Pasture	0.4	24,995
19-05e	O'Brien Pit, Stormont, Dundas and Glengarry Counties	Agriculture Crop	0.8	44,113
19-06a	City of Ottawa Pit, Ottawa County	Naturalization	0.3	18,050
19-06b	Baich Pit, Ottawa County	Naturalization	0.3	24,100
19-06c	Kalogerakos Pit, Ottawa County	Naturalization	1.0	37,450
19-06d	Hutchinson Pit, Ottawa County	Naturalization	0.7	26,608
19-06di	DesJardins Pit, Ottawa County	Naturalization	0.1	3,452
19-06e	Renaud Pit, Lanark County	Naturalization	0.7	26,600
			21.9	595,230

* Total project costs incurred for 2019 were \$610,436. The difference between \$595,230 shown and the total was monies spent on project preparations

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	591,266	20,166	25,707	1.27
2019	28	21.90	595,230	27,179	21,258	0.78
Total	570	842.17	10,576,657	12,558	18,556	1.48

* 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

LIVING MULCH

TRANSPLANTATION SURGERY FOR ECOSYSTEMS: A NOVEL APPROACH FOR ADVANCING FOREST SUCCESSION

Since 2017, researchers from the University of Waterloo's School of Environment, Resources and Sustainability have been experimentally investigating methods to increase the ecological similarity of afforested lands, such as those established on former aggregate sites, to old spontaneous forests. The Rapid Ecological Restoration for Aggregates Sites (RERAS) project, co-funded by TOARC and NSERC, tests a strategic alternative to relying only on successional processes post tree planting. Designed by Dr. Paul Richardson and Professor Stephen Murphy, the ecologists hypothesized that valuable ecosystem properties of late-successional forests can quickly be established at younger woodlands with the addition of material from mature forests within the same geographic region undergoing management where bulk extraction of "living mulch" can be permitted.

"Living mulch" (or LM) refers to the matrix of topsoil, seeds, plants and soil organisms inhabiting the upper 30cm of the forest floor, plus overlying leaf litter and woody debris. When carefully translocated to environments representing earlier stages (or "seres") of succession, LM applications may help overcome local constraints impacting both immigration and establishment affecting species typical of older forests. The success of LM applications requires effective matching of LM sites to recipients most capable of benefiting from the translocated biodiversity.

In collaboration with Walker Industries Inc., Clearview Nursery and Clearview Township, the research team built a study network comprising of five (5) Niagara Escarpment locations near Duntroon, ON. These sites were selected based on their suitability for receiving LM translocations from a single donor site and were consistent with the different states ("seres") of forest succession (referred to as S1-S5) which can be seen in Figure 1. The crucial sixth (6) location, labeled "D+", is an old-growth sugar maple stand, and acts as a control identical to S5 (the latest-stage recipient), but is located at a licensed quarry, making it an ideal donor forest (refer to Figure 1). The table adjacent describes the characteristics of each stage ("sere") site selected for the study:

Table 1: Characteristics of the six (6) study sites utilized for LM applications or control sites

	Former crop field planted with native deciduous and coniferous trees in 2015 to mitigate impacts of quarrying. Exemplifies woodland at the stand initiation sere, still decades from producing a closed canopy.
	Former field planted with mixed conifers to reduce soil erosion in approximately 1985. Represents early periods of the understorey re-initiation sere, when the closed canopy begins forming and ground cover diversifies.
	Former fields planted with mixed conifers to reduce soil erosion in approximately 1940. Represents later periods of the understorey re-initiation sere, when gaps in the closed canopy begin forming and ground cover diversifies.
S5 - latest-stage recipient	Spontaneous old-growth sugar maple stand. Located at a licensed quarry making it an ideal donor forest
D+ - control site	Spontaneous old-growth sugar maple stand.



Figure 1: Donor forest (D+) and recipient seres (S1-S5) incorporated in the living mulch translocation experiment (Duntroon, ON, Canada)

In total, 30,125m² of LM recipient blocks were installed from 2016-2017 and operators distributed the LM from D+ to recipient blocks at S1-S5 to depths of 30-45cm. Biodiversity found within LM can be extremely sensitive to physical disturbances. To mitigate this risk, operators carried out translocations after most organisms entered winter dormancy (e.g. November) and completed redistribution within 12 hours of extraction.

Beyond testing different seres as recipients, the researchers are also investigating multiple post-care amendments by creating micro-habitat features within each recipient block to increase their similarity to D+. The amendments included:

- translocating additional logs, stumps, and other woody debris to some LM-treated areas but not others;
- planting small shrub clusters to some of the areas receiving extra debris; and
- installing artificial shade shelters to other areas receiving extra debris (at S1 and S2 only).

In the fall of 2018 the team began monitoring multiple responses, but were particularly interested in the species composition of ground-layer vegetation, as it acts as a good early indication to the most relevant similarities and differences between D+ and ecosystems emerging at S1-S5 recipient locations. For each of the 760 small sampling plots distributed throughout treated and non-treated (NT) areas of S1-S5, the researchers calculated average compositional similarity to 120 reference plots from D+.

Results based on data collected in spring 2019 indicate ecosystem translocations may fast-forward succession at treated lands when combined with strategic sere matching and post-care practices. Four (4) critical patterns are apparent from statistical results and have been compiled through example photographs in Figures 2-4 as well as described below:

1. Translocating LM to S5 (control site) produced plant communities nearly identical to those at D+, suggesting transplant methods had negligible impacts on biodiversity within LM.
2. Regardless of sere or treatment, every recipient block supported species compositions more similar to D+ than to communities in adjacent non-treated areas.
3. Only some habitat modifications made significant differences, and only at specific recipient seres. For example, planting translocated LM with dogwood shrub clusters appears to have had no influence on the similarity of emergent vegetation to that of D+.
4. Erecting shade shelters at S2 significantly increased its similarity to D+, but at S1 this effect was marginal.

Perhaps most importantly, the successional stage of the recipient location had a greater influence on vegetative community composition than any habitat amendment. Differences in statistical results suggest that although translocating LM from mature forests may advance aspects of succession across a range of recipient seres, using limited donor resources efficiently may require prioritizing translocations to older afforestations.

Based on interim results, the potential for translocation of LM to earlier successional ecosystems in an effort to accelerate its transition to later seres is promising. This potential is not only for extraction sites requiring rehabilitation, but also for existing tree plantations established to mitigate industry impacts. Results from this study will inform best management practices for maximizing translocation efficacy under different circumstances facing aggregates producers and other land stewards.

Find the full interim report with statistical information on our website at www.toarc.com!



Figure 2: Not-treated (NT) areas (top) and LM-treated blocks (middle, with example close-up image of a community sample in right panel) in S1 and S2 recipient seres.



Figure 3: Not-treated (NT) areas (top) and LM-treated blocks (middle, with example close-up image of a community sample in right panel) in S3 and S4 recipient seres.



Figure 4: Not-treated (NT) areas (top) and LM-treated blocks (middle, with example close-up image of a community sample in right panel) in S5; images of D+, for comparison (not treated).

SOIL AMENDMENTS AT LEGACY SITES

Naturalization projects continue to pose a challenge as many legacy sites severely lack the organic matter required for successful seed germination and plant growth. Simply importing topsoil to a site is out of the question as the MAAP program can only work with materials already available on site. Since 2018, the MAAP team has attended multiple seminars to learn more about soil amendments and erosion control products used in environmental rehabilitation.

Applying a soil amendment creates a better environment for plant roots by improving the soil organic matter and structure. A healthy soil with good porosity and permeability can help provide optimal growing conditions for plant roots while aiding in erosion control. Creating and maintaining these “healthy soils” play a key part in ensuring MAAP project sites are a long-term success. An application of a soil amendment to marginal soils can quickly jump-start the naturalization process by implementing erosion control protection to lock down seeds, introducing microbes into the existing soils and boosting the nutrient cycling processes. The soil amendment including seed, fertilizer and erosion control stabilizers can all be put in one slurry and applied hydraulically typically in one day at a legacy site (See Figure 1).



Figure 1: A truck towing a slurry of seed, ProGanics, Fertilizer and Tackifier (erosion control product) and a worker hydraulically applying over the finished grade of a legacy site.

During the 2019 construction season, thirteen (13) MAAP project sites received soil amendments via hydraulic application in varying parts of the Province. Three (3) of these sites were in Simcoe County with predominately sandy soils, with one site receiving an application on a fairly steep slope. The remaining ten (10) sites were in Eastern Ontario where many pits had been stripped to near bedrock. The MAAP program is closely monitoring these sites and they will be revisited by field staff in 2020 to evaluate overall success rates (i.e. growth rates, no erosion etc.) across the various site conditions. This will allow the MAAP team to develop best management practices and monitoring policies for future rehabilitation project sites requiring soil amendment applications.



Figure 2: Project 18-02a in Huron County was rehabilitated in Spring 2018 and one of our first sites to receive a soil amendment application.



Figure 3: After the site was graded to a max slope of ~5:1 and the soil prepared for seed, the workers began the hydroseed + soil amendment application.



Figure 4: A photo of the site taken 2 years after rehabilitation.

MAAP PROJECTS

19-03A NTAKOS PIT

PROJECT STATISTICS: REHABILITATION AREA = 12,800M²,
VOLUME OF MATERIAL MOVED = 15,930M³

The Ntakos pit is situated at the rear of a recently constructed rural estate southwest of Cookstown. This very large horseshoe shaped pit with a sheer 12m face posed a unique challenge in that it was bounded by an agricultural field on the west and an established emergent woodlot on the east. As the landowner wanted neither of these disturbed, the only option for creating a safe stable slope was to start grading from the north, 120m back from the top of the pit face. The material available was primarily clay with only a thin layer of topsoil and several stockpiles of organic soils. The design called for an initial grade of 15:1, gradually steepened to a still fairly gentle 10:1 grade at the base. The available topsoil was spread evenly across the finished grade and then hydroseeded with a hardy seed mix of grasses and clovers with fertilizer.

BEFORE



DURING



AFTER



MAAP PROJECTS

19-04A BOUCHARD PIT

PROJECT STATISTICS: RREHABILITATION AREA = 29,800M²,
VOLUME OF MATERIAL MOVED = 11,570M³

A large and challenging site. The pit was initially very hard to reach as it was overgrown with scrub trees and cedar while scatterings of bare sand and gravel could be found across the old pit floor. The perimeter initially appeared to be a sloped shallow pit face but was in fact a long berm of topsoil that had been stockpiled when the pit was in operation. The neighbour, who had worked at the pit in his youth, was very informative as to how the pit had operated and where the topsoil was stockpiled. Test pitting was carried out to confirm the quantity of the available topsoil, which proved to be substantial. The caveat was that there was also a significant amount of rock and boulder in with it. This was no surprise as the area is known for its boulders, evidenced by the many stone hedgerows seen along the country roads. As the landowner was very keen to have the project result in a hay field for his cattle operation, it was agreed that the MAAP program would oversee the earthworks and deal with the larger boulders, but the fine tuning in terms of rock picking would be done by Mr. Bouchard. MAAP provided the seed and Mr. Bouchard would seed drill after he had an opportunity to complete the stone picking.

BEFORE



AFTER



MAAP PROJECTS

19-06E RENAUD PIT

PROJECT STATISTICS: REHABILITATION AREA = 5,750M²;
NO EARTHWORKS REQUIRED

The Renaud pit is in Lanark County, just south of the village of Calabogie on Highway 511. An obvious old wayside pit for road construction, the site comprised of an old pit floor supporting very little herbaceous plant life. The slopes were relatively well vegetated with a mix of pine, oak, maple and poplar. The lack of available topsoil on site would have normally restricted the opportunity to carry out a rehabilitation effort. Fortunately, this site as well as several others with similarly challenged conditions, were hydroseeded with a soil amendment called "ProGanics Biotic Soil Media" and a heavy mix of hardy grasses and clovers. Although the product has been around for some time, this is a new approach for the MAAP program in addressing such challenges. The initial uses have proven to be quite successful and we will be monitoring these sites to assess the efficacy in establishing lush, dense vegetation on barren sites.

BEFORE



DURING



AFTER



MAAP PROJECTS

19-02D McQUEEN PIT

PROJECT STATISTICS: REHABILITATION AREA = 6,927M²,
VOLUME OF MATERIAL MOVED = 4,575M³

The McQueen pit, located in Grey County, posed several constraints that shaped the approach taken for rehabilitation of the site. Firstly, the site was extremely rocky, even for a gravel pit, which posed a challenge for stripping organic soils and grading the site. Secondly, with the absence of available organic soils, MAAP knew it would be hard to establish a robust vegetative groundcover. Lastly, the area available to grade was adjacent to an important wetland and in order to protect the wetland, a 10-meter set back was established and a grading plan was determined to ensure a minimum 5:1 grade for agriculture after-use. The contractor was diligent in saving all organic soil. Larger boulders were placed low in the pit to allow at least 2-meters of onsite cover fill material. As rehabilitation of the site progressed, finer materials of sand, stone and clay substrate were added to shape the final grade. Prior to hydroseeding, the landowner stone picked the surface for future cultivation.

BEFORE



DURING



AFTER



DRONE SURVEYS AT LEGACY SITES

The Management of Abandoned Aggregate Properties (MAAP) program's standard practices for both field inventories and site design have evolved significantly since 1997. One of the most notable changes within the MAAP program has been the use of drone technology, or specifically a Remotely Piloted Aircraft System (RPAS), used to complete site surveys of legacy sites in recent years. The use of a RPAS has created a safer work environment in the field and delivers accurate survey data for our in-house landscape architect to utilize while designing rehabilitation site plans in AutoCAD.

Recently, the rapid growth of this industry has led to numerous revisions in legislation and regulations pertaining to flying drones in Canada. In the summer of 2019 three (3) TOARC employees received their "Basic Drone Pilot Certificates" from Transport Canada and two (2) employees completed further training to obtain an "Advanced Operations Certificate", which allows flight within controlled airspace with permission. This additional training proved valuable while inventorying sites scheduled for the 2020 construction season as many sites fell within controlled airspaces - with one exciting flight located within restricted Trenton Military airspace!

Prior to owning a RPAS, all potential project sites were surveyed by foot using a handheld Trimble GPS Unit. From a safety perspective a RPAS can survey sites with a high degree of accuracy without putting employees at risk. Just as at active sites, it is important to ensure employees avoid walking along precarious pit and quarry faces. Combining survey data collected by the RPAS with computer aided design software can eliminate much of the guesswork associated with landscape design. The 3D point cloud and ground contour model produced by the drone software are very detailed and far more accurate than that generated by a handheld GPS. The MAAP team is now able to gather data safely, complete designs quicker and provide contractors with drawings containing a greater degree of certainty with regards to cut-fill analysis and earthwork required.

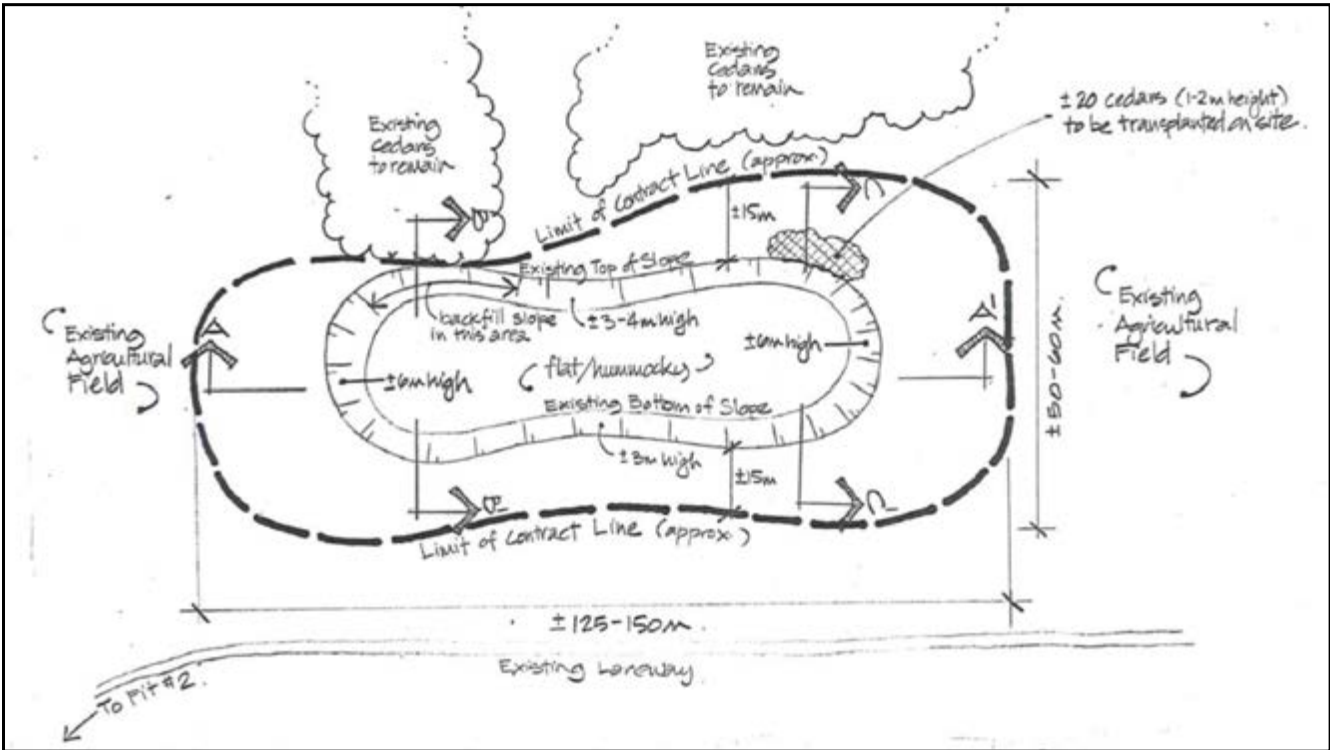


Figure 1: An example of a hand drawn rehabilitation design from 1998 illustrating how far site plans have come!



Figure 2: An example of a pit face at Project 20-02b that requires rehabilitation.



Figure 3: A screenshot of the 3D rendering from our drone data of the same pit face in Figure 1.

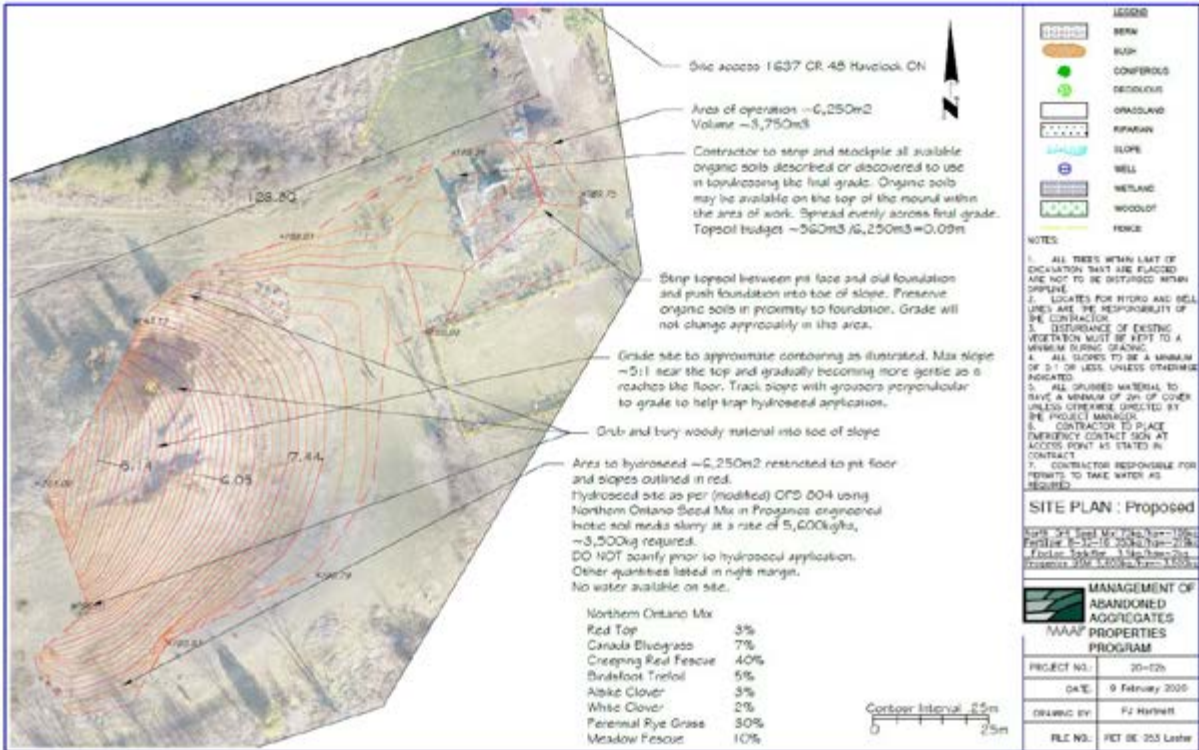


Figure 4: Project 20-02b rehabilitation site plan designs created using aerial imagery taken with the drone as well as Point Cloud Data that is downloaded into AutoCAD.



INDEPENDENT AUDITOR'S REPORT

FINANCIAL REPORTS

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, 2019, 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, 2019, 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 2019 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 2019 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 2, 2020

Statement of Financial Position

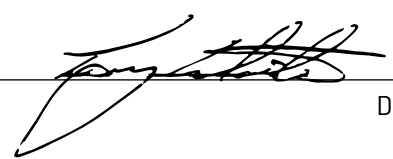
	DECEMBER 31 2019 \$	DECEMBER 31 2018 \$
ASSETS		
CURRENT		
Cash	607,714	365,396
Short-term investments	—	1,107,554
Due from Licensees and Permittees	273,174	149,274
HST recoverable	147,825	136,771
Interest and dividends declared receivable	—	21,501
Prepaid expenses	31,390	35,405
TOTAL CURRENT ASSETS	1,060,103	1,815,901
Investments ^[note 2]	19,024,637	17,056,579
Capital assets, and Intangibles, net ^[note 3]	311,646	419,948
	20,396,386	19,292,428
LIABILITIES AND TRUST FUNDS		
CURRENT		
Accounts payable and accrued liabilities	148,408	159,077
Wayside permit deposits	39,000	39,619
Deferred Aggregate Resources Charges	14,895	20,322
Due to Governments	603,727	405,334
TOTAL LIABILITIES	806,030	624,352
TRUST FUNDS		
Rehabilitation Fund ^[see schedules]	17,863,884	17,166,155
Abandoned Pits and Quarries Rehabilitation Fund ^[see schedules]	1,726,472	1,501,921
TOTAL TRUST FUNDS	19,590,356	18,668,076
	20,396,386	19,292,428

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

Statement of Revenue and Expenses and Changes in Fund Balances

FOR THE YEAR ENDED DECEMBER 31	2019 \$	2018 \$
REVENUE		
Investment income ^[note 2]	2,341,591	1,539,413
Unrealized changes in fair values	163,230	(1,975,357)
Gain on disposal of capital assets and Intangibles	—	18,000
	2,504,821	(417,944)
EXPENSES		
Trust's expenses ^[note 6]	1,485,669	1,388,995
Amortization	119,045	57,467
Investment management fees	122,625	131,736
	1,727,339	1,578,198
EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES BEFORE THE FOLLOWING	777,482	(1,996,142)
Aggregate Resources Charges	33,744,770	19,742,260
Allocated to the Governments	(32,765,589)	(18,958,329)
Allocated to the Crown	(979,181)	(783,931)
Expenditures incurred in meeting the Trust purposes ^[see schedules]	(834,383)	(822,777)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(56,901)	(2,818,919)
Trust Funds, beginning of year	18,668,076	20,703,064
Funds reinvested by the Crown	979,181	783,931
TRUST FUNDS, END OF YEAR	19,590,356	18,668,076

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

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, 2019	AGGREGATE RESOURCES FUND \$	REHABILITATION FUND \$	ABANDONED PITS AND QUARRIES REHABILITATION FUND \$	TOTAL \$
REVENUE				
Investment income ^[note 2]	—	1,782,902	558,689	2,341,591
Unrealized changes in fair value	—	150,097	13,133	163,230
	—	1,932,999	571,822	2,504,821
EXPENSES				
Trust's expenses ^[note 6]	—	911,036	574,633	1,485,669
Amortization	—	100,626	18,419	119,045
Investment management fees	—	112,589	10,036	122,625
	—	1,124,251	603,088	1,727,339
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING				
	—	808,748	(31,266)	777,482
Aggregate Resources Charges	33,744,770	—	—	33,744,770
Allocated to the Governments	(32,765,589)	—	—	(32,765,589)
Allocated to the Crown	(979,181)	—	—	(979,181)
Expenditures incurred in meeting the Trust purposes ^[see schedules]	—	(111,019)	(723,364)	(834,383)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR				
	—	697,729	(754,630)	(56,901)
Trust Funds, beginning of year	—	17,166,155	1,501,921	18,668,076
Funds reinvested by the Crown	979,181	—	—	979,181
Interfund transfer	(979,181)	—	979,181	—
TRUST FUNDS, END OF YEAR	—	17,863,883	1,726,472	19,590,356

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

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, 2018	AGGREGATE RESOURCES FUND \$	REHABILITATION FUND \$	ABANDONED PITS AND QUARRIES REHABILITATION FUND \$	TOTAL \$
REVENUE				
Investment income ^[note 2]	—	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 6]	—	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 and schedules are an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(56,901)	(2,818,919)
Add (less) items not involving cash		
Amortization	119,045	57,467
Unrealized changes in fair values	(163,230)	1,975,357
Gain on disposal of investments	(1,244,907)	—
Gain on disposal of capital assets and Intangibles	—	(18,000)
	(1,345,993)	(804,095)
Net change in non-cash working capital balances related to operations		
Due from Licensees and Permittees	(123,900)	13,874
HST recoverable	(11,054)	(65,977)
Interest and dividends declared receivable	21,501	75
Prepaid expenses	4,015	408
Accounts payable and accrued liabilities	(10,669)	20,174
Wayside permit deposits	(619)	(28,631)
Deferred Aggregate Resources Charges	(5,427)	6,888
Due to Governments	198,393	167,341
CASH USED IN OPERATING ACTIVITIES	(1,273,753)	(689,943)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets and Intangibles	(10,743)	(172,832)
Proceeds on disposal of capital assets and Intangibles	—	18,000
Purchase of short-term investments	—	(18,967,220)
Maturity of short-term investments	1,107,554	18,781,648
Purchase of investments	(9,041,811)	(1,940,249)
Proceeds on the sale of investments	8,481,890	2,402,089
CASH PROVIDED BY INVESTING ACTIVITIES	536,890	121,436
CASH FLOWS FROM FINANCING ACTIVITY		
Funds reinvested by the Crown	979,181	783,931
Conditional Sales Contract – Auto Loan	—	(8,645)
CASH PROVIDED BY FINANCING ACTIVITIES	979,181	775,286
NET INCREASE IN CASH DURING THE YEAR	242,318	206,779
Cash, beginning of year	365,396	158,617
CASH, END OF YEAR	607,714	365,396

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

Schedules of Rehabilitation Costs for the Rehabilitation Fund

For The Year Ended December 31, 2019

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT \$	PAID OR PAYABLE / (RECOVERED) \$
19-001	Donald Inglis Pit, Muskoka County	24,998	24,998
	Rick Trotter Pit, Kawartha Lakes	12,000	—
	Rob Wall Pit, Renfrew County	50,000	—
	Miscellaneous expenses	(7,323)	(7,323)
	Education		
	Swinton Legacy Quarry rehabilitation research		
	TOARC study of surrendered sites in Ontario – (eSurrender) *	52,295	56,649
	Student Rehabilitation Design Competition	12,500	11,699
	University of Waterloo - Aggregate Resources Planning Credit Course	25,825	24,996
	Variance to Budget	1,825	—
		172,120	111,019

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, 2018

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT \$	PAID OR PAYABLE / (RECOVERED) \$
18-001	Donald Inglis Pit, Muskoka County	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 – (eSurrender) *	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

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

For The Year Ended December 31, 2019

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT \$	PAID OR PAYABLE / (RECOVERED) \$
18-01a	Wise Pit, Huron County	5,500	300
18-06a	Schaap Pit, Oxford County	—	660
19-01a	McMurphy Pit, Simoce County	14,662	14,662
19-01b	Bradford Pit, Simoce County	21,227	21,227
19-01c	Bourassa Pit, Simoce County	6,326	6,326
19-02ai	Sinclair Pit, Grey County	20,290	20,290
19-02aii	Sinclair Pit, Grey County	17,871	17,871
19-02b	Armitage Pit, Grey County	2,102	2,339
19-02d	McQueen Pit, Grey County	31,536	31,536
19-02e	A. Martin Pit, Dufferin County	10,974	11,886
19-03a	Ntakos Pit, Simcoe County	28,400	28,400
19-03c	Black Pit, Dufferin County	11,500	11,500
19-03d	Haus Pit, Wellington County	17,600	17,600
19-04a	Bouchard Pit, Stormont, Dundas and Glengarry Counties	65,000	69,676
19-04b	DaPrato Pit, Stormont, Dundas and Glengarry Counties	25,750	25,750
19-04c	Paré Pit, Stormont, Dundas and Glengarry Counties	50,000	50,000
19-04ci	Carriere Pit, Stormont, Dundas and Glengarry Counties	—	2,000
19-05a	Blaney Pit, Stormont, Dundas and Glengarry Counties	22,775	22,775
19-05b	Nowry Pit, Stormont, Dundas and Glengarry Counties	16,600	16,600
19-05c	Lepage Pit, Stormont, Dundas and Glengarry Counties	29,830	18,465
19-05d	Prodonick Pit, Stormont, Dundas and Glengarry Counties	24,995	24,995
19-05e	O'Brien Pit, Stormont, Dundas and Glengarry Counties	43,375	44,113
19-06a	City of Ottawa Pit, Ottawa County	18,050	18,050
19-06b	Baich Pit, Ottawa County	24,100	24,100
19-06c	Kalogerakos Pit, Ottawa County	37,450	37,450
19-06d	Hutchinson Pit, Ottawa County	12,800	26,608
19-06di	DesJardins Pit, Ottawa County	—	3,452
19-06e	Renaud Pit, Lanark County	26,600	26,600
	Drone lease	15,000	15,206
	Research costs		
	Dr. Richardson – Mitigating Extraction through Afforestation	225,854	225,854
	NSERC, Shared costs Mitigation Extraction through Afforestation	(112,927)	(112,927)
	Variance to budget	(35,312)	—
		677,928	723,364

The accompanying notes are an integral part of these financial statements

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

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 2018 production year the annual licence/permit fees, permit royalty fee, wayside permit issuance and mining leases fees are as follows:

Minimum Royalty for phased in aggregate sites with Mining Lease (i.e. only those removing aggregate, other than sand or gravel, that is property of the Crown from land that is subject to a mining lease entered into before May 10, 2017)	16.7 cents/tonne	

For production prior to 2017 all aggregate resources charges were collected and disbursed based on the legislation in effect at the time.

DISTRIBUTION:

Fees collected from licences, wayside permits and aggregate permits will be distributed approximately as follows:

- 3% to the Aggregate Resources Trust for rehabilitation and research
- 61% to the local municipality in which the site is located
- 15% to the upper tier municipality in which the site is located
- 21% to the Crown (minimum)

Royalties are paid to the Crown for use of Crown owned aggregate.

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 held by the Crown, contributed by Licensees/Permittees, transferred to the Trust. 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 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. Based on the reported tonnage, if the calculated aggregate resources charges are zero or less than the minimum annual fee, minimum annual fee is charged and recognized.

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. 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. INVESTMENTS

In the prior year, short term investments consisted of promissory notes, treasury bills and bonds with maturity dates ranging from February 4, 2019 to December 4, 2019 bearing interest at rates ranging from 1.95% to 5% per annum.

Investments consist of the following:

	2019		2018	
	FAIR VALUE \$	COST \$	FAIR VALUE \$	COST \$
Bonds	—	—	2,129,301	2,150,963
Canadian Equities	—	—	2,261,354	1,923,082
Foreign Equities	—	—	3,475,451	3,310,524
Pooled Funds	19,024,637	16,083,397	9,190,473	6,894,000
	19,024,637	16,083,397	17,056,579	14,278,569

In the prior year, bonds consisted of Government of Canada and Agency bonds, Crown corporation bonds and corporate bonds bearing interest rates ranging from 1.25% to 10.95% per annum with maturity dates ranging from February 11, 2020 to June 1, 2027.

Investment income is broken down as follows:

	2019 \$	2018 \$
Interest income	634,535	404,881
Dividends	451,341	341,851
Realized capital gains	1,256,327	784,663
Foreign exchange gains/(Loss)	(612)	8,018
	2,341,591	1,539,413

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of \$400,470 [2018 - \$182,086].

The Trust manages market risk by diversifying investments in accordance with the Trust's Statement of Investment Policies and Guidelines ("SIP&G"). Investments are based on asset mix and risk management policies that are designed to enable to the Trust to meet or exceed its long term objectives with an acceptable level of risk, consistent with the SIP&G as approved by the Board of Directors. The Board of Directors has adopted a SIP&G in September 2019 for the Trust which sets out investments objectives, guidelines and benchmarks used in investing the Trust's assets, permitted categories of investments, asset mix diversification and rate of return expectations. The Trust's expected annual target rate of return is 5.25% plus CPI over a 4-year rolling period. The SIP&G target asset mix is comprised of four categories of assets. A set of benchmarks has been identified to measure against each category's annual rate of investment return. The Trust's investments were allocated within the allowable asset categories ranges, as of the date of the financial statements.

3. CAPITAL ASSETS AND INTANGIBLES

Capital assets consist of the following:			2019		2018	
	COST \$	ACCUMULATED AMORTIZATION \$	NET BOOK VALUE \$	COST \$	ACCUMULATED AMORTIZATION \$	NET BOOK VALUE \$
Computer equipment	167,168	147,352	19,816	160,602	130,947	29,655
Furniture and fixtures	105,664	90,117	15,547	105,664	85,913	19,751
Vehicles	60,088	19,112	40,976	60,088	3,706	56,382
Leasehold Improvement	38,670	8,379	30,291	38,670	1,229	37,441
	371,590	264,960	106,630	365,024	221,795	143,229
INTANGIBLES						
Computer software	478,415	273,399	205,016	474,241	197,522	276,719
	850,005	538,359	311,646	839,265	419,317	419,948

4. COMMITMENTS

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

2020	194,246
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5. LEASE COMMITMENTS

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

	\$
2020	93,826
2021	95,289
2022	95,581
2023	80,870
	365,566

NOTES TO FINANCIAL STATEMENTS

6. TRUST’S EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019	REHABILITATION FUND \$	ABANDONED PITS AND QUARRIES REHABILITATION FUND \$	TOTAL \$
EXPENSES			
Salaries and employee benefits	547,719	428,717	976,436
Board expenses	851	141	992
Professional fees	161,238	9,905	171,143
Data processing	46,450	21,848	68,298
Travel	42,080	50,383	92,463
Communication	24,993	21,446	46,439
Office	20,440	9,228	29,668
Office lease, taxes and maintenance	64,007	31,336	95,343
Insurance	3,258	1,629	4,887
TRUST'S EXPENSES	911,036	574,633	1,485,669

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

7. FINANCIAL INSTRUMENT RISKS

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID 19) pandemic resulting in economic uncertainties impacting the Trust's risks. At this time, the full potential impact of COVID 19 on the Trust is not known.

CREDIT RISK

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Trust. The risk of default on transactions in listed securities is unlikely, as the trade will fail if either party to the transaction does not meet its obligation. The Trust also has credit risk to the extent that licensees and permittees receivables are not collectible. The Trust manages this risk by closely monitoring the outstanding balances for payment.

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 (Note 2). 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.

MARKET RISK

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments. It arises when the Trust invests in interest sensitive investments such as bonds and other fixed income investments. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies. The Trust invests in the units of pooled funds, which in turn invest in a diversified portfolio of assets. While the underlying investments of the pooled funds are susceptible to both currency and interest rate risk, the risk to the Plan is indirect in nature. Given the Trust is not directly holding any investments denominated in foreign currency or any interest sensitive securities, the Plan has no direct exposure to currency or interest rate risk.

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

As a result of the COVID 19 pandemic, subsequent to year end there have been various factors that may have impacted the fair value of the underlying investments of the pooled funds. Many governments around the world have adjusted interest rates to mitigate the economic impact of the pandemic. The global economic uncertainty arising due to the COVID 19 pandemic has resulted in significant volatility in global foreign exchange rates subsequent to year end. In addition, this global economic uncertainty has resulted in significant volatility in the global and domestic equity markets. Accordingly, subsequent to year end there has been a negative impact on the fair value of the Trust's investments, increasing both credit and liquidity risk related to the financial instruments noted above.

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, 2019, 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, 2019 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 2019 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 2019 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.

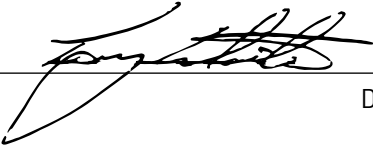
BDO CANADA LLP
Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
April 2, 2020

DECEMBER 31	2019 \$	2018 \$
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, 2019

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 [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 \$19.6 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.

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 1199 clients covering 3,296 licences and permits resulting in an additional \$1,598,008 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, 114 licences and 274 permits have been revoked. In the case of licences, 106 have been rehabilitated or the files have been closed for other reasons. In the case of permits, 240 have been rehabilitated or closed for other reasons. To date the Trust has expended \$1,082,871 in net direct costs for rehabilitation of revoked sites.

PROFESSIONAL ASSISTANCE

BANKING INSTITUTION

Scotiabank®

AUDITORS

BDO Canada LLP

LEGAL COUNSEL

Blakes, Cassels & Graydon LLP

INVESTMENT ADVISORS

T.E. Investment Counsel Inc.

INVESTMENT MANAGERS

Burgundy Asset Management Ltd.
Mawer Investment Management Ltd.

SHAREHOLDER

Ontario Stone, Sand & Gravel Association



Suite 103, 1001 Champlain Ave.
Burlington, Ontario L7L 5Z4

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