



ANNUAL REPORT

2021

BOARD OF DIRECTORS



2021

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

Lisa Burnside

Representing the Association of Municipalities of Ontario (AMO)

Sandra Easton

Representing the Aggregate Industry at Large (NON OSSGA)

Kerry Doughty

Representing the Ministry of Northern Development, Mines, Natural Resources and Forestry as an "Ex Officio Member"

Kathy Woeller

2022

Representing The Ontario Stone, Sand & Gravel Association (OSSGA)

Terry Waites | Chairman of the Board
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Kathy Woeller

MINISTER RICKFORD

On behalf of the Board of Directors, I am pleased to submit the 2021 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, 2021. 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 2021.

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

May 27, 2022

Honourable Greg Rickford
Minister of Northern Development, Mines,
Natural Resources and Forestry
Suite 6630, 6th Floor, Whitney Block
99 Wellesley Street West
Toronto, Ontario M7A 1W3

2021 CHAIRMAN'S MESSAGE

Despite the ongoing challenges that continued through 2021 during the Covid pandemic, the construction industry, specifically the aggregate industry continued to operate at a high capacity to meet the needs and supply demand. The Ontario Aggregate Resources Corporation (TOARC) fulfilled its mandates, including collection of data, invoicing, collection of fees, disbursement of funds, rehabilitation of legacy and revoked sites, research and education of aggregate related issues.

Annual Fees and Royalties of \$37.2 million were collected and disbursed in 2021 based on 2020 production reporting. By comparison, in 2020 a total of \$34.7 million was collected and disbursed based on the 2019 production.

The Upper and Lower Tier Municipalities realized a large increase in the fees they received as their share of the disbursement dollars increased by \$1.7 million to \$26.7 million in 2021. The Crown also realized a gain in their proportion of disbursed fees of \$0.7 million to \$9.4 million in total from both licence and permit fees.

Production reported on licences increased by 4% in 2020 to 158 million tonnes. I would note that this was only the second time since TOARC was formed in 1997 that production from licences had reached this level. This compares to the 152 million tonnes reported on licences in 2019. Production from permits, forestry aggregate pits, and non-designated private land sources remained steady at approximately 9 million tonnes.

2021 fees based on 2020 production were disbursed amongst recipients as follows:

DISBURSEMENT YEAR	2018 (*\$MILLION)	2019 (*\$MILLION)	2020 (\$MILLION)	2021 (\$MILLION)
Local Municipalities	9.4	19.4	20.0	21.4
Counties & Regions	2.4	4.8	5.0	5.3
MAAP Program	0.8	1.0	1.0	1.1
Province (from Licence Fees)	5.5	6.7	7.0	7.5
Province (from Royalties and Permit Fees)	1.7	1.8	1.7	1.9
TOTAL	19.8	33.7	34.7	37.2

*(2018 – 2019) Disbursement shown as a comparison to highlight the changes in 2017 to the Aggregate Resources Act.

In 2021 The Management of Abandoned Aggregate Properties (MAAP) program returned to their traditional project schedule for planning, design, tendering and construction on legacy sites. Projects were released for tender in two tranches, early spring and late summer. This timing helps to ensure optimum opportunity for establishment and development of seed mixtures utilized on the various rehabilitation projects.

Twenty-one (21) projects were tendered across Eastern Ontario. Of the twenty-one sites, six (6) were rehabilitated to agricultural and fifteen (15) sites were naturalized to grassland meadows. A full description of rehabilitated sites can be found later in this report with some great examples of past projects.

The total count of legacy sites in our eMAAP database has risen by ten to 8,219, which 6,261 are now closed. This means that 1,958 sites may require some sort of rehabilitation.

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

Developed	735
Licensed	349
No Historical extraction	394*
Naturalized (to create new habitat)	2418
Rehabilitated (by owner)	773
Situated on Crown Land	251
Landowner Not Interested	732
Rehabilitated by MAAP/NDMNRF	609
Total Files Closed	6,261

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

One of the biggest challenges facing the MAAP program is the large number of sites spread across most of the inhabited portions of the province. MAAP and the NDMNRF early on developed a priority rating system that considered things such as safety concerns, public access, environmental risks, size, and visibility to evaluate what sites should be completed first. MAAP's internal database stores information such as landowner contact information, historical records (if any), pictures, previous contact with landowners etc. and incorporates tools such as

Google Earth. While these tools are fantastic in helping our people manage so many files, visiting the sites to meet and have personal contact with landowners, visually understand the state of the disturbance and the adjacent lands requires substantial time and extensive field work. Field work is typically completed by a small team of interns (3 people), but in 2020 none were hired due to Covid, which reduced MAAP's backlog of approved rehabilitation sites. Thankfully, with Covid risks reducing in 2021 an intern was hired and with great effort a robust rehabilitation project list was reestablished.

The Living Mulch Study being conducted by researchers from the University of Waterloo's Conservation and Restoration Ecology Lab was delayed due to Covid, but is now complete. The study looked at transplanting "living mulch" and whether succession can be fast-tracked by bypassing delays related to soil development. An article summarizing the gains of transplanting living mulch can be found later in this report.

In 2020 the TOARC Board of Directors unanimously supported the proposed "Novel Strategies for Enhancing Biodiversity and Ecosystem Function at Northern Ontario Aggregate Pits". The research is being completed by Collège Boréal and Laurentian University in collaboration with industrial partners Pioneer Construction, Ethier Sand and Gravel and Glencore's Sudbury Integrated Nickel Operations. An article describing the progress of this important research can be found later in this report.

In 2021 TOARC supported a research team from the University of Guelph Arboretum to complete a study of an aggregate site that was rehabilitated from 1976-1978 and left to naturalize. The research team had access to the original rehabilitation plans and completed a detailed bioinventory to determine how the site species fared over 40-50 years. After reviewing the excellent work, the TOARC Board approved a second phase of this study. A summary of what was found, and next steps can be found later in this report.

TOARC continues its funding support at the University of Waterloo School of Planning for "Aggregate Resources Planning, Development and Management". The course educates university planning students on the issues surrounding aggregates planning.

In 2021 TOARC's IT system and infrastructure was audited by a cybersecurity specialist, at the instruction of the Board due to elevated hacking risks. I am pleased that all identified risks have been addressed and in addition, all employees have been trained on how they can prevent cyber-attacks.

Trust funds increased in the year ending 2021 to \$20,923,355 from \$20,246,138 at the yearend 2020. Trust revenue increased by \$317,675 compared to the previous year as gains in the "unrealized changes in fair value portion" reflect higher performance of the 2021 financial markets. Trust's expenses increased by \$142,570 in 2021. This increase was mainly a result of one seasonal intern being hired, a return of administration support plus increase spends in accommodation/travel and mileage as field operations and audit activity increased after the 2020 Covid lockdowns.

There was one change to the composition of TOARC's Board members in 2021. Mark Geens of Lafarge, one of four OSSGA directors left the TOARC Board of Directors after serving for the past three years. I want to thank Mark for his support and valuable contributions to our efforts since 2018.

I am pleased to welcome Bill Marquardt of CBM Aggregates who will be representing the Ontario Stone, Sand and Gravel Association to join the TOARC Board of Directors replacing Mark Geens.



Respectfully submitted,

Terry Waites

Chairman of the Board

MAAP 2021 PROJECT SUMMARY

SUMMARY OF MAAP REHABILITATION COSTS

Project Number	Landowner / Location	End Use	Area (HA)	COST \$
20-02a	Albrecht Pit, Grey County	Agriculture	n/a	744.00
21-01a	Anderson Pit, Hastings County	Naturalization	0.43	28,388
21-01b	Hart Pit, Hastings County	Naturalization	0.42	21,164
21-01c	Thomas Pit, Peterborough County	Agriculture	2.25	80,336
21-01d	Bowen Pit, Peterborough County	Agriculture	0.14	8,443
21-01e	Lester Pit, Peterborough County	Naturalization	0.63	25,941
21-02a	Price Pit, Hastings County	Naturalization	0.10	15,548
21-02b	Govier Pit, Hastings County	Naturalization	0.66	29,410
21-02c	Pollatschek Pit, Hastings County	Naturalization	1.09	41,550
21-02d	Morton Pit, Hastings County	Naturalization	0.18	4,920
21-02e	Van dijk Pit, Hastings County	Naturalization	0.43	19,825
21-02f	Fyall Pit, Hastings County	Agriculture	0.49	17,960
21-02g	Patton Pit, Hastings County	Naturalization	0.03	2,430
21-03	McTaggart Pit, Hastings County	Naturalization	3.20	134,310
21-04a	McEacheron Pit, Kawartha County	Agriculture	0.46	12,060
21-04b	Bolla Pit, Kawartha County	Naturalization	0.74	38,625
21-05a	Callan Pit, Kawartha County	Agriculture	4.15	108,969
21-05c	Hope Pit, Peterborough County	Naturalization	0.59	28,610
21-05d	Snider Pit, Peterborough County	Agriculture	1.21	36,705
21-06a	Foley Pit, Kawartha County	Agriculture	1.57	69,126
21-06b	Denure Pit, Kawartha County	Naturalization	0.17	12,905
21-06c	Sebert Pit, Peterborough County	Naturalization	0.26	21,111
			19.16	759,080

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	30.35	366,636	12,080	22,915	1.90
2000	18	28.50	411,226	14,429	22,846	1.58
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	27	75.45	499,290	6,617	18,492	2.79
2006	28	49.50	506,210	10,226	18,079	1.77
2007	23	39.11	744,671	19,040	32,377	1.70
2008	29	45.10	482,874	10,707	16,651	1.56
2009	20	24.29	298,699	12,297	14,935	1.21
2010	19	19.35	231,122	11,944	12,164	1.02
2011	38	34.40	341,521	9,928	8,987	0.91
2012	30	38.10	444,222	11,659	14,807	1.27
2013	28	44.13	490,554	11,116	17,520	1.58
2014	13	21.79	431,413	19,799	33,186	1.68
2015	23	38.73	402,307	10,387	17,492	1.68
2016	37	42.49	467,769	11,009	12,642	1.15
2017	29	28.02	533,025	19,023	18,380	0.97
2018	21	28.28	593,149	20,974	28,245	1.35
2019	26	19.00	594,271	31,277	22,857	0.73
2020	19	20.20	514,015	25,446	27,053	1.06
2021	21	19.16	758,336	39,579	36,111	0.91
Total	607	878.18	11,922,026	13,576	19,641	1.45

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

** Total Costs have been restated (except for NDMNRF contracts) to include total project spend in subsequent years.

ADVANCING FOREST SUCCESSION THROUGH STRATEGIC APPLICATION OF 'LIVING MULCH'

Rapid Ecological Restoration For Aggregate Sites (RERAS)

In 2021 the four-year, Rapid Ecological Restoration for Aggregate Sites (RERAS) study was completed. The main goal of the research was to determine if it was possible to develop strategies to restore ecosystem services of a mature natural mixed wood forest within a 30–40-year timeframe, the typical lifespan of an aggregate operation in southern Ontario - rapidly, completely, and cost-effectively. The study was led by the University of Waterloo, School of Environment, Resources & Sustainability and supported by TOARC, Walker Industrial Holdings Ltd (via its subsidiary, Walker Aggregates Inc.), and the Natural Sciences and Engineering Research Council of Canada.

The RERAS experiment used two approaches to determine methods that may be capable of overcoming habitat constraints using progressive and natural regeneration strategies. The first approach investigated translocating topsoil seed banks from natural stands, “living mulch”, to afforested locations varying in age to determine if planted lands provide suitable habitat at various stages of development, e.g., post-closure of leaf canopies. The second approach tested whether engineering recipient environments by providing more mature stages of woody debris accumulation and shading can improve the emergence and persistence of target vegetation.

The researchers determined translocating living mulch from a mature “donor” deciduous forest such as one requiring removal in preparation for quarrying, to nearby afforested lands rapidly advanced the state of understorey succession at the recipient experimental sites. **The overall research results show that the approaches tested were successful.** Constructing woodland habitat features has a sufficiently positive impact, coaxing more target vegetation from the transplanted living mulch. Selecting recipient locations that already provide closed leaf canopies is the most effective method at providing suitable habitat and can

make this whole approach work in many types of sites with different management histories. As expected, there are some sites that produced novel ecosystems, having not yet achieved the desired match with donor sites. The biggest success was at the older afforested sites (35–70 years in age), where the characteristic forest species dominated to produce communities with high similarity to the donor forest.

Extending the lessons learned from the RERAS project to forest management broadly is likely to help managers of living-mulch sources network with managers of the most suitable recipient sites. The partnerships generated by combining forestry practices with strategic translocation programs will benefit regional forest biodiversity and functioning, as well as help industry fully achieve its longstanding objective of sustainably providing mineral resources by maximizing the ecological compatibility between extraction operations and the surrounding environment.

The full study can be found at www.TOARC.com. Stakeholders interested in discussing this study and its applications should feel welcome to contact the research team by emailing Dr. Paul Richardson (paul.richardson@uwaterloo.ca).



Example 1: Two ‘middle aged’ living mulch recipient locations shown before (2017) vs. after (2020) the application. Both occupy aggregate production lands planted with conifers in the 1980s to help prevent soil erosion (Walker Aggregates).



Example 2: Two ‘old’ living mulch recipient locations shown before (2017) vs. after (2020) the application. Both occupy a 70-80 year-old conifer plantation established on Niagara Escarpment farmland (Clearview Township).

AGGREGATES TO ARBORETUM: 40 YEARS OF NATURALIZATION

The University of Guelph Arboretum was established in 1970 on nearly 400 acres of land that included agriculture, wetlands, old growth forest as well as a former gravel pit on its eastern boundary. The gravel pit was actively rehabilitated over three years from 1976-1978. After this time, it was largely left to naturalize. Forty years later, with support from The Ontario Aggregate Resources Corporation, the Arboretum research team studied the site to assess the effectiveness of the rehabilitation and the naturalization process, including the progression of woody plant species (planted, naturalized, and introduced) over this period.

One of the primary objectives was to assess the current state of the species planted during the original gravel pit rehabilitation. A detailed bioinventory was completed to understand what individuals and/or species have survived, which ones died out, and which species might be optimal for use in rehabilitation efforts at similar sites. The research team found that approximately 40% of the original plantings died out or were obscured by either the growth of new species in the site or by those plantings that fared well in the rehabilitation process. Species such as Manitoba maple (*Acer negundo*), black locust (*Robinia pseudoacacia*) and autumn olive (*Elaeagnus umbellata*) have spread beyond their original planting locations, and visually dominate the site. Other species such as common buckthorn (*Rhamnus cathartica*), a naturalized woody pest species, have invaded and occupy much of the upper and middle story of the rehabilitated pit canopy.

Although the site is now dominated by common buckthorn many of the original plantings are abundant within the site, including several native species such as staghorn sumac (*Rhus typhina*), and northern white cedar (*Thuja occidentalis*). Several native trees not included in the original planting are now found on site, including black walnut (*Juglans nigra*), green ash (*Fraxinus pennsylvanica*) and the common hop-tree (*Ptelea trifoliata*). This study emphasized that rehabilitation is not static and there is value in reviewing the status of the site over time to encourage changes to species dependent on the progression of the evolving ecosystem.

Recommendations

At the time of the original rehabilitation, it was identified that native taxa are preferred in principle but should not be a constraint. Unlike today, where organizations such as the UN Decade on Ecosystem Restoration recommends the use of native species as critical to achieve sustainable rehabilitation projects. The Arboretum research team analyzed the bioinventory at the former gravel pit to construct a list of species recommended for rehabilitation plantings that can be found at www.toarc.com.

To maximize biodiversity and create native dominated self-sustaining ecosystems, site rehabilitation planning needs to go beyond measuring traditional site condition metrics, such as parent material and pH. Basic parameters do not capture other important ecological components that are inherent to a thriving ecosystem. Some examples are wildlife presence, ecological integrity to capitalize on potential species, dependent-interactions such as pollinator species, and cavity-forming tree species for birds and mammals. It could be predicted that maximizing the diversity in both form and age of suitable plants on any given site should maximize the opportunities for the diversity of animals, fungi, and other plants that take advantage of specific successional stages given their various life histories, facilitating the site along its chosen trajectory.

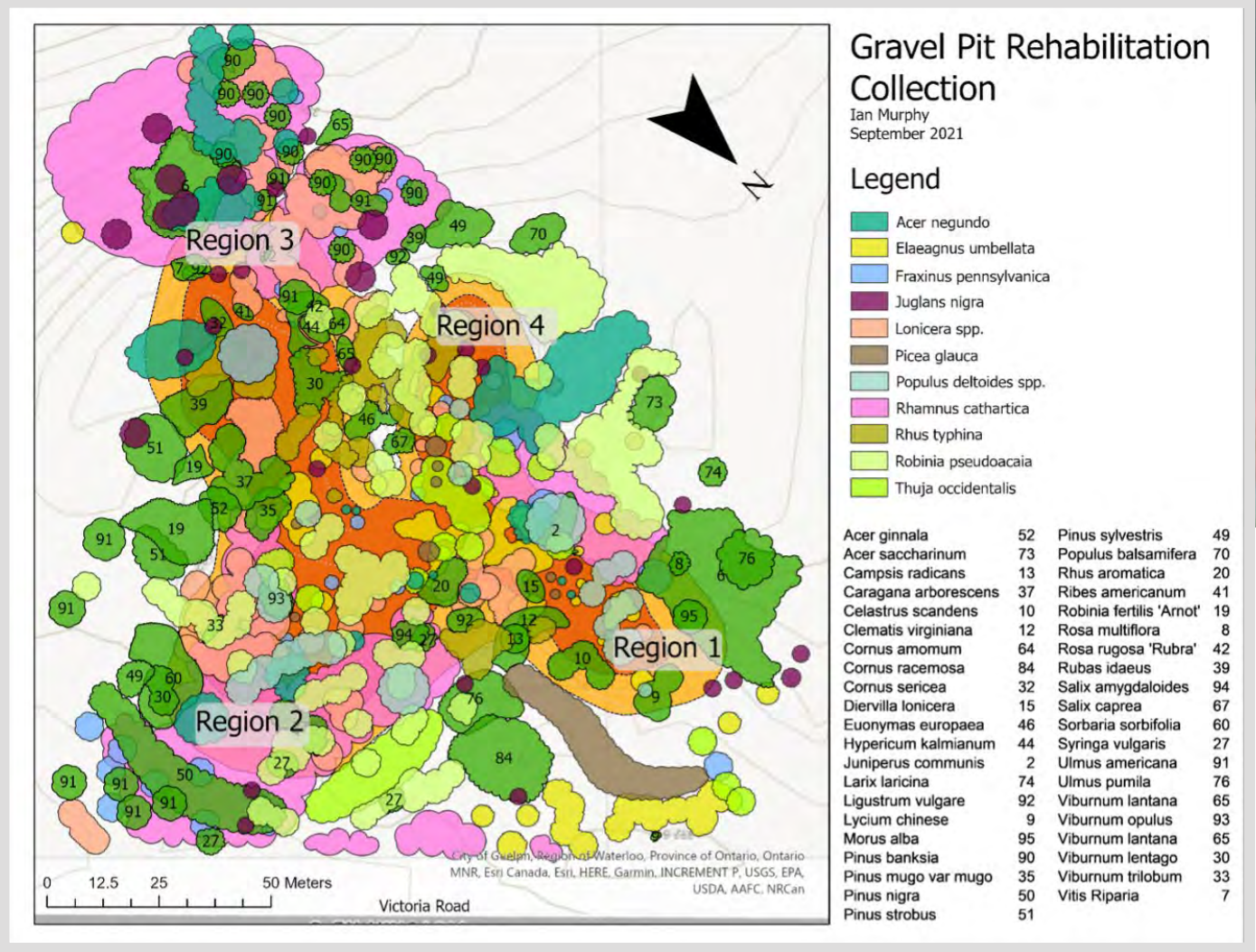


Figure 1: Map of the distribution of woody species in the Arboretum's rehabilitated gravel pit collection (2021). The most abundant species are uniquely colored, with the remaining species in green and labeled according to the original planting maps.

Next Steps

The TOARC Board of Directors have approved a second phase of this study to fill information gaps that were revealed in the initial study. The Arboretum research team will be completing a bio-inventory and comparative analysis at a legacy aggregate site that has naturalized without interventions. This will enable the team to compare species richness between the sites, as well as set up control and treatment areas for invasive species monitoring to examine the potential for naturalized sites to be self-sustaining.

In addition, the second phase includes having this innovative and award-winning reclamation project's story told in a Guelph Arboretum education video that will showcase what can be done when care, time and resources are devoted to a disturbed pit location.

Visit our website at www.TOARC.com for the full report and updates on this project!

NORTHERN ONTARIO AGGREGATES

Finding innovative ways to rehabilitate aggregate sites in Northeastern Ontario

In 2020, The Ontario Aggregate Resources Corporation (TOARC), initiated a research collaboration with Collège Boréal and Laurentian University to develop new strategies to improve the restoration of former aggregate sites in northeastern Ontario as current methods have yielded sub-optimal results in the region. It is suspected northern sites do not respond as positively to hydroseeding treatments as southern sites due to a harsher climate, but primarily due to a lack of available soil organic matter, a defining feature of the region's soil.

In addition to identifying the main limiters to reclamation, the project aims to utilize novel soil amendments, planting strategies, and earthwork techniques that will facilitate the restoration of biodiversity in disturbed legacy sites by promoting key ecosystem functions like nutrient cycling, carbon storage, resilience to disturbances and continuing to protect ground and surface waters. Another key goal is to develop reclamation protocols that can be commercially applied throughout the aggregate and mining sectors.

Working with TOARC, and in collaboration with industrial partners Pioneer Construction, Ethier Sand and Gravel, and Glencore's Sudbury Integrated Nickel Operations, the team has surveyed dozens of regional legacy sites, conducted a comprehensive greenhouse trial and has begun preparations for an upcoming field trial.

Initial patterns in legacy site surveys suggests these sites naturally revegetate over decades, if not centuries, but are often arrested due to continued human disturbance. Additionally, surveys suggest poor soil fertility and compacted structure hinder natural species recruitment even after sites have been hydroseeded. Amendments tested in the greenhouse trials target these limiting factors and include organic rich residuals from the forestry sector (e.g., blended sludge from a regional pulp and paper mill, wood ash from a regional biomass boiler), and locally produced compost and lime-treated municipal biosolids. The application of these residuals may allow for accelerated revegetation and the ultimate development of a resilient forest community. Each treatment was tested with two different tree species (i.e., yellow birch and trembling aspen) with a subset of individuals connected to a water collection system.

Initial trial results suggest blended pulp mill sludges improve seedling outcome, soil fertility and water holding capacity, as well as seed germination rate. In contrast, low organic treatments, like the renowned lime and fertilizer mix used to treat Greater Sudbury's acid damaged soils, produce poor to moderate response in seedlings.

Based on these findings the team is preparing field trials for summer 2022. The team will establish field-scale reclamation trials on the selected study site with refined organic amendments, planting regimes, and earthworks. The research team will characterize initial plant establishment and soil development, biodiversity, nutrient cycling and carbon storage and influences on water quality.

The findings of the project have vast potential and encompass numerous potential end users. Spanning from those interested in legacy site rehabilitation to all regional aggregate and waste rock producers, as well as other regions with similar surficial geology and climate nationally and globally. The protocols developed are focused on low-cost ecological solutions that improve long-term rehabilitation trajectories and a broad range of ecosystem services.



A: Student research assistants collecting gravel. **B:** Biodiversity technologist and student research assistant sifting gravel.



A: Student research assistants working with Laurentian University students to setup greenhouse trials using styroblocks with mosquito mesh to contain gravel while allowing drainage. **B:** Close-up of styroblocks with sifted gravel where each unit is half-filled with gravel and half-filled with a treatment except for the control (filled with gravel only).

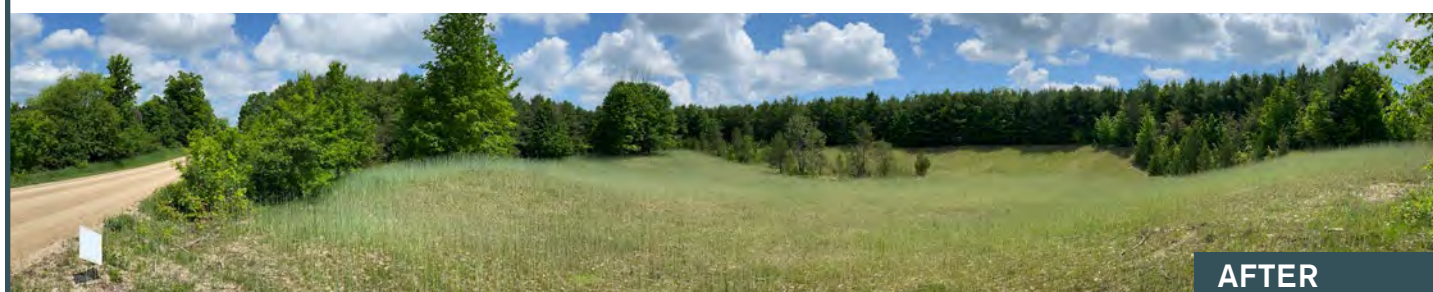


A: Tree growth at the end of the data collection period in November 2021. **B:** Close-up of a trembling aspen.

20-02d Walters Pit:

Project Statistics: ~9,580m². Volume of material moved ~5,680m³

The Walters Pit was a rocky site with a sparsely vegetated floor surrounded by sheer 5m faces that rose to a mature conifer forest. Not wanting to impact the established conifer forest, MAAP was restricted in source material and finished grade for the slopes. Test pits indicated the potential to recover an old stockpile of organic materials that had been overgrown in the decades since the site had been extracted from. Most of the material used for backfilling the pit faces was taken from the area adjacent to the roadway, thereby exposing local traffic to the progress of the transition from abandoned pit to grassland meadow. The newly discovered topsoil was recovered and thinly spread across the site. A biotic soil media and hardy seed mix was used to establish grasses over the site. Over time, this site will be unrecognizable as a former pit.



21-02b Govier Pit:

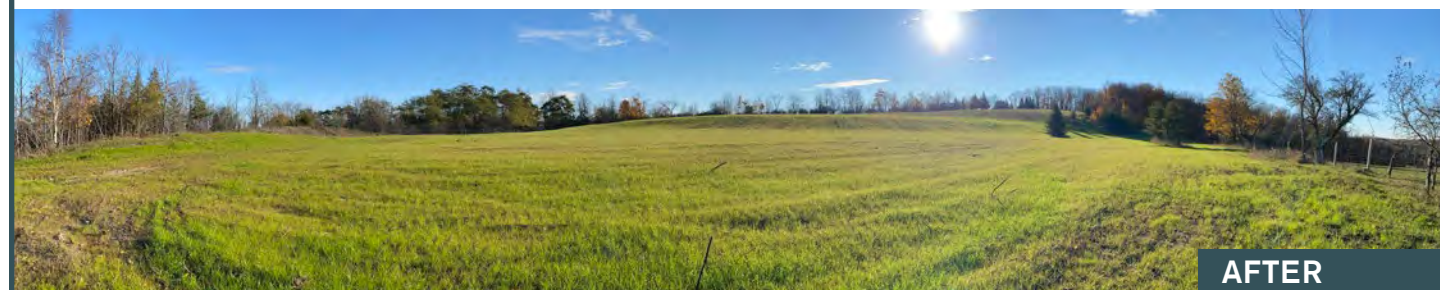
Project Statistics: ~6,630m². Volume of material moved ~3,100m³

The MAAP team were faced with several challenges at the Govier Pit. The steep topography did not readily lend itself to regrading, an unknown spring within the slope was disturbed while excavating, and halfway through the project torrential rains poured for four days straight. Tight modelling and excavation controls were set to exploit undulations across the site above the pit face to generate the required fill to grade the site. Complications arose when the natural spring was discovered, turning clay soils to an oozing mud while rain compounded the instability of the slope. The project was put on hold for a week to enable the site to dry and stabilize. While working around the still flowing spring, the site was completed and hydroseeded with a stabilizing media immediately after earth work. Vegetation quickly established and, with favourable precipitation over the summer season, the site not only stabilized, but thrived.

21-06a Foley Pit:

Project Statistics: ~15,665m². Volume of material moved ~6,975m³

The Foley Pit was a long linear pit face with a number of smaller pits within the area of work. This made it hard to observe the entire project from any one spot. To fit in with adjacent land uses, the site was graded to accommodate a grazing pasture where a gentle grade was of paramount importance. Extensive review of the site with the construction operator and landowner were completed to review the project parameters and discuss any concerns that they may have. Daily visits walking the site and discussing grading objectives and material management ensured the desired overall grade was achieved while ensuring organic soils were effectively utilized. Hydroseed material and rates were tweaked in consultation with the sub-contractor completing the work, which led to very quick seed germination. Despite a series of very heavy late season downpours, grasses had established and stabilized the topography with only minor rills being able to impact the site, rather than washouts that would require repair.



Building the Future

TOARC has partnered with the Ontario Stone, Sand & Gravel Association (OSSGA) on the development of a Grade 9 curriculum program to be delivered in the geography program, **Issues in Canadian Geography** at secondary schools across the Province. The intent is to have the curriculum follow the life cycle of a pit or quarry: exploration and site selection, licensing and approval, opening a pit or quarry, operations at an active site, and finally rehabilitation. The goal is that upon leaving the program, students will have a deep understanding of how aggregate plays an integral role in building Ontario, and they will have been introduced to the variety of career opportunities that exist in the industry.

Curriculum development experts have been retained to research, write and pilot the program, expected to be ready for launch in September 2022. The first phase of the project, now completed, involved interviews with professionals in the aggregate industry. Each shared their careers and how they played an important role in the life cycle of a pit or quarry.

The program aims to make a lasting, unique contribution to informing households about the aggregate industry in a meaningful way where students experience all that goes into making the industry stewards of a scarce resource.



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, 2021, 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, 2021, 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 2021 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 2021 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.

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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
Oakville, Ontario
April 14, 2022

	December 31 2021 \$	December 31 2020 \$
ASSETS		
CURRENT		
Cash	421,657	731,066
Due from Licensees and Permittees	398,325	487,791
HST recoverable	86,150	82,471
Prepaid expenses	31,180	19,995
TOTAL CURRENT ASSETS	937,312	1,321,323
Investments [note 2]	20,844,581	19,704,612
Capital assets, and Intangibles, net [note 3]	124,372	203,992
	21,906,265	21,229,927
LIABILITIES AND TRUST FUNDS		
CURRENT		
Accounts payable and accrued liabilities	175,390	165,824
Wayside permit deposits	70,200	39,000
Deferred Aggregate Resources Charges	33,555	9,456
Due to Governments	703,765	769,509
TOTAL LIABILITIES	982,910	983,789
TRUST FUNDS		
Rehabilitation Fund [see schedules]	19,116,182	18,335,624
Abandoned Pits and Quarries Rehabilitation Fund [see schedules]	1,807,173	1,910,514
TOTAL TRUST FUNDS	20,923,355	20,246,138
	21,906,265	21,229,927

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



For The Year Ended December 31	2021 \$	2020 \$
Revenue		
Investment income ^[note 2]	1,194,370	1,379,268
Unrealized changes in fair values	1,085,258	582,684
	2,279,628	1,961,952
EXPENSES		
Trust's expenses ^[note 6]	1,486,856	1,306,727
Amortization	97,761	111,071
Investment management fees	141,919	133,632
	1,726,536	1,551,430
EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	553,092	410,522
Aggregate Resources Charges	37,235,522	34,733,699
Allocated to the Governments	(36,163,180)	(33,721,989)
Allocated to the Crown	(1,072,342)	(1,011,710)
Expenditures incurred in meeting the Trust purposes ^[see schedules]	(948,217)	(766,450)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(395,125)	(355,928)
Trust Funds, beginning of year	20,246,138	19,590,356
Funds reinvested by the Crown	1,072,342	1,011,710
TRUST FUNDS, END OF YEAR	20,923,355	20,246,138

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

For The Year Ended December 31, 2021	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income ^[note 2]	—	970,623	223,747	1,194,370
Unrealized changes in fair value	—	982,848	102,410	1,085,258
	—	1,953,471	326,157	2,279,628
EXPENSES				
Trust's expenses ^[note 6]	—	852,723	634,133	1,486,856
Amortization	—	80,917	16,844	97,761
Investment management fees	—	128,527	13,392	141,919
	—	1,062,167	664,369	1,726,536
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	—	891,304	(338,212)	553,092
Aggregate Resources Charges	37,235,522	—	—	37,235,522
Allocated to the Governments	(36,163,180)	—	—	(36,163,180)
Allocated to the Crown	(1,072,342)	—	—	(1,072,342)
Expenditures incurred in meeting the Trust purposes ^[see schedules]	—	(110,746)	(837,471)	(948,217)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	—	780,558	(1,175,683)	(395,125)
Trust Funds, beginning of year	—	18,335,624	1,910,514	20,246,138
Funds reinvested by the Crown	1,072,342	—	—	1,072,342
Interfund transfer	(1,072,342)	—	1,072,342	—
TRUST FUNDS, END OF YEAR	—	19,116,182	1,807,173	20,923,355

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

For The Year Ended December 31, 2020	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
REVENUE				
Investment income ^[note 2]	—	996,519	382,749	1,379,268
Unrealized changes in fair value	—	531,333	51,351	582,684
	—	1,527,852	434,100	1,961,952
EXPENSES				
Trust's expenses ^[note 6]	—	760,372	546,355	1,306,727
Amortization	—	93,848	17,223	111,071
Investment management fees	—	121,880	11,752	133,632
	—	976,100	575,330	1,551,430
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	—	551,752	(141,230)	410,522
Aggregate Resources Charges	34,733,699	—	—	34,733,699
Allocated to the Governments	(33,721,989)	—	—	(33,721,989)
Allocated to the Crown	(1,011,710)	—	—	(1,011,710)
Expenditures incurred in meeting the Trust purposes ^[see schedules]	—	(80,012)	(686,438)	(766,450)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	—	471,740	(827,668)	(355,928)
Trust Funds, beginning of year	—	17,863,884	1,726,472	19,590,356
Funds reinvested by the Crown	1,011,710	—	—	1,011,710
Interfund transfer	(1,011,710)	—	1,011,710	—
TRUST FUNDS, END OF YEAR	—	18,335,624	1,910,514	20,246,138

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

For The Year Ended December 31	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(395,125)	(355,928)
Add (less) items not involving cash		
Amortization	97,762	111,071
Unrealized changes in fair values	(1,085,258)	(582,684)
Realized capital gain on sale of investments	(450,554)	(273,849)
	(1,833,175)	(1,101,390)
Net change in non-cash working capital balances related to operations		
Due from Licensees and Permittees	89,466	(214,617)
HST recoverable	(3,679)	65,354
Prepaid expenses	(11,185)	11,395
Accounts payable and accrued liabilities	9,566	17,416
Wayside permit deposits	31,200	—
Deferred Aggregate Resources Charges	24,099	(5,439)
Due to Governments	(65,744)	165,782
CASH USED IN OPERATING ACTIVITIES	(1,759,452)	(1,061,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets and Intangibles	(18,141)	(3,417)
Purchase of investments	(1,310,137)	(871,057)
Proceeds on the sale of investments	1,705,979	1,047,615
CASH PROVIDED BY INVESTING ACTIVITIES	377,701	173,141
CASH FLOWS FROM FINANCING ACTIVITY		
Funds reinvested by the Crown	1,072,342	1,011,710
CASH PROVIDED BY FINANCING ACTIVITIES	1,072,342	1,011,710
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	(309,409)	123,352
Cash, beginning of year	731,066	607,714
CASH, END OF YEAR	421,657	731,066

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

FOR THE YEAR ENDED DECEMBER 31, 2021

Project Number	Project Name	Approved Amount \$	Paid or Payable / (Recovered) \$
21-001	Rob Wall Pit, Renfrew County	77,000	77,000
22-001	Bruce Terry Pit, Frontenac County	13,698	13,698
21-002	Roseval Silica Inc., Sudbury County	4,400	4,400
	Miscellaneous expenses	—	(2,621)
	Education		
	Swinton Legacy Quarry rehabilitation research	—	—
	TOARC study of surrendered sites in Ontario – (eSurrender) *	58,837	5,819
	Student Rehabilitation Design Competition	12,000	10,650
	University of Waterloo - Aggregate Resources Planning Credit Course	1,800	1,800
	Variance to Budget	59,902	—
		227,637	110,746

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

FOR THE YEAR ENDED DECEMBER 31, 2020

Project Number	Project Name	Approved Amount \$	Paid or Payable / (Recovered) \$
19-001	Donald Inglis Pit, Muskoka County	24,831	2,225
22-001	Bruce Terry Pit, Frontenac County	—	1,323
	SUMAC northern Revoked Inventories	31,880	31,880
	Miscellaneous expenses	3,452	3,452
	Education		
	Swinton Legacy Quarry rehabilitation research	—	—
	TOARC study of surrendered sites in Ontario – (eSurrender) *	53,995	7,826
	Student Rehabilitation Design Competition	12,000	11,506
	University of Waterloo - Aggregate Resources Planning Credit Course	12,500	21,800
	Variance to Budget	48,837	—
		187,495	80,012

* approved amount is the annual portion of an approved five-year project starting in 2015 totaling \$729,885
The accompanying notes are an integral part of these financial statements.

FOR THE YEAR ENDED DECEMBER 31, 2021

Project Number	Project Name	Approved Amount \$	Paid or Payable / (Recovered) \$
21-01a	Anderson Pit, Hastings County	28,388	28,388
21-01b	Hart Pit, Hastings County	21,164	21,164
21-01c	Thomas Pit, Peterborough County	80,336	80,336
21-01d	Bowen Pit, Peterborough County	8,443	8,443
21-01e	Lester Pit, Peterborough County	25,941	25,941
21-02a	Price Pit, Hastings County	15,548	15,548
21-02b	Govier Pit, Hastings County	29,410	29,410
21-02c	Pollatschek Pit, Hastings County	41,550	41,550
21-02d	Morton Pit, Hastings County	4,920	4,920
21-02e	Van dijk Pit, Hastings County	19,825	19,825
21-02f	Fyall Pit, Hastings County	17,960	17,960
21-02g	Patton Pit, Hastings County	2,430	2,430
21-03	McTaggart Pit, Hastings County	134,310	134,310
21-04a	McEacheron Pit, Kawartha County	12,060	12,060
21-04b	Bolla Pit, Kawartha County	38,625	38,625
21-05a	Callan Pit, Kawartha County	108,969	108,969
21-05c	Hope Pit, Peterborough County	28,610	28,610
21-05d	Snider Pit, Peterborough County	36,705	36,705
21-06a	Foley Pit, Kawartha County	69,126	69,126
21-06b	Denure Pit, Kawartha County	12,905	12,905
21-06c	Sebert Pit, Peterborough County	21,111	21,111
20-02a	Albrecht Pit, Grey County	744	744
	Drone lease	15,000	14,691
	Research costs	18,700	18,700
	Arboretum: Gravel Pit Rehabilitation 40-year later		
	Constraints on Northern Aggregate Pit Reclamation and Novel		
	Reclamation Strategies for Enhancing Biodiversity		
	and Ecosystem Functioning	90,000	90,000
	NSERC, Shared costs Mitigation Extraction through Afforestation	(45,000)	(45,000)
	Variance to budget	55,920	—
		893,700	837,471

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

FOR THE YEAR ENDED DECEMBER 31, 2020

Project Number	Project Name	Approved Amount \$	Paid or Payable / (Recovered) \$
18-01a	Wise Pit, Huron County	67,271	67,110
19-07	Swinton Pit, Simcoe County	10,140	10,140
20-01a	Riegling Pit, Huron County	22,366	25,994
20-01b	Reinhart Pit, Bruce County	9,300	10,186
20-01c	Metcalfe Pit, Bruce County	14,300	14,448
20-01d	Lang Pit, Bruce County	14,320	15,354
20-02a	Albrecht Pit, Grey County	30,500	30,648
20-02ai	Fortune Pit, Grey County	45,750	45,898
20-02b	Klages Pit, Grey County	5,224	5,224
20-02d	Walters Pit, Grey County	25,964	26,112
20-03a	Kaufman Pit, Grey County	8,620	9,205
20-03b	Bauman Pit, Grey County	44,775	44,775
20-03c	Smith Pit, Wellington County	16,160	16,308
20-04a	Schnarr Pit, Wellington County	10,428	10,428
20-04c	Horst Pit, Waterloo County	21,607	22,370
20-05a	Cyganek Pit, Halton County	56,000	56,568
20-05b	Anthony Pit, Wellington County	15,750	16,318
20-05c	Pollock Pit, Hamilton County	76,000	76,000
20-05d	Johnston Pit, Waterloo County	36,000	36,148
20-05e	Henhoffer Pit, Waterloo County	41,000	41,148
	Miscellaneous expenses	—	1,760
	Drone lease	15,000	15,350
	Research costs		
	Dr. Richardson – Mitigating Extraction through Afforestation	177,892	177,892
	NSERC, Shared costs Mitigation Extraction through Afforestation	(88,946)	(88,946)
	Variance to budget	78,525	—
		753,946	686,438

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 2021 production year the annual licence/permit fees, permit royalty fee, wayside permit issuance and mining leases fees are as follows:

Charge	2021 Production	2020 Production
Class A Licence (private Land) or Aggregate Permits authorized to remove more than 20,000 tonnes annually	20.8 cents/tonne or \$724, whichever is greater	20.6 cents/tonne or \$718, whichever is greater
Class B Licence (private Land) or Aggregate Permits authorized to remove 20,000 tonnes or less annually	20.8 cents/tonne or \$361, whichever is greater	20.6 cents/tonne or \$358, whichever is greater
Wayside Permit (issuance fee)	20.8 cents/tonne or \$724, whichever is greater	20.6 cents/tonne or \$718, whichever is greater
Minimum Royalty	52.6 cents/tonne	52.2 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

Investments consist of the following:

	2021		2020	
	Fair Value \$	COST \$	Fair Value \$	COST \$
Pooled Funds	20,844,581	16,235,399	19,704,612	16,180,688

Investment income is broken down as follows:

	2021 \$	2020 \$
Interest income	324,205	628,516
Dividends	399,674	336,200
Realized capital gains	470,491	414,551
	1,194,370	1,379,268

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of \$119,079 [2020 - \$286,439].

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 March 2021 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:

	Cost \$	Accumulated Amortization \$	2021 Net Book Value \$	Cost \$	Accumulated Amortization \$	2020 Net Book Value \$
Computer equipment	177,417	175,207	2,210	170,586	159,254	11,332
Furniture and fixtures	107,256	98,329	8,927	105,664	94,226	11,438
Vehicles	60,088	46,419	13,669	60,088	33,934	26,154
Leasehold Improvement	38,670	23,847	14,823	38,670	16,113	22,557
	383,431	343,802	39,629	375,008	303,527	71,481
INTANGIBLES						
Computer software	488,133	403,390	84,743	478,415	345,904	132,511
	871,564	747,192	124,372	853,423	649,431	203,992

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:

	\$
2022	123,000
2023	113,000
	236,000

5. LEASE COMMITMENTS

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

	\$
2022	95,581
2023	80,870
	176,451

6. TRUST'S EXPENSES

For The Year Ended December 31, 2021	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
EXPENSES			
Salaries and employee benefits	590,079	490,898	1,080,977
Professional fees	85,121	12,655	97,776
Data processing	43,711	20,536	64,247
Travel	26,965	49,678	76,643
Communication	20,656	18,945	39,601
Office	18,193	7,422	25,615
Office lease, taxes and maintenance	63,694	31,847	95,541
Insurance	4,304	2,152	6,456
TRUST'S EXPENSES	852,723	634,133	1,486,856

For The Year Ended December 31, 2020	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
EXPENSES			
Salaries and employee benefits	526,245	430,699	956,944
Board expenses	—	67	67
Professional fees	69,674	8,540	78,214
Data processing	38,450	21,168	59,618
Travel	15,223	22,868	38,091
Communication	24,564	21,903	46,467
Office	18,949	7,483	26,432
Office lease, taxes and maintenance	63,977	31,982	95,959
Insurance	3,290	1,645	4,935
TRUST'S EXPENSES	760,372	546,355	1,306,727

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.

8. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's financial statement presentation.

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, 2021, 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, 2021 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 2021 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 2021 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.

continued on next page...

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
Oakville, Ontario
April 14, 2022

December 31	2021 \$	2020 \$
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

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021

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 \$20.2 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.

AUDITS AND REVOKED STATUS

Production Reporting – Audit Program

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

Since the inception of the program, TOARC has audited 1248 clients covering 3,426 licences and permits resulting in an additional \$1,754,588 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, 117 licences and 276 permits have been revoked. In the case of licences, 110 have been rehabilitated or the files have been closed for other reasons. In the case of permits, 270 have been rehabilitated or closed for other reasons. To date the Trust has expended \$1,214,146 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



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