

2020 TOARC ANNUAL REPORT



Board of Directors

2020

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

2021

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Kathy Woeller

May 27, 2021

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

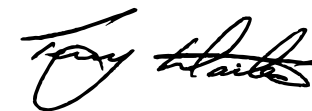
Minister Yakabuski;

On behalf of the Board of Directors, I am pleased to submit the 2020 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, 2020. 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 2020.

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





2020 Chairman’s Message

Like most businesses across Canada, The Ontario Aggregate Resources Corporation (TOARC), was and continues to be challenged operating during the COVID-19 pandemic. Early in the Ontario lockdown, the Province declared aggregate production and supply as an essential industry. TOARC as a key supplier to the aggregate industry, responsible for the collection of production data, invoicing and collection of fees, and the disbursement of these fees to the Province and Municipalities continued to fulfill its requirements.

Fortunately, in 2017 the Board of Directors unanimously supported to invest and update TOARC’s IT infrastructure systems, hardware, and software. This investment is what allowed most of TOARC’s employees to work safely from home and have secure access to the servers.

Annual Fees and Royalties totaling \$34.7 million dollars were collected and disbursed in 2020 based on the 2019 production reported. By comparison, in 2019 a total of \$33.7 million dollars was collected and disbursed based on the 2018 production.

The Upper and Lower Tier Municipalities collectively realized the largest portion of the fee as their share of the disbursement dollars increased by \$0.8 million to \$25.0 million. The Crown also realized a gain in their proportion of disbursed fees of \$0.2 million to \$8.7 million in total from both licence and permit fees, as well as the phase-in royalty on mining leases.

Production reported on licenses increased slightly in 2019 to 152 million tonnes from the 150 million tonnes reported in 2018. Production from Permits, Forestry Aggregate Pits, and Non-Designated Private Land sources declined from 11 million tonnes to 9 million tonnes.

2020 Fees based on 2019 production were disbursed amongst recipients as follows:

Disbursement Year	2018*	2019*	2020
	\$Million	\$Million	\$Million
Local Municipalities	\$9.4	\$19.4	\$20.0
Counties and Regions	\$2.4	\$4.8	\$5.0
MAAP Program	\$0.8	\$1.0	\$1.0
Province (From Licence Fees)	\$5.5	\$6.7	\$7.0
Province (From Royalties and Permit Fees)	\$1.7	\$1.8	\$1.7
Total	\$19.8	\$33.7	\$34.7

*2018 & 2019 Disbursement shown as a comparison to highlight the changes in 2017 to the Aggregate Resources Act

The Management of Abandoned Aggregate Properties (MAAP) program had an aggressive spring 2020 schedule planned for sites located in Eastern Ontario. However, the Provincial lockdown prevented Paul Hartnett our Landscape Architect and Construction Supervisor to meet with the landowners to review the proposed rehabilitation designs. Without clear Provincial guidance and protocols with respect to COVID-19 and that spring 2020 projects were 3-4 hours from where the MAAP staff are located, the MAAP team put together a contingency plan.

MAAP staff revisited their database and identified potential projects that had landowner approval in place and were near staff residence to allow for day field visits. The team surveyed the nearby sites utilizing the Kespry drone and Paul Hartnett

quickly went to work designing the rehabilitation plans. Once the design plans were completed, MAAP worked with landowners remotely to gain approvals.

Twenty (20) projects were tendered across Western Ontario. They included six (6) sites in Grey County, three (3) sites in Bruce County, three (3) sites in Wellington County, three (3) sites in the Region of Waterloo, two (2) sites in Huron County, and one (1) site each in Halton Region, City of Hamilton, and Simcoe County.

Of the 20 sites, twelve (12) were rehabilitated to agricultural crop or pasture, seven (7) were naturalized to meadow and/or wetlands and one (1) had fencing installed for fall protection. Some great examples of MAAP’s work are included later in this annual report.

The total count of legacy sites in the Province has risen by four to 8,209 in our eMAAP database of which 6,063 are now closed. This means that there remain 2,146 open sites that need to be dealt with an expectation that most will require intervention.

Normally 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. However due to the COVID-19 travel restrictions, the 2020 field season was very limited and summer interns were not hired.

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

Developed	724
Licensed	344
No Historical Extraction	394*
Naturalized (To Create New Habitat)	2,301
Rehabilitated (By Owner)	763
Situated On Crown Land	235
Landowner Not Interested	718
Rehabilitated By MAAP/MNRF	584
Total Files Closed	6,063

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

Many legacy sites in Northern Ontario are devoid of organic soils (topsoil) making rehabilitation very difficult to succeed and establish nurse grasses, crops, or plant seedlings. In 2020 Danielle Solondz, Project Coordinator for MAAP and responsible for managing research reached out to rehabilitation groups at Collège Boréal and Laurentian University in Sudbury. Together they developed and submitted a proposal to the TOARC Board of Directors titled: “Novel Strategies for Enhancing Biodiversity and Ecosystem Function at Northern Ontario Aggregate Pits.” The TOARC Board unanimously supported the proposal and there is an article detailing this project later in this report.

The MAAP team is always looking at how they can improve the results of their rehabilitation efforts. In 2020, the University of Guelph Arboretum approached TOARC to study and document

the results of a naturalized gravel pit that was rehabilitated from 1977-1979 on their lands. This study will allow for the MAAP team to gain knowledge and understanding on how sites have fared over 40-50 years. The Board fully supported this request and further details can be found later in this report.

The Living Mulch Study or more formally known as “The Rapid Ecological Restoration for Aggregate Sites” effort 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 was originally to be completed in the fall of 2020. This study looks at transplanting “living mulch” and whether succession can be fast-tracked by bypassing delays related to soil development. Unfortunately, researchers were not able to complete their field work due to COVID-19 restrictions, but on a positive note this allowed for an extra year of field analysis and will increase confidence in the results of the study! An article written by Dr. Paul Richardson updating details can be found later in this report.

For five years TOARC has committed to 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. The major accomplishment of the course has been developing a comprehensive online course with a 12-week intensive learning opportunity. The TOARC Board has agreed to continue this funding with goals to update course content, keep it fresh and applicable and to create professional modules that would be available for professional planners.

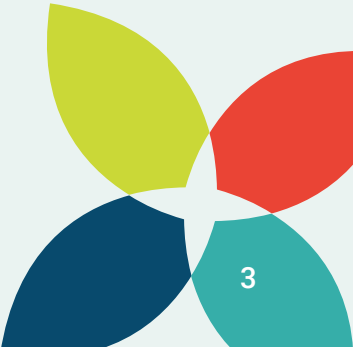
Trust funds increased in the year ending 2020 to \$20,246,138 from \$19,590,356 at the year end 2019. Trust revenue decreased by (\$542,869) compared to the previous year as gains in the “unrealized changes in fair value portion” reflect higher performance of the 2019 financial markets. Trust’s expenses decreased by (\$175,909) in 2020. This decrease was mainly a result of lower legal costs and decrease spend in accommodation/travel and mileage due to COVID-19.

There was one change to the composition of TOARC’s Board members in 2020. Chris Darling of Central Lake Ontario Conservation Authority stepped down after serving as the representative of a Conservation organization for the past four years. I want to thank Chris for his support and valuable contributions to our efforts since 2016.

I am pleased to welcome Lisa Burnside, Chief Administrative Officer of Hamilton Conservation Authority who has agreed to join the TOARC Board of Directors replacing Chris Darling.

Respectfully submitted,

Terry Waites
Chairman of the Board



Aggregate Resources Trust

2020 MAAP Project Summary



Project Number	Landowner/Location	Rehabilitation End Use	Area (ha)	Cost
18-01a	Wise Pit, Huron County	Wetland	n/a	\$67,110.08
19-07	Swinton Quarry, Simcoe County	Fencing	2.00	\$10,140.00
20-01a	Riegling Pit, Huron County	Agriculture	4.43	\$25,994.09
20-01b	Reinhart Pit, Bruce County	Agriculture	0.51	\$10,185.50
20-01c	Metcalfe Pit, Bruce County	Agriculture	0.79	\$14,448.07
20-01d	Lang Pit, Bruce County	Agriculture	1.58	\$15,353.57
20-02a	Albrecht Pit, Grey County	Agriculture	1.40	\$30,648.07
20-02ai	Fortune Pit, Grey County	Agriculture	2.46	\$45,898.08
20-02b	Klages Pit, Grey County	Naturalization	0.16	\$5,224.14
20-02d	Walters Pit, Grey County	Naturalization	0.96	\$26,111.76
20-03a	Kaufman Pit, Grey County	Naturalization	0.36	\$9,204.54
20-03b	Bauman Pit, Grey County	Agriculture	0.90	\$44,775.01
20-03c	Smith Pit, Wellington County	Agriculture	1.44	\$16,308.08
20-04a	Schnarr Pit, Wellington County	Naturalization	0.20	\$10,427.61
20-04c	Horst Pit, Region of Waterloo	Agriculture	0.81	\$22,370.40
20-05a	Cyganek Pit, Halton Region	Agriculture	0.89	\$56,568.08
20-05b	Anthony Pit, Wellington County	Naturalization	0.15	\$16,318.08
20-05c	Pollock Pit, City of Hamilton	Agriculture	1.39	\$76,000.00
20-05d	Johnston Pit, Region of Waterloo	Agriculture	0.47	\$36,148.08
20-05e	Henhoffer Pit, Region of Waterloo	Naturalization	0.30	\$41,148.08
			21.20	\$580,381.32

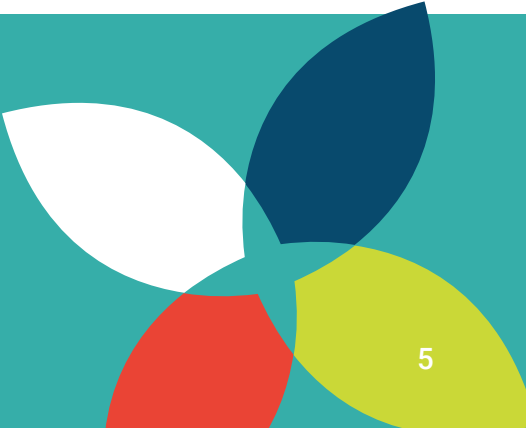
✦ Total project costs incurred for 2020 were \$582,141.
✦ The difference between \$580,381 shown and the total was monies spent on project preparations.

Aggregate Resources Trust

2020 Summary of MAAP Rehabilitation Costs

Year	Number of New Sites	Area Rehabilitated (ha)	Total Costs**	Cost (ha)	Avg Cost Per Site	Avg Area Rehabilitated (ha)
1992-96*	52	77.99	\$726,480	\$9,315	\$13,971	1.50
1997	15	22.40	\$497,973	\$22,231	\$33,198	1.49
1998	10	18.35	\$219,199	\$11,945	\$21,920	1.84
1999	16	30.35	\$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	\$513,271	\$25,409	\$27,014	1.06
Total	586	859.02	\$11,162,946	\$12,995	\$19,049	1.47

✦ * 1992-1996 data is based on information provided by MNRF.
✦ ** Total Costs have been restated (except for MNRF contracts) to include total project spend in subsequent years.





LEGACY PIT, SUDBURY ONTARIO

To date, MAAP has rehabilitated nearly **860 ha (2,125 acres)** of land resulting in the expansion of habitats, enhancement of biodiversity, connection of fragmented habitat and an overall increase in ecological function.

Novel Strategies for Enhancing Biodiversity and Ecosystem Function at Northern Ontario Aggregate Pits

The Ontario Aggregate Resources Corporation (TOARC), through the Management of Abandoned Aggregate Properties (MAAP) program, focuses on two important Aggregate Resources Trust purposes: the rehabilitation of legacy pits and quarries and research relating to aggregate resource management and rehabilitation. To date, MAAP has rehabilitated nearly 860 ha (2,125 acres) of land resulting in the expansion of habitats, enhancement of biodiversity, connection of fragmented habitat and an overall increase in ecological function. MAAP continues to develop its rehabilitation ‘toolbox’ to ensure that the program is incorporating new and innovative methods and acknowledging where methods are no longer as successful in achieving rehabilitation goals.

Recently, MAAP has identified challenges in the rehabilitation of legacy aggregate sites in Northern Ontario and determined there is a need for improved reclamation strategies in regions with challenging climates and where organic amendments are required. MAAP reached out to rehabilitation groups at Collège Boréal and Laurentian University in Sudbury, who have collaborated with industrial and government partners to address reclamation challenges at metal mining and smelter-impacted sites. Laurentian University and Collège Boréal bring extensive expertise in soil reclamation research and field work. MAAP is excited to work with this team of highly qualified field experts and students and utilize their top-notch research facilities including a greenhouse and state-of-the-art laboratories.

Together, we have developed a research proposal, approved by TOARC’s Board of Directors which will help us answer key questions:

- 1. What is limiting reclamation in Northern Ontario aggregate sites?
- 2. What strategies can be employed to overcome those limitations?
- 3. How can we improve and enrich the end result as a functioning ecosystem?



Stay tuned to TOARC’s website (www.toarc.com) for updates!

In collaboration with industrial partners Pioneer Construction, Ethier Sand and Gravel and the local mining sector in Sudbury, the academic research team will generate new knowledge and expertise in the area of land reclamation, restoration and biodiversity. The team has received funding from the Natural Sciences and Engineering Research Council of Canada (NSERC) which will leverage industrial contributions to the research project with additional federal research support. Results from this research project will assist aggregate producers and MAAP to achieve enhanced rehabilitation success at Northern Ontario sites. It will also train student researchers who will be well equipped to help the aggregate and other related sectors take on new challenges in the future. The study is set to commence in the spring of 2021.



Right Material, Right Place, Right Time: Advancing forest succession at offsets through strategic application of ‘living mulch’

RESEARCH UPDATE: RAPID ECOLOGICAL RESTORATION FOR AGGREGATE SITES (RERAS), DR. PAUL RICHARDSON



FIGURE 1: An example of ground conditions at mid-aged afforested sites prior to treatment

Failure of ecosystem restoration is most likely in the initial years following interventions such as transplanting or sowing desirable (‘target’) vegetation. Plant communities that remain assembled and develop beyond this stage usually persist long-term. We are now witnessing that transition pass the initial years. The intent was to complete the work in 2020, but COVID-19 restrictions reduced the amount of data collection and because of this, TOARC and NSERC extended the research timeline as new safety rules allow a more normal field season in 2021. This will be followed by final analysis and reporting in December. The project extension comes at no additional financial cost and an extra field season maximizes confidence in the study results.

The researchers have shared details of their work in recent Annual Report articles and an Interim Report is available on TOARC’s website (www.toarc.com). The “big idea” we have examined is that two separate problems faced by aggregate producers could potentially solve each other if managers strategically and cooperatively utilize ecosystem transplantation practices during operations.

The first problem involves learning how to create new forests that can sufficiently mitigate inherent environmental impacts of industry. Ecologists have criticized carbon-footprint reduction plans that depend on large-scale tree planting because these



FIGURE 2: An area of a recently-afforested aggregate offset three years after receiving living mulch, woody debris and artificial shade

ignore how ecosystems work. The services that healthy forests provide to humans extend beyond sequestering carbon - they also include recycling nutrients through food webs, improving local weather extremes, supporting pollinators, and providing refuge to high value biodiversity on the forest-floor.

Landscapes featuring multifunctional forests will be more resilient to the multiple impacts of climate change, but typical afforestation practices will unlikely achieve this. Assembly of necessary forest-floor vegetation can be slow, unpredictable and be impeded by factors that are difficult to control. Forestry practices focused on establishing monoculture plantations of quick-growing trees often produces ground-layer conditions that are too stressful for sensitive forest herbs. Even changing methods to produce better habitats may not help because source populations are often far away or blocked by landscape barriers.

Adapting afforestation methods to overcoming these challenges is essential to mitigating impacts. Both rehabilitating extraction sites and restoring lands as offsets to compensate for extraction elsewhere require regenerating ecosystems that are ecologically compatible with the surrounding landscape. In Ontario’s most productive aggregate zone, this includes the slow-growing, species-rich deciduous forests of the Niagara Escarpment. We note that aggregate producers have high standards for establishing ecosystems that comprehensively resemble natural forests of natural heritage value.

The second problem, unique to extractive industries concerns how producers should manage topsoil and other materials stripped from land in advance of developing an underlying mineral resource. The initial obstacles provided by vegetation, ground debris, topsoil and subsoils are useful when stockpiled then used much later as ‘fill’ during site rehabilitation. Some of these materials would have greater value, however, if they could be reused for ecological management, e.g., afforestation or restoration.



FIGURE 3: An area of a former gravel pit three years after receiving living mulch, woody debris and artificial shade

The opportunity and solution are that aggregate producers clearing forests for extraction will have leftover ‘waste fill’ consisting of topsoil, seeds, surface organic debris, logs and stumps. Producers can get value out of ‘waste fill’ by translocating these materials from these ‘donor’ forests to appropriate offsets or extraction sites undergoing rehabilitation. If managers choose or engineer recipient locations to provide similar habitat conditions to the donor forest, the fill can be translocated there as intact ‘living mulch’ rather than piled as ‘waste fill’. This likely enables recipient locations to produce ground communities comparable with the donor forest. If successful, developing such approaches could empower producers to mitigate impacts of extraction lifecycles much more effectively and transparently.



FIGURE 4: An old afforested stand three years following treatment with living mulch and woody debris



FIGURE 5: An example of ground conditions at older plantations prior to treatment

The main challenge is that organisms adapted to mature deciduous forests may find their new locations stressful, e.g., moving to full sun and competing weedy neighbours typical of young afforestation sites.

Using two complementary approaches, the RERAS experiment has tested methods that may be capable of overcoming habitat constraints. The first approach investigates translocating living mulch to afforested locations varying in age to determine if planted lands may provide suitable habitat at stages of development, e.g., post-closure of leaf canopies. The second approach tests whether engineering recipient environments by providing more mature stages of woody debris accumulation and shading can improve the emergence and persistence of target vegetation.

Our overall results show that the approaches we tested are successful. Constructing woodland habitat features has a sufficiently positive impact that coaxes target vegetation from living mulch. Selecting recipient locations that already provide closed leaf canopies is the most effective method, and we can make this whole approach work in many types of sites with different management histories. As we expected, there are some sites that produced novel ecosystems that have not yet achieved the desired match with donor sites. The biggest success has been 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. These afforested areas otherwise would be relatively devoid of much ecological diversity or services. The 'living mulch' material from the quarried sites can turn sites into restoration offsets – an avenue that can benefit aggregate producers.



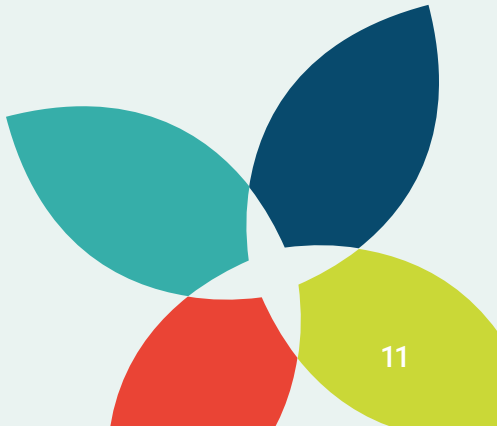
FIGURE 6: A section of mid-aged plantation after treatment

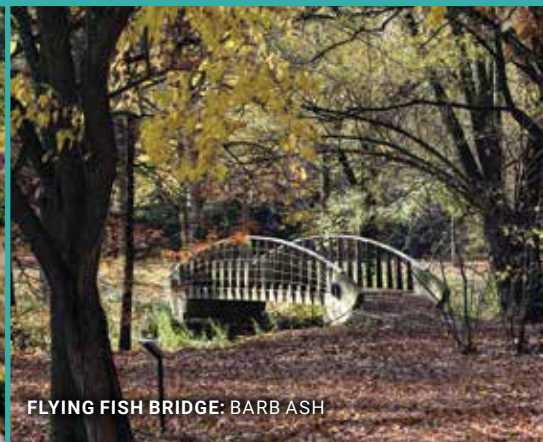


FIGURE 7: A mid-aged afforested stand three years following treatment with living mulch and woody debris

The final season of research in 2021 is expected to provide even stronger evidence of success. As the experiment progressed, similarity between the target community and vegetation establishing under the most effective treatment combinations increased overall. Aggregate producers may be able to maximize biodiversity yields in afforestation and/or restoration offsets by translocating the right materials from forests harvested before quarrying to nearby plantations at the right stage of understorey regeneration, e.g., thinned 35–70-year-old stands. Aggregate producers can coordinate with managers of tree plantations for immediate benefits while planning future translocations to stands likely to provide suitable habitat.

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).





ARBORETUM FALL AERIAL: RICHELLE FORSEY

FLYING FISH BRIDGE: BARB ASH

CUCUMBER MAGNOLIA: SEAN FOX

This Aggregate Pit's Story: 40 Year's Later

Established in 1970, the University of Guelph Arboretum is an urban oasis in the heart of the city that provides the community with a teaching campus and demonstration hub equipped with a one of a kind living laboratory. The Arboretum encompasses 400 acres adjacent to the campus and features plant collections, gardens, walking trails, natural woodlands, wetlands, and meadows. Every year more than 77,000 people visit the Arboretum.

Prior to the establishment of the Arboretum one section housed an old legacy aggregate pit. This legacy pit became an innovative and award-winning reclamation research and demonstration project. From 1977 to 1979, the legacy site was prepared and planted with a wide variety of woody plants that could grow in poor soils with little or no maintenance. The site was designed to be left to regenerate on its own, with the exception of one small section being mowed along the grassy Colonel John McCrae Trail that runs by the Bronze Plaque awarded by the Aggregate Industries Association in 1986.

Approved by the TOARC Board of Directors, a one-year research and education effort will commence in the spring of 2021 to

evaluate how this now 40-year-old site has actively naturalized. The research will include the development of a new baseline plant map that will facilitate comparison and analysis of key features. The new mapping system will determine the stage of ecosystem succession and will identify which plants chosen 40 years ago have struggled, not survived and which have thrived.

This project will aid in the development of best practices for the rehabilitation of aggregate pits to naturalized ecosystems and will better communicate to the public the history of regeneration at this legacy site.



Visit our website at www.toarc.com for updates on this project!

18-02c Bormann Pit

Project statistics:

Rehabilitation area ~4,930m². Volume of material moved ~2,275m³.

The Bormann pit offered a unique opportunity to create a park-like setting for the young family who owned this farm. The challenge was to rehabilitate the site and not intrude on the adjacent agricultural field. The pit face was variable in height, up to 7m at some places and had several tree species growing on it. To accommodate the desired outcome, several trees were flagged for preservation and not removed. The remaining trees were removed and mulched by an excavator equipped with a brush head, as opposed to being buried to accommodate the narrow area to be graded. Topsoil was a challenge on this site as there was no stockpile and a limited area to strip of organics. As a result, the MAAP team decided to hydroseed the site in a Biotic Soil Media slurry as a topsoil replacement and growth media. While this increased the cost of the project, it proved a good base of organic material to aid in the success of the rehabilitation.

BEFORE



DURING



AFTER



18-03c Schmidt Pits

Project statistics:
Rehabilitation area ~17,000m². Volume of material moved ~7,555m³.

This site comprised of two pits just a few hundred meters apart. Both pits were close to existing agriculture making the decision to return them to productive land easy. The decision to grade the sites to a maximum slope of 5:1 made them both suitable for safe farming with machinery without worry of a rollover. To achieve the final grade, modeling software was used to determine the amount of land surrounding the pit needing to be disturbed and the volume of available topsoil to cover the final grading. The goal was to disturb as little additional land as possible. The two sites are now unrecognizable as former gravel pits, blending in seamlessly and are as productive as the pre-existing farm fields.



18-05a Boettger Pit

Project statistics:
Rehabilitation area ~38,755m². Volume of material moved ~22,980m³.

The Boettger farm had two large pits that were returned to agriculture land in keeping with the surrounding land uses. Both pits were very sandy with several challenges: the large size and shape of the site, the inability to see the entirety of the project from any one vantage point, the number of trees that had established in the pit scar, a hydro tower base set at the top of a pit face, lack of available topsoil and the amount of scrap metal that had accumulated over time. Recognizing the opportunity, Mr. Boettger was quick to remove the scrap metal as the project could not commence until it was offsite. An in-depth site review with the contractor and their machine operator was completed to ensure there was a clear understanding of the scope of the project and to formulate a strategic plan in undertaking the work. The Boettgers added nearly 10 acres of arable land to farm!



Aggregate Resources Trust

Financial Statements for the year ended
December 31, 2020.

Independent Auditor's Report

To the Trustee of Aggregate Resources Trust:

Opinion

We have audited the financial statements of Aggregate Resources Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2020, 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, 2020, 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 2020 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 2020 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
Oakville, Ontario
April 15, 2021

Aggregate Resources Trust

Statement of Financial Position

	December 31 2020 \$	December 31 2019 \$
ASSETS		
Current		
Cash	731,066	607,714
Due from Licensees and Permittees	487,791	273,174
HST recoverable	82,471	147,825
Prepaid expenses	19,995	31,390
Total current assets	1,321,323	1,060,103
Investments [Note 2]	19,704,612	19,024,637
Capital assets and Intangibles, net [Note 3]	203,992	311,646
	21,229,927	20,396,386
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	165,824	148,408
Wayside permit deposits	39,000	39,000
Deferred Aggregate Resources Charges	9,456	14,895
Due to Governments	769,509	603,727
Total liabilities	983,789	806,030
Trust Funds		
Rehabilitation Fund [see schedules]	18,335,624	17,863,884
Abandoned Pits and Quarries Rehabilitation Fund [see schedules]	1,910,514	1,726,472
Total Trust Funds	20,246,138	19,590,356
	21,229,927	20,396,386

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


Director


Director

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



Aggregate Resources Trust

Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31	2020 \$	2019 \$
REVENUE		
Investment income [Note 2]	1,379,268	2,341,591
Unrealized changes in fair value	582,684	163,230
	1,961,952	2,504,821
EXPENSES		
Trust's expenses [Note 6]	1,306,727	1,485,669
Amortization	111,071	119,045
Investment management fees	133,632	122,625
	1,551,430	1,727,339
Excess of revenue over expenses before the following	410,522	777,482
Aggregate Resources Charges	34,733,699	33,744,770
Allocated to the Governments	(33,721,989)	(32,765,589)
Allocated to the Crown	(1,011,710)	(979,181)
Expenditures incurred in meeting the Trust purposes [see schedules]	(766,450)	(834,383)
Deficiency of revenue over expenses for the year	(355,928)	(56,901)
Trust Funds, beginning of year	19,590,356	18,668,076
Funds reinvested by the Crown	1,011,710	979,181
Trust Funds - end of Year	20,246,138	19,590,356

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

Aggregate Resources Trust

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

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 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

Aggregate Resources Trust

Schedules of Statement of Revenue and Expenses and Changes in Fund Balances for the Aggregate Resources, Rehabilitation 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
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)
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	-	17,863,884	1,726,472	19,590,356

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

Aggregate Resources Trust

Statement of Cash Flows

For the year ended December 31	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(355,928)	(56,901)
Add (less) items not involving cash		
Amortization	111,071	119,045
Unrealized changes in fair values	(582,684)	(163,230)
Gain on disposal of investments		(1,244,907)
	(827,541)	(1,345,993)
Net change in non-cash working capital balances related to operations		
Due from Licensees and Permittees	(214,617)	(123,900)
HST recoverable	65,354	(11,054)
Interest and dividends declared receivable	-	21,501
Prepaid expenses	11,395	4,015
Accounts payable and accrued liabilities	17,416	(10,669)
Wayside permit deposits	-	(619)
Deferred Aggregate Resources Charges	(5,439)	(5,427)
Due to Governments	165,782	198,393
Cash used in operating activities	(787,650)	(1,273,753)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets and Intangibles	(3,417)	(10,743)
Maturity of short-term investments		1,107,554
Purchase of investments	(97,291)	(9,041,811)
Proceeds on the sale of investments		8,481,890
Cash provided by investing activities	(100,708)	536,890
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds reinvested by the Crown	1,011,710	979,181
Cash provided by financing activities	1,011,710	979,181
Net increase in cash during the year	123,352	242,318
Cash, beginning of year	607,714	365,396
Cash, end of year	731,066	607,714

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

Aggregate Resources Trust

Schedules of Rehabilitation Costs for the Rehabilitation Fund

For the year ended December 31, 2020		Approved Amount \$	Paid or Payable/ (Recovered) \$
Project Number	Project Name		
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 - (e-Surrender)*	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 portion of an approved five-year project starting in 2015 totaling \$729,885.

For the year ended December 31, 2019		Approved Amount \$	Paid or Payable/ (Recovered) \$
Project Number	Project Name		
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 - (e-Surrender)*	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

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

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

Aggregate Resources Trust

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

For the year ended December 31, 2020		Approved Amount \$	Paid or Payable/ (Recovered) \$
Project Number	Project Name		
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.

Aggregate Resources Trust

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

For the year ended December 31, 2019		Approved Amount \$	Paid or Payable/ (Recovered) \$
Project Number	Project Name		
18-01a	Wise Pit, Huron County	5,500	300
18-06a	Schaap Pit, Oxford County	-	660
19-01a	McMurphy Pit, Simcoe County	14,662	14,662
19-01b	Bradford Pit, Simcoe County	21,227	21,227
19-01c	Bourassa Pit, Simcoe 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.

Aggregate Resources Trust

Notes to Financial Statements

December 31, 2020

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 June27, 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].

December 31, 2020

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 2020 production year the annual licence/permit fees, permit royalty fee, wayside permit issuance and mining leases fees are as follows:

Charge	2020 Production	2019 Production
Class A Licence (private Land)	20.6 cents/tonne or \$718, whichever is greater	20.2 cents/tonne or \$704, whichever is greater
Aggregate Permits authorized to remove more than 20,000 tonnes annually	20.6 cents/tonne or \$718, whichever is greater	20.2 cents/tonne or \$704, whichever is greater
Class B Licence (private Land)	20.6 cents/tonne or \$358, whichever is greater	20.2 cents/tonne or \$351, whichever is greater
Aggregate Permits authorized to remove 20,000 tonnes or less annually	20.6 cents/tonne or \$358, whichever is greater	20.2 cents/tonne or \$351, whichever is greater
Wayside Permit (issuance fee)	20.6 cents/tonne or \$718, whichever is greater	20.2 cents/tonne or \$704, whichever is greater
Minimum Royalty (except as noted below)	52.1 cents/tonne	51.1 cents/tonne
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)	52.1 cents/tonne	34.0 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.

Aggregate Resources Trust

Notes to Financial Statements continued

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

December 31, 2020

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	3-5 years
Computer Software	3-5 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.

Aggregate Resources Trust

Notes to Financial Statements continued

December 31, 2020

2. INVESTMENTS

Investment income is broken down as follows:

	2020		2019	
	Fair Value \$	Cost \$	2019 Fair Value \$	Cost \$
Pooled Funds	19,704,612	16,180,688	19,024,637	16,083,397
Investment income is broken down as follows:				
	2020		2019	
	\$		\$	
Interest income	628,516		634,535	
Dividends	336,200		451,341	
Realized capital gains	414,551		1,256,327	
Foreign exchange gains/(Loss)	-		(612)	
	1,379,267		2,341,591	

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of \$286,439 [2019 - \$400,470].

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.

Aggregate Resources Trust

Notes to Financial Statements continued

December 31, 2020

3. CAPITAL ASSETS AND INTANGIBLES

Capital assets consist of the following:

	2020			2019		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
Computer equipment	170,586	159,254	11,332	167,169	147,352	19,817
Furniture and fixtures	105,664	94,226	11,438	105,664	90,117	15,547
Vehicles	60,088	33,934	26,154	60,088	19,112	40,976
Leasehold Improvements	38,670	16,113	22,557	38,670	8,380	30,290
	375,008	303,527	71,481	371,591	264,961	106,630

Intangibles

Computer Software	478,415	345,904	132,511	478,415	273,399	205,016
	853,423	649,431	203,992	850,006	538,360	311,646

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:

	\$
2021	133,500
2022	123,000
2023	113,000
	369,500

5. LEASE COMMITMENTS

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

	\$
2021	95,289
2022	95,581
2023	80,870
	271,740



December 31, 2020

6. TRUST EXPENSES

For the year ended December 13, 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

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, 2020

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 Trust is indirect in nature. Given the Trust is not directly holding any investments denominated in foreign currency or any interest-sensitive securities, the Trust 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.



Independent Auditor's Report

To the Shareholder of The Ontario Aggregate Resources Corporation:

Opinion

We have audited the financial statements of The Ontario Aggregate Resources Corporation (the "Corporation"), which comprise the balance sheet as at December 31, 2020, 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, 2020 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 2020 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 2020 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
Oakville, Ontario
April 15, 2021

The Ontario Aggregate Resources Corporation

Balance Sheet and Note to Financial Statements

December 31	2020 \$	2019 \$
ASSET		
Cash	1	1
SHAREHOLDER'S EQUITY		
Share capital		
Authorized and issued, 1 common share	1	1
Retained earnings	-	-
SHAREHOLDER'S EQUITY	1	1

The accompanying note is an integral part of these financial statements

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



Director



Director

December 31, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation and Nature of Corporation

The Ontario Aggregate Resources Corporation [the “Corporation”] was incorporated on February 20, 1997. The Corporation’s sole shareholder is the Ontario Stone, Sand & Gravel Association [the “OSSGA”] (formerly The Aggregate Producers’ Association of Ontario [the “APAO”]), a not-for-profit organization. The Corporation’s sole purpose is to act as Trustee of the Aggregate Resources Trust [the “Trust”]. On June 27, 1997, the Corporation and Her Majesty the Queen in Right of the Province of Ontario [the “Crown”], as represented by the Minister of Natural Resources [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

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 1213 clients covering 3,353 licences and permits resulting in an additional \$1,643,508 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, 116 licences and 276 permits have been revoked. In the case of licences, 108 have been rehabilitated or the files have been closed for other reasons. In the case of permits, 264 have been rehabilitated or closed for other reasons. To date the Trust has expended \$1,121,669 in net direct costs for rehabilitation of revoked sites.

Professional Assistance

Banking Institution
Scotiabank®

Investment Advisors
T.E. Investment Counsel Inc.

Investment Managers
Burgundy Asset Management Ltd.
Mawer Investment Management Ltd.

Auditors
BDO Canada LLP

Legal Counsel
Blakes, Cassels & Graydon LLP

Shareholder
Ontario Stone, Sand & Gravel Association





TOARC.COM

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