Royal Canadian Mint Annual Report 2011

From Main Street to Bay Street and Beyond

ROYAL CANADIAN MINT
MONNAIE ROYALE CANADIENNE

Contents

Cover photo: “The Canoe” was the Mint’s second “20 for 20” pure silver commemorative coin issued in 2011. It quickly sold out of its mintage of 250,000, making it one of the Mint’s success stories of the year.

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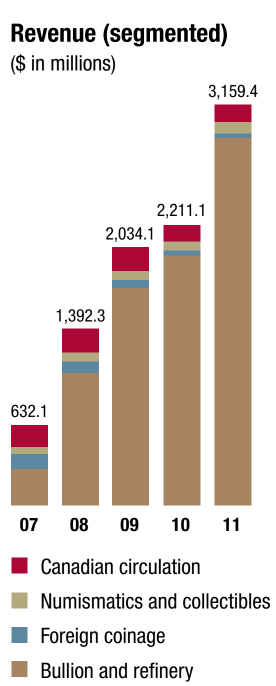
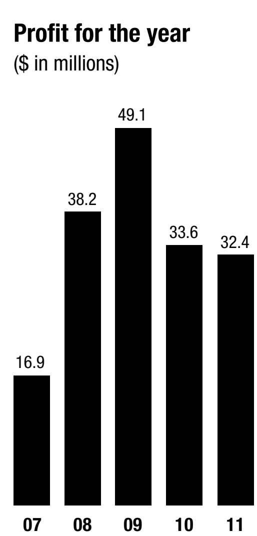
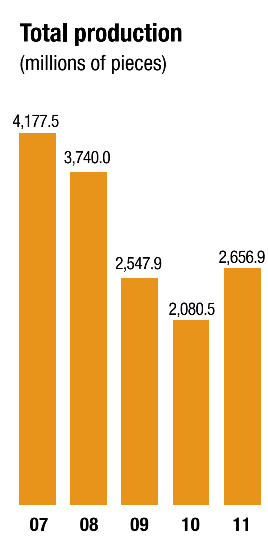
Financial and operating highlights

	2011	2010	% change
Key financial highlights (in millions of dollars)			
Revenue	**3,159.4**	2,211.1	42.9
Profit before income tax	**43.8**	46.4	(5.6)
Profit for the year	**32.4**	33.6	(3.6)
Total assets	**373.0**	349.4	6.8
Capital expenditures	**31.9**	17.9	78.2
Cash flow from operating activities	**35.7**	35.8	(0.0)
Key operating highlights			
Canadian circulation coins produced (in millions of pieces)	**1,451.4**	1,065.8	36.2
Gold bullion sales (in thousands of ounces)	**1,186**	1,135.0	4.5
Number of employees (at December 31)	**1042**	875	19.1
Gross profit	**143.1**	147.1	(2.7)
Pre-tax return on equity	**16.9**	19.5%	(13.1)
Debt to equity ratio	**0.04:1**	0.05:1	(20.0)
Shareholder's equity	**258.8**	238.2	8.6
Total production (millions of pieces)	**2,656.9**	2,080.5	27.7







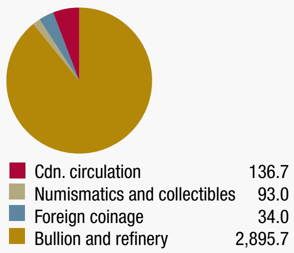
At a glance

BUSINESS LINE	2011 PERFORMANCE	2011 RESULTS

Royal Canadian Mint

The Royal Canadian Mint is a commercial Crown corporation producing circulation, numismatic and bullion coins for the domestic and international markets in anticipation of profit. It also operates full-service gold and silver refineries.

Revenue by segment

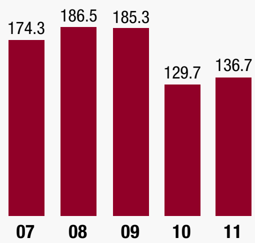


The Mint achieved another record year in 2011 with revenues climbing to $3.2 billion from $2.2 billion in 2010. Net income decreased 3.6% to $32.4 million from $33.6 million as intense competition squeezed margins on both numismatic and bullion products and operating costs increased 44.0% to $3.1 billion. The increase in the cost of goods sold reflects the substantial volume of Canadian bullion products and numismatic coins produced along with higher precious metals prices.

Canadian circulation

The Mint's core mandate is to produce and manage the distribution of Canada's circulation coinage and provide advice to the Government of Canada on matters related to coinage. Special multi-year coins carry designs that celebrate Canada's history, culture and values.

Revenue ($ in millions)

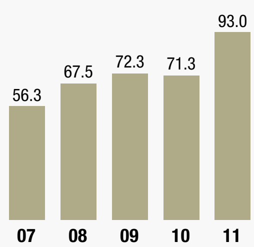


Revenue from the Canadian circulation business line increased 5.4% to $136.7 million. To meet continuing strength in demand, the Mint produced 1.5 billion Canadian coins in 2011, a 36.2% increase from 1.1 billion in 2010. The volume of coins collected by coin recycling companies remained relatively unchanged by 2.4% to 1.025 billion pieces from 1.05 billion pieces in 2010. By constantly monitoring and adjusting coin inventories across the country, the Mint ensured that no coin shortage was experienced in any region of Canada during the year.

Numismatics and collectibles

The Mint produces numismatic coins of extraordinary beauty an impeccable craftsmanship. Made primarily of precious metals, several of the Mint's numismatic coins are also enhanced with special effects such as paint, embedded crystals, holograms and enamel. The Mint also produces medals, medallions and tokens.

Revenue ($ in millions)

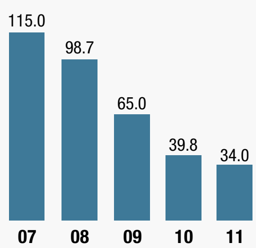


Numismatics and collectibles revenue increased 30.4% to $93.0 million, the highest in the business line's history. The volume of coins produced increased by 58.3% to 1.9 million pieces. The Mint produced 110 new numismatic coins to meet the demand from a substantially expanded domestic and international customer base. During 2011, 30 of these new coins sold out as the Mint supported secondary markets by balancing pricing and mintages.

Foreign coinage

The Mint designs and produces circulation and numismatic coins, ready-to-strike blanks, medals, medallions and tokens for international markets. It also licenses its multi-ply plated steel (MPPS) technology, manages the Mint's foreign partnerships and opens new markets to the Mint's products and consulting services.

Revenue ($ in millions)

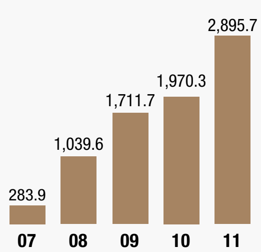


The Mint shipped 1.1 billion coins and blanks to 13 countries in 2011. Revenue declined 14.6% to $34.0 million. The shipment of coins can lag the awarding of a contract by at least six months; the decline in revenue in 2011 reflects very soft global demand. To reinforce its position as a global leader in minting, the Mint launched SM&RT, a full-service coin production and marketing platform, offering services covering all facets of coin design, production, innovation and management.

Bullion and refinery

The Mint produces and markets a family of gold, silver, palladium and platinum bullion coins, wafers and bars for the investment market. It also issues Exchange Traded Receipts (ETRs) through which investors can buy and sell gold on the Toronto Stock Exchange. It operates refineries that provide customers with a range of services from gold and silver refining to assaying and secure storage.

Revenue ($ in millions)

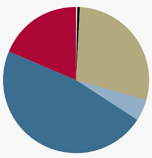


Sales of Gold Maple Leaf (GML) coins remained strong, increasing 4.7% to 1.150 million ounces. Sales of Silver Maple Leaf (SML) coins increased by 29.4% to 23.1 million ounces. The Mint also sold 5,000 ounces of platinum bullion coins. Bullion and refinery revenues increased 47.0% to $2.9 billion. The launch of the new Canadian Gold Reserves' Exchange Traded Receipts (ETR) program on the Toronto Stock Exchange raised gross proceeds of $600 million.

2011 PERFORMANCE

2012 OUTLOOK

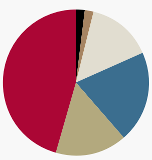
Revenue by region ($ in millions)



Canada	591.2
US	1,489.0
Asia Pacific	154.8
Middle East	0.6
Europe	905.5
Latin America	9.6
Africa	8.7

The Mint cautiously anticipates a continuation of the economic environment that has persisted since 2008 with demand for circulation coinage relatively stable but continued strength in demand for numismatic products and bullion. Given the uncertainty, the Mint will continue to focus on building its core businesses through innovation and continuous improvement while seeking new business opportunities. Demonstrating leadership in the growing landscape of the digital economy, the Mint has conducted research and development into digital currency, which will be tested through a developer's challenge in early 2012.

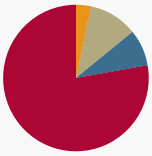
Production (millions of pieces by denomination)



1 cent	662.8
5 cent	230.3
10 cent	292.3
25 cent	213.0
50 cent	0.2
$1	25.4
$2	27.5

Demand for circulation coins in Canada in 2012 is expected to decrease as the economy continues to recover and the anticipated impact of e-commerce remains muted. This demand will continue to be met partly with coins recovered through recycling. The Mint will work closely with stakeholders to ensure a seamless conversion of the one-dollar and two-dollar coins from alloy to multi-ply plated steel (MPPS). This conversion is expected to reduce annual production costs by $15 million and sustain the performance of the Alloy Recovery Program (ARP).

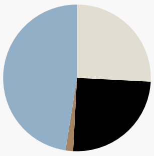
Revenue (% by region)



Canada	77.9
US	8.2
Europe	10.7
Other	3.2

Despite record precious metal prices, the outlook for the Numismatics and collectibles business lines is encouraging. The Mint is determined to keep its prices competitive while it further refines its understanding of its customers in order to produce products that match their buying habits and preferences. In 2012, the Mint plans to issue as many as 150 new products.

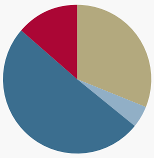
Revenue (% by region)



Asia Pacific	47.5
Middle East	1.8
Latin America	25.1
Africa	25.6

The Mint remains committed to increasing its share of the foreign circulation coinage market to 15% by 2020. During 2011, the sales staff was increased to expand the capacity to build relationships in regions where the Mint has not traditionally had a compelling presence. Refinements to the MPPS technology and the investment in the Research and Development Centre of Excellence will enhance the Mint's competitive advantages.

Revenue (% by region)



Canada	13.7
US	50.7
Asia Pacific	4.7
Europe	30.9

The Mint's Bullion and refinery business is heavily dependent on sentiments in the marketplace, fluctuations in precious metal prices and the buying and selling behaviour of foreign governments. While the Mint has little control over any of these drivers and cannot predict when a reversal from the global anxiety of the past three years might occur, it has developed strategies that will ensure it continues to capture as large a share of the bullion market as possible.

The popularity of the Mint's royal wedding commemorative coins mirrored the excitement created by the visit of the Duke and Duchess of Cambridge to Canada in the summer of 2011.

MAIN STREET

Marking moments

TOP: Royal issues
The $20 silver coin commemorating the royal wedding features a sapphire-coloured crystal enhancement echoing the Duchess of Cambridge's 18-karat sapphire engagement ring. The keepsake coin was a sell-out: thousands of Canadians, royal watchers and collectors snatched it up as a reminder of the historic event.

BOTTOM: Celebrating the Queen's Jubilee
The ribbon on the Queen Elizabeth II Diamond Jubilee Medal uses a new arrangement of the blue, red and white colours found on the 1953 Coronation Medal, the 1977 Silver Jubilee Medal and the 2002 Golden Jubilee Medal.

Celebrating historical moments in the life of Canada continues to be a priority for the Royal Canadian Mint. In 2011, the Mint joined Canadians in welcoming the Duke and Duchess of Cambridge —commemorating their visit to Canada with the issue of a limited-edition 22-karat gold coin and crystal collector coin featuring the same design as the silver royal wedding coin issued by the Mint earlier in the year.

Furthering its long tradition of marking royal milestones, toward the end of the year the Mint also struck several collector coins and the Diamond Jubilee Medal in the lead-up to the Queen's Diamond Jubilee. Throughout 2012, 60,000 of the medals, handcrafted by the Mint, will be awarded to Canadians who have dedicated themselves to serving fellow citizens, their community and Canada.

The Mint in Motion

On the ground in Newfoundland, the Mint was alongside one of Canada's most beloved and dynamic personalities—Rick Hansen—at the Canadian launch of the 25th anniversary of his Man in Motion World Tour. Seven thousand medals produced by the Mint will be awarded over the course of the cross-country relay event to participating 'difference makers'—individuals who have championed inclusivity, empowered youth, contributed to environmental sustainability, promoted healthy lifestyles, or made advances in healthcare. A special medallion replicates the original relay participant medal.

The Winnipeg Jets: Return of the NHL to Winnipeg

What's more Canadian than hockey? Prime Minister Stephen Harper, Royal Canadian Mint Chair of the Board James B. Love and Winnipeg Jets Owner Mark Chipman met at the MTS Centre in Manitoba's capital last October to unveil a 50-cent coin commemorating the National Hockey League's return to the city after 15 years away. The coin sold out by year-end. A $20 pure silver coin was also released for sports fans and collectors alike.

Canada's legendary nature

Canadians' pride in their natural heritage and passion for the great outdoors was reflected in a special five-coin circulation coin series unveiled by the Mint in October: a one-dollar coin celebrating the centennial of Parks Canada; a two-dollar coin commemorating Canada's boreal forest; and three 25-cent circulation coins (half of which are coloured) featuring the wood bison, orca whale and peregrine falcon.

The Mint celebrated the closing of the initial public offering of the Canadian Gold Reserves' Exchange Traded Receipts (ETRs) at the TSX on December 13, 2011.

BAY STREET

Going public

TOP: Run like a public company
Through ongoing process improvements, plant modernization, sophisticated business intelligence tools, newly defined key performance indicators (KPIs) and daily 'huddle board' sessions to review output and workflow, the Mint's Numismatics and collectibles business realized increases of 30 to 40 percent in blanking and coining capacity last year. More than 600 enhancements to its DAX IT infrastructure enabled the Mint to keep pace with demand.

BOTTOM: Giving Back
Mint President and CEO Ian E. Bennett presented a $100,000 donation for the Military Families Fund to Rear-Admiral Andy Smith, Chief Military Personnel at a ceremony hosted by the Canadian Forces Personnel Support Agency at DND-HQ in Ottawa in September. The donation represented all profits generated by the sale of the Mint's 2010 Remembrance Day Collector card.

The market is now open. In a groundbreaking expression of the private-sector orientation that has driven its profitability for the past several years, the Mint debuted on Bay Street in the fall of 2011—launching an investment product that allows Canadian investors to own physical gold stored at the Mint. The move further diversifies the Mint's business, leveraging its gold refinery and storage capabilities.

Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program began trading on the Toronto Stock Exchange on November 29 under the ticker symbols MNT (in Canadian dollars) and MNT.U (in U.S. dollars). Thirty million ETRs were issued—and sold—at CAD $20 each (or USD $19.29), raising gross proceeds of CAD $600 million. Additional tranches are planned for the coming years.

Owning the market

The success of the ETR program is just one more headline in the ongoing story of success for the Mint's bullion business, which continues to increase its world market share. Once again in 2011, the Mint recorded impressive sales of Gold Maple Leaf (GML) and record sales of Silver Maple Leaf (SML) products: 1.150 million ounces for GMLs and 23.1 million ounces for SMLs.

Bullish for bullion
As investors in Canada and around the world continued to clamour for its renowned gold and silver bullion products, the Mint issued a 99999 pure RCMP gold bullion coin, and Grizzly and Cougar coins from the popular Canadian Wildlife 9999 pure silver bullion coin series.

Numismatics and collectibles: record year
The Mint's Numismatic and collectibles business line posted outstanding results in 2011, achieving sales beyond Olympic-year levels and concluding with a record 30 sellouts, including the ultrapopular "20 for 20" coins. Through ongoing product innovation and carefully targeted marketing strategies and channel partnerships, Numismatics and collectibles continues to extend its reach across North America, Europe and Russia and into Asia, last year acquiring more than 50,000 new customers.

In addition to producing 40 million one-Balboa coins for the Government of Panama, the Mint developed a public education and awareness campaign to support the launch of the coins in the summer of 2011. The Mint has produced coinage for Panama since 1975.

AND BEYOND

Diversifying Business

TOP: Boosting production
The Mint broke ground in Winnipeg to begin a $60-million expansion of its plating facility. The project will add 60,000 square feet and increase plating capacity by two billion pieces per year.

BOTTOM: New steel-plated one-dollar and two-dollar coins
The Mint completed the groundwork—including consultations with the vending industry—for the April 2012 launch of new one-dollar and two-dollar circulation coins. The new coins will be made using the Mint's cost-effective patented multi-ply plated steel (MPPS) technology to produce best-quality, highly economical nickel-and-copper-based circulation coins. The new issues will feature Signoptic 'DNA' technology, which captures the unique surface 'fingerprint' of individual coins.

The Royal Canadian Mint continues to carve out its future by creating products and services that appeal to international customers and expand its business beyond traditional minting. In 2011, as a complement to its contract to mint 40 million one-Balboa circulation coins for the Government of Panama, the Mint provided marketing support to officials in that country, designing a public education and awareness campaign in advance of the coins' release in July.

With international demand for consulting services rising, the Mint established a dedicated Technical Sales division within its foreign business line. At the Technical Mint Conference in Singapore, it also unveiled SM&RT (Secure, Modern & Resistant Technology)—a new full-service offering comprising all facets of circulation and numismatic coin design, production and management. SM&RT incorporates a range of new security features including new 'DNA' technology that allows each coin to be uniquely authenticated.

These enhancements are fueling the growth of the Mint's foreign circulation business and giving the Mint new traction in international markets including Asia.

Up for the Challenge

The Mint continued its research and development into digital currency technologies last year and will engage software developers in a three-month Developers Challenge in April 2012—a competition to explore applications for integrating e-coin technologies into electronic commerce, recognizing the public's growing dependence on mobile services and demand for efficient payment methods. An international panel of experts will judge the submissions.

World-class performance

Once again, the Mint earned the most nominations for Krause Publications Coin of the Year Awards, demonstrating its international leadership and talent for innovation. The Mint won in the Most Historically Significant Coin category for the 14-Karat Gold Coin - 400th Anniversary of the Discovery of Hudson's Bay.

Jardin Zinc Products, LLC

World-class partnerships

Affiliations and licensing arrangements with talented partners such as Signoptic Technologies SAS, Jarden Zinc Products, LLC, Sunshine Minting Inc., FOBA, Miba Coatings Group–Teer Coatings Ltd. and SECO/WARWICK continued to give the Mint a competitive advantage in 2011, helping it keep supply in line with demand and offer services to a wide variety of customers.

Message from the President and CEO

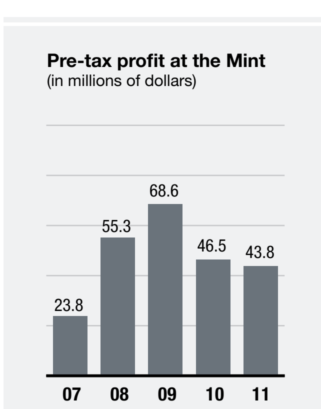
Being nimble—it's a theme that hasn't lost its meaning. In 2011, the Royal Canadian Mint's sustained agility continued to pay off, delivering stellar results once again: revenues of $3.2 billion, with profitability across all lines of business totalling $43.8 million —the fourth highest profit in the Mint's history.

Bullion dominated once more, and our nimbleness and adaptability were certainly factors in the performance of that business line. We delivered record volumes, keeping pace with market demand at a level that many other mints could not.

The tremendous response to the new Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program in the latter part of the year was a compelling endorsement of this product as a convenient, economical and secure way to invest in gold. It also marked the expansion of our successful core bullion and refinery business, which we have been operating for more than 100 years.

Numismatics and collectibles had a stellar year as well, successfully converting growth from the Olympic program to achieve higher-than-Olympic-year sales—and significant profitability in the process.

We're proud to be a high-performing and innovative manufacturing entity in Canada. The research and development investment we have made in past years continues to yield dividends in the form of unique offerings and highly advanced capabilities. Our partnership with Signoptic Technologies SAS is one example: its team has added technology to our multi-ply plated steel (MPPS) process that captures the unique surface 'fingerprint' of individual coins (coin 'DNA') to assist in the detection of counterfeit coins. This patent-pending innovation is being applied to the new Canadian one-dollar and two-dollar coins, which will launch in April.



The expansion of our Winnipeg plant will proceed in the coming year, adding new capacity to allow us to execute on substantial foreign circulation coin contracts with customers from dynamic economies in Asia and elsewhere seeking our technology. Expansion of our foreign business will remain a primary focus, as we pursue our objective to own 15 percent of global market share by 2020.

Our research and development into digital currency will proceed over the coming year with the launch of a unique developer's challenge in April 2012, inviting software developers to explore potential applications for our digital currency technology. We look forward to the ideas and market reactions generated through that initiative.

It has been another outstanding year—for which I'd like to thank all of our employees. I continue to be impressed with their engagement, energy and enthusiasm for this organization. Across the Corporation, the team has truly embraced our vision to be the best mint in the world.

Minting may be an old business, but our Corporation is thoroughly modern. We will continue to drive forward, aggressively seeking new business opportunities in the fast-changing global environment. If we can maintain that commitment, we will ensure we continue to be successful.

Ian E. Bennett
President and CEO

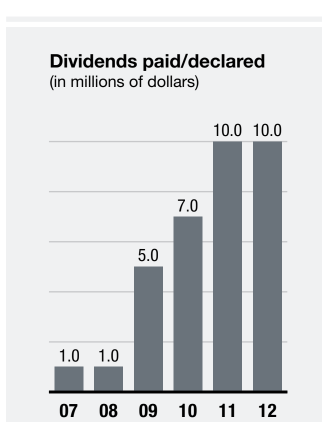
Message from the Chair

Every year, we pause to take stock of what we've accomplished, often noting important 'firsts'. A historic one in 2011 was the launch of our Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program on the Toronto Stock Exchange. It was the largest initial public offering (IPO) in Canada during the year, and yet another milestone along the Royal Canadian Mint's path of innovation.

Customers continue to remark on our leadership—both technologically and entrepreneurially. In my previous annual report message I reported how pleased I was to hear from colleagues internationally that we are highly regarded as industry leaders; this was certainly echoed in 2011 when I visited the World's Fair of Money in Chicago.

That leadership continues to fuel our success. We were thrilled to see sustained financial performance through the year, amounting to record-setting revenues of $3.2 billion. The Mint has generated more profit in the last five years than in the preceding 25—testament to strong administration, a committed, dynamic workforce and effective collaboration between the Board and the executive.

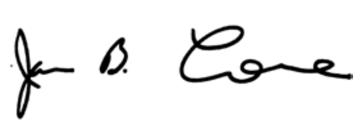
Last year brought news on the governance front: we learned of a change in our reporting structure, as the federal government transferred responsibility for the Mint from the Minister of Transport, Infrastructure and Communities to the Minister of Finance.



It also brought good news where leadership is concerned. We were delighted to see the reappointment of President and CEO Ian E. Bennett for three additional years, a decision that provides valuable continuity in the administration of this thriving organization.

Succession planning was a primary focus during the year, as was Board renewal. In December, Guy Dancosse from Montreal was appointed as a Director for a period of four years. Several directorial reappointments were also made: Ghislain Harvey will remain on the Board for three years, while Carman Joynt and Claude Bennett were reappointed for a period of four years. We bid farewell and thank you to Keith Meagher, a talented individual whose perspective and insights will be missed at the boardroom table.

Looking to 2012, we are excited about the expansion of our Winnipeg plant, which will enable us to support growth in our foreign circulation business. In R&D, we'll be exploring new forward-looking projects—coming up with ideas to carry us further into the future.



James B. Love, Q.C.
Chair

Performance against objectives

	STRATEGIC GOALS	2011 PERFORMANCE
Profitability	**To generate a commercial return on capital employed today and invest in people, R&D and equipment necessary to ensure the long-term profitability of the Mint.**	• The Mint achieved another record year with revenues of \$3.2 billion compared to \$2.2 billion in 2010, a 42.9% increase. Income before taxes reached \$43.8 million. • Net income decreased 3.6% to \$32.4 million from \$33.6 million in 2010 with all business lines profitable. • The decline in net income reflects intense competition on the bullion and foreign coinage markets along with increased operating costs. • The increase in the cost of goods sold reflects the substantial increase in the volume of Canadian bullion products and numismatic coins sold along with higher precious metals prices. • Return on equity declined to 12.5% from 14.1% in 2010. • Gross profit as a percentage of revenue decreased to 4.5% from 6.7% in 2010. • Investment in research and development increased to \$3.8 million from \$3.1 million in 2010.
Customer satisfaction	**To meet or exceed customers' expectations for quality, service and value.**	• The Mint refined the development of new products and a marketing strategy to align initiatives more closely with the buying habits of defined categories of customers. This helped to achieve growth across each of the Numismatics and collectibles business line's five sales channels. • The call centre optimization program conducted in 2010 to improve the quality of the customer experience resulted in a 13.3% increase in sales through incoming calls to the Mint's Customer Solutions Centre. • Outbound sales calls increased by 85.2% with the implementation of an exclusive service offering individual customers access to a dedicated coin expert to provide advice on building the customer's coin collection, assist with orders and answer questions. • The Mint was once again the most nominated mint at the Krause Publications annual *Coin of the Year Awards*, garnering seven nominations. It won in the Most Historically Significant coin category. • The launch of the Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program made it possible for investors to buy and sell gold on the Toronto Stock Exchange.
People	**To achieve or enhance employee satisfaction, engagement and well-being.**	• Employment increased steadily throughout the year to 1,042 permanent and temporary employees at the end of 2011 from 875 at the end of 2010. In Winnipeg, the Mint began to recall employees who had been laid-off in 2010 due to challenges related to the timing of some foreign contracts. • Spending on training increased 17.6% to \$2.0 million, representing 3.2% of payroll. Training focused on new equipment and new processes; health and safety; and professional development training. The commitment to training and development was reinforced with the hiring of a senior advisor for training and talent management. • A new corporate performance bonus structure based on profitability, customer satisfaction and employee satisfaction was implemented. All permanent employees at the Mint are eligible for the bonus. • To enhance the work experience at the Mint, employee engagement action teams were established, an employment equity policy adopted, and a talent management program established. • In Winnipeg, the lost-time injuries frequency rate declined to 2.65 from 4.06 in 2010. The severity rate declined to 15.58 from 44.64 in 2010. In Ottawa, the lost-time injuries frequency rate declined to 1.20 from 1.77 in 2010. The severity rate declined to 3.48 from 6.72 in the previous year. These declines can be partially explained by the consistent emphasis on health and safety across the enterprise.
Corporate social responsibility (CSR)	**To apply best practices in CSR by balancing economic, environmental and social factors while addressing shareholder and stakeholder expectations.**	• A CSR assessment was conducted by Canadian Business for Social Responsibility to understand CSR initiatives currently underway at the Mint, identify stakeholders, conduct employee focus groups and interview external stakeholders. • The issues of highest priority facing similar manufacturing companies were identified, including environmental impact, responsible use of resources, supply chain selection, and innovation. • A materiality matrix was created to guide the development of the Mint's priorities and a CSR framework. Short-term and long-term objectives were identified. • Environmental initiatives in Ottawa included the commissioning of a new wastewater treatment process in the refinery. • The Winnipeg facility began to implement the recommendations of an energy audit conducted in 2010. This comprises a variety of energy savings measures to reduce energy operating costs by \$336,000 a year, total utility costs by 15% and the carbon footprint by 1,400 metric tonnes per year.

2012 INITIATIVES

1. The Mint remains committed to an aggressive plan to increase its share of the foreign circulation coinage market to 15% by 2020. The Foreign coinage business line sales staff has been increased to build relationships in regions where the Mint has not traditionally had a compelling presence.
2. Refinements to the multi-ply plated steel technology and the investment in the Research and Development Centre of Excellence will expand the Mint's competitive advantages.
3. To meet the anticipated increase in coin demand, the Mint launched a 60,000 square foot expansion to its facility in Winnipeg. Completion is anticipated in 2013. The Mint continues to build partnerships with suppliers to develop technologies that enhance its own operations and can be sold around the world.

1. Issue as many as 150 new products, celebrating Canada's people, places and passions.
2. Continue to refine its understanding of buying habits within the various segments of its customer base and manage the design and production of products to better match customer preferences.
3. Develop increasingly sophisticated technologies, processes and materials to enhance circulation and numismatic coinage.
4. Build the Mint's on-line presence through e-marketing initiatives such as the virtual circulation coin exchange program and a broader social media presence through Facebook and Twitter.
5. Demonstrate leadership in the growing landscape of the digital economy through continued research and development and the testing of new products in 2012.

1. Support Human Resources in attracting and retaining the best employees by focusing on engagement, succession planning and training to ensure the Mint continues towards its vision to be the best mint in the world. Key initiatives will include developing strategies and tools to attract the best available talent, implementing a comprehensive training strategy, and developing a comprehensive wellness strategy to support and encourage a healthy lifestyle.
2. Continue to conduct health and safety training including evacuation, emergency response, accident investigation and job hazard management to ensure that increases in production can be accommodated without compromising the safety of its employees.
3. Implement a new Human Resources Management Information System (HRMIS). A dedicated HRMIS project management team has been established to carry out implementation by early 2013.
4. Throughout 2011, 608 employees were trained on the Mint's new health and safety policy; by mid 2012 every employee at the Mint will have received training on the new policy.
5. Take steps to ensure that the appropriate people and culture are in place to drive each of the Mint's objectives.

1. Finalize and communicate a formal CSR framework that documents the Mint's key stakeholders, vision, priorities, budget and reporting framework.
2. Continue to engage employees in good CSR practices through the Green Committees, led by employees from different functional areas at both facilities to promote participation in national and international events such as the Commuter Challenge and Earth Hour to promote environmental awareness.
3. Evaluate a new wastewater treatment process to reduce water consumption by 110,000 litres a day in burnishing.
4. Continue to implement changes in Winnipeg to improve indoor air quality and rejuvenate several old building systems. Lighting will be upgraded and windows replaced. The work is scheduled for completion by the end of 2012.

Corporate Social Responsibility

Last year, the Mint made further progress in the area of corporate social responsibility (CSR), undertaking new activities, sustaining existing programs and evolving its CSR framework. Following are key projects.

Recycling

The Mint continued to manage an extensive program of recycling—diverting a full range of materials—from sludge, scrap metal and coins. The Mint recycled 1.025 billion coins in 2011.

Green promotion

Promoting environmental awareness, the Mint once again participated in a series of 'green' events including Earth Day, Canadian Environmental Week, the Commuter Challenge and the Chemical Substances Challenge. The Mint's Green Committees remain active at both facilities.

Environmental testing and reporting

As a matter of ongoing responsibility, the Mint conducted regular testing of greenhouse gas and air emissions, and completed pond tests at the Winnipeg plant.

Environmental initiatives

Environmental improvements made at Mint facilities in 2011 included the commissioning of a new wastewater treatment process in the refinery to treat up to 7,000 litres a day of liquid waste.

The Mint also embarked on an energy retrofit of the Winnipeg facility, aimed at lowering energy costs and reducing the Corporation's environmental footprint. Initiatives under this project include a plant-wide lighting retrofit, supply and exhaust air system conversions, water conservation and window replacements throughout the 35-year-old building.

Research and development

As part of ongoing R&D activity, the Mint is pursuing development of lightweight coin materials as well as advanced bronze, brass and copper plating techniques.

Our Community

The Mint also worked to support the communities in which it is located, and many beyond. Following are some of those initiatives:

Continuing its support of Canadian communities, in 2011 the Mint supported over 110 charitable and community organizations throughout the country, mostly by way of in-kind donations.

To honour our veterans and today's servicemen and servicewomen, the Mint pledged to donate $5 to the Military Families Fund for every 2010 Remembrance Day Collector Card sold. In September 2011, the Mint was proud to present the proceeds of this fundraising effort—which amounted to $100,000—to the Military Families Fund.

The Mint is proud to have applied its medal manufacturing and engineering skills to the crafting of the Rick Hansen Medal, celebrating the 25th Anniversary of the *Man in Motion* World Tour in 2011. Designed in cooperation with Rick Hansen's team, the medal is a tribute to his experience as well as to Canadians and people from around the world who continue to be inspired by the *Man in Motion* World Tour by making a positive difference in the lives of others.

Governance

The Mint held its second annual public meeting (APM) in Vancouver on June 21, 2011. This meeting provided the general public with the opportunity to learn about the Mint's role, its operational and financial results. Given the continued enthusiasm related to the Mint's athlete medals for the Vancouver 2010 Winter Games, these were on display at the APM as was the Rick Hansen Medal, proudly highlighting a local hero from British Columbia and the 25th Anniversary Relay event.

Corporate Governance

Corporate Governance

The legislative framework governing the Royal Canadian Mint consists primarily of the *Royal Canadian Mint Act* and the *Financial Administration Act*. The *Royal Canadian Mint Act* prescribes the general objective for the Mint, which is to mint coins in anticipation of profit and to carry out other related activities. The Act also specifies the Mint's governance structure and the process for approval of circulation and non-circulation coins.

The Mint's core mandate is to produce and distribute Canadian circulation coins and to provide advice to the Minister of Finance on all matters related to coinage. Through the issue of special commemorative coins, the Mint fulfills an important role in helping Canadians learn about the history and culture of our country, its natural beauty, and the values that define us all. The designs found on these coins serve to renew interest in our national heritage and to herald our promising future. Available to all Canadians, the special commemorative coins unite us from sea to sea to sea. Year after year, they remain an important symbol of our country and its rich history—and are a great source of pride.

The Mint reported to Parliament through the Minister of Transport, Infrastructure and Communities until May 18, 2011, on which date the reporting minister became the Minister of Finance—marking a return to the Mint's beginnings. From its establishment as a Canadian institution in 1931 until it achieved Crown corporation status in 1969, the Mint had been part of the Department of Finance, producing and distributing Canadian circulation coins on behalf of the Minister of Finance. This history has allowed the Mint to forge a strong working relationship with the Minister and his officials.

Two 25-cent coloured coins continued the popular Birds of Canada series: the cinnamon-throated barn swallow feeding her babies and the black-capped chickadee perched on a branch of a pine tree. Both coins were sell-outs in 2011.

The Board of Directors

The Board of Directors is responsible for overseeing the management of the business, activities and other affairs of the Mint with a view to both the best interests of the Mint and the long-term interests of its sole shareholder, the Government of Canada. The Board holds management accountable for the Mint's business performance and achievement of its objectives. It establishes the Mint's strategic direction through a five-year business plan, and also reviews and approves major strategies and initiatives. It exercises its due diligence duty by assessing risks and opportunities, monitoring financial management and corporate performance, ensuring the integrity of financial results and providing timely reports to the Government of Canada.

The Board adheres to the federal *Conflict of Interest Act* and the Mint's Code of Conduct. Each year, Directors are required to sign the *Directors' Declaration of Conflict of Interest Statement of the Mint* to confirm understanding of their obligations and to declare any conflicts of interest. They must also declare any conflicts that arise during the year and withdraw from any Board or committee discussions, as appropriate.

To streamline processes and to be more effective, the Board and its committees may hire independent advisors as necessary to discharge their powers and responsibilities at the Corporation's expense.

The Board consists of a range of nine to 11 Directors, including the Chair and the President and CEO (which are separate roles). With the exception of the President and CEO, all Directors are independent of management. The Chair is an ex-officio voting member on all committees; the President and CEO is also an ex-officio voting member of all committees with the exception of the Audit Committee (although he attends each meeting) and the Ad Hoc Committee on Succession Planning, where he serves as the committee Chair.

Both the Chair and the President and CEO are appointed by the Governor in Council. The other Directors are appointed by the minister responsible for the Mint with the approval of the Governor in Council. Directors are appointed for terms of up to four years and may be reappointed. In 2011, the terms of four existing Board members were renewed, including that of the CEO. A member of the Board since June 2005, Mr. Keith E. Meagher's term ended in December. At the same time, the Board welcomed Mr. Guy P. Dancosse, who was appointed to the Board for a term of four years. One vacancy remains on the Board of Directors.

All members of the Board serve on at least one committee. In 2011, the Board held eight meetings and the committees held a combined total of 16 meetings.

For biographical information on the Directors, senior officers and executive team, please visit the Mint's website at www.mint.ca (About the Mint, Corporate Information).

The Mint was proud to unveil the world's first 10-kilo 99.999% pure gold coin in 2011. This exquisite numismatic creation was dedicated to Bill Reid's "The Spirit of Haida Gwaii", one of the most celebrated masterpieces of Canadian art.

Board Education and Evaluations

New Directors are oriented to the Mint and its businesses through briefings by senior management, comprehensive briefing materials, tours of the Ottawa and Winnipeg facilities (including in-depth presentations on the facilities' operations) and regular updates on the business lines at Board meetings. As part of the orientation program, new Directors typically attend one meeting of each committee before being appointed as a member of any committee. Given the Mint's unique business, it is important that its Directors understand the global environment in which it operates. To deepen their understanding of the Mint's role, Directors attend select industry-related trade shows and conferences in Canada and abroad.

The Mint celebrated the centennial of the opening of its refinery by issuing a rare collector set that was a sell-out, featuring four numismatic quality Gold Maple Leaf coins in fractional denominations with a medallion struck in fine silver, with gold plate.

The Board is committed to maintaining best governance practices through continuing education and encourages its Directors and officers to identify training and educational opportunities with respect to the operations of the Mint and, more recently, to obtain their "director" accreditation. In 2011, two Directors were registered in the accreditation program; it is expected that they will be taking their examinations to receive certification in 2012, bringing the number of accredited Directors up to four. Two officers of the Mint who completed the program in late 2010 will also be taking their examinations in 2012.

The Board of Directors continues to improve on its processes and how best to evaluate its performance. Following changes made in 2010, the Board decided to reintroduce the conduct of a self-evaluation on its performance on an annual basis. Committee self-evaluations may be held every second year, taking into account current events or situations that may give rise to the need to conduct a special evaluation during an unscheduled year to address certain issues or concerns. The results from the evaluations are discussed at committee and/or Board meetings and, where appropriate, an action plan is drawn up to address the issues. The Chair provides feedback on the Board's evaluation to management and a brief summary of the discussions is shared with the Minister of Finance.

Ethical Conduct

As a fully commercial Crown corporation with a large international presence, the Mint's reputation and future profitability are dependent on the quality of the actions and the integrity of the behaviour of its employees. The Board and senior management share a strong belief that carrying on day-to-day activities in an ethical way is not only the right thing to do, but also makes good business sense. Supplementing its Code of Conduct, the Mint implemented a new Disclosure of Wrongdoing policy in 2009 to reaffirm its commitment to a corporate environment that both fosters and demonstrates ethical behaviour at all levels of the organization, without exception. The Disclosure of Wrongdoing policy enables and encourages employees, acting in good faith, to report potential or actual wrongdoings—and provides an environment for reporting that is free from fear of reprisal. The Audit Committee is charged with the responsibility of overseeing and investigating internal reports of actual or potential allegations of wrongdoing.

Communications with Stakeholders and Outreach Activities

The Mint engages in a variety of methods to promote the values of transparency, accountability and accessibility; to communicate its mandate, vision and activities; to solicit feedback from citizens and stakeholders; and to engage stakeholders in decision making. Some of the ways it does this is by:

- Meeting annually with its numismatic and bullion dealers and distributors, as well as its foreign representatives, to inform them of the Mint's products and activities and to receive feedback and insights to help shape the Mint's marketing and product strategies;
- Chairing quarterly meetings of the National Coin Committee, which is comprised of representatives from Canadian financial institutions, armoured car carriers and the Canadian Bankers Association. The Mint works with these stakeholders to ensure that the economic demand for circulation coins is being met and that stakeholder concerns are taken into consideration when developing new technologies;
- Participating in the Canadian and American Numismatic Association trade shows, the World Money Fair numismatic event, and the Mint Directors' Conference where many of the Mint's customers, dealers and distributors are in attendance;
- Inviting the public to attend the Mint's circulation coin launches;
- Regularly seeking customer and public feedback through annual customer satisfaction surveys, focus group testing and public opinion research, including suggestions for coin themes as part of the Mint's regular market research; and
- Offering feedback mechanisms through the Mint's website and 1-800 call centre for general inquiries from the public.

Reaching out to stakeholders and local coin collectors, the Mint held its second annual public meeting on June 21, 2011 in Vancouver. The athlete medals created by the Mint for the Vancouver 2010 Winter Games—for which enthusiasm continues to be shown across the country—were on display at this meeting. The Rick Hansen Medal was also on display, proudly highlighting a British Columbian hero and the 25th anniversary of the *Man in Motion* World Tour.

As part of the Board's outreach activities, Directors are encouraged to play an active role in their communities to raise awareness of the Mint and its products. To this end, the Mint maintains a collection of communications and promotional materials to support Board members during speaking engagements in their communities. Community event organizers may contact the President and CEO's office at the Mint if they wish to invite a Board member as a speaker to their event.

The new Birthstone Coin Collection features twelve different versions to mark each birth-month. Struck in 99.99% pure silver, each coin is enhanced with a gem-inspired Swarovski® Element surrounded by twelve radiating petals.

Board Remuneration

The Governor in Council sets the annual retainers and per diems of independent Directors. The salary range for the Chair is from $10,500 to $12,400; for Directors, it is $5,300 to $6,200. All Directors are paid a per diem in the range of $410 to $485 for attendance at meetings and events such as conferences and trade shows.

The Mint reimburses Directors for travel and other reasonable out-of-pocket expenses incurred while attending meetings or carrying out the business of the Mint. Expenses for all Directors, including the President and CEO and officers, are reviewed by the Chief Financial Officer prior to being submitted for approval. The Board Chair approves the expenses of the President and CEO and all Directors; the Chair of the Audit Committee approves the expenses of the Board Chair. For the past several years, the Mint's internal auditor has conducted quarterly reviews of the travel and hospitality expenses of the Board, the President and CEO and officers, reporting the findings to the Audit Committee. Going forward, these reviews will be conducted on an annual basis. Quarterly summaries of the travel and hospitality expenses of Directors and senior management are posted on the Mint's website.

A Mint first, the $5 sterling silver Full Buck Moon coin featured a niobium insert that was struck into its core and then selectively coloured through a unique oxidization process. The Full Hunter's Moon coin followed later in the year.

Board Meetings

The Mint's Vice Presidents are invited to attend Board meetings; doing so contributes to a more effective relationship between management and the Board by fostering a shared understanding and enhanced decision making. The Executive Directors of the Mint's four business lines attend all Board strategic and corporate planning sessions, as do other managers on an as-needed basis and for succession-planning purposes.

Board meetings are held following committee meetings to reduce costs and travel time. In addition to its regular meetings, the Board holds a two-day annual planning meeting with senior management to delve more deeply into strategic issues and as part of the corporate planning exercise. Meetings are held in Ottawa as well as outside the National Capital Region, occasionally associated with a coin launch or other event to provide an opportunity for the Board to meet with the local coin collectors and other stakeholders. Once a year, the Board meets in Winnipeg. Events or meetings with employees are generally organized at both the Ottawa and Winnipeg facilities.

The Mint marked the 375th anniversary of the first European observation of Lacrosse with a $250 kilo silver coin, which proved to be very popular with collectors, selling out in just four months.

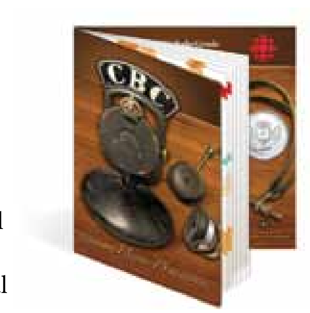
An *in camera* session is usually held at each regular Board meeting. The President and CEO, who is also a Director, participates in these sessions unless the matter concerns his performance, evaluation or compensation. If they are not in attendance, the Board Chair debriefs the President and CEO and the corporate secretary following the *in camera* discussion, as appropriate.

One of the Mint's 'green' initiatives was the development of the its own secure web portal in 2006; since then, the Board has followed a paperless policy that allows members to access meeting materials (current and historical) and other resources online. This initiative has reduced the consumption of paper and increased the effectiveness of disseminating materials to the Board. Since 2008, Directors have also been able to participate in meetings using Microsoft's Live Meeting teleconferencing software when they are unable to physically attend.

The Board of Directors, chaired by Mr. James B. Love, met eight times in 2011, including one meeting held by teleconference.

Committee Mandates

The Board of Directors and each of its committees have developed terms of reference setting out their various roles and responsibilities, as well as those of the Chairs and individual Directors. Workplans are developed each year that outline the priorities and work projects for the year. The Board's standing committees assist it in fulfilling its oversight responsibilities more effectively; each committee makes recommendations to the Board with respect to matters under its purview.



In 2011, the CBC celebrated its 75th anniversary and the Mint was proud to offer a special commemorative silver coin and booklet to highlight the broadcaster's many landmark moments, innovations, and icons.

The **Audit Committee** provides oversight of all material aspects of the Mint's financial affairs. Its role includes oversight of the Mint's financial affairs (including the annual corporate plan), an assessment of financial performance against the corporate plan, the monitoring and oversight of business risks in accordance with its risk management framework, and the recommendation of specific courses of action to the Board as required. The Audit Committee analyzes internal and external audit results as well as the periodic special examinations. The committee manages the relationship with the external auditor of the Mint, the Auditor General of Canada, who is invited to attend all committee meetings. The Director of Internal Audit reports directly to the committee and carries out engagements in accordance with the priorities established in the internal auditor's risk-based audit plan.

All members of the Audit Committee are independent of management and are financially literate, with two members having a professional accounting designation.

The committee holds an *in camera* discussion at all regular meetings, where the committee meets privately with the Director of Internal Audit and external auditor, and then only the independent committee members.

In 2011, the Audit Committee continued to focus its attention on the Corporation's transition to the International Financial Reporting Standards. The transition was completed during the year and the Mint began to publish on its website quarterly financial reports. The committee continued to review project proposals and business cases, one of which culminated in the launch of the Mint's Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program. The ETRs began trading on November 21, 2011, on the Toronto Stock Exchange. The listing followed a successful initial public offering that raised $600 million for the program, exceeding original expectations of $250 million. It was the largest initial public offering in Canada in 2011.

The Audit Committee, chaired by Ms. Susan Dujmovic, met six times in 2011.

The Mint launched the Highway of Heroes commemorative silver coin in October. $20 from the sale of each coin will be shared between the Afghanistan Repatriation Memorial and the Military Families Fund.

The **Governance and Nominating Committee** provides guidance on matters of corporate governance, including the review of the profiles of desirable skills and experience required of Directors, and the selection criteria for new appointments and re-appointments for Directors, the Chair and the President and CEO. The committee reviews the orientation and education programs for Directors, oversees the performance evaluation process of the Board and other committees, and reviews corporate policies and other policy documents. The committee strives to adopt best practices, be it from the government or the private sector, as they evolve with a view to strengthening the Mint's practices and achieving excellence in corporate governance. The committee holds an *in camera* session, with the President and CEO in attendance, as required.

In 2011, the Governance and Nominating Committee reviewed and approved new policies in the areas of privacy, business continuity and recorded information management, and approved a more comprehensive policy on information security. It also repealed policies that no longer served their original intended purposes and, where appropriate, replaced these corporate policies with departmental procedures or guidelines. In 2008, the Board granted the authority to the President and CEO to make administrative changes to corporate policies subject to a report being provided to the committee. This process is ongoing and reports are included in the committee's consent agenda at the next meeting following each President and CEO-approved change. As well, further to the publication of the new *Indemnification and Advances Regulations for Directors and Officers of Crown Corporations* and to the Treasury Board Secretariat's request, the committee reviewed the need for continued director and officer liability insurance protection and decided to maintain its private insurance coverage.

The Governance and Nominating Committee, chaired by Mr. Kirk MacRae, met four times in 2011.

The **Human Resources and Workplace Health and Safety Committee** advises the Board on human resources policies and practices, including recruitment, training and profession development, employee engagement, compensation policies and labour-relations issues. It sets the President and CEO's annual performance objectives and goals, and then evaluates his performance against these objectives and goals. The committee also oversees the Corporation's occupational health and safety policies, programs, practices, procedures and performance. Following a practice it began the previous year, the committee bookends its meetings with an *in camera* session, thus allowing committee members the opportunity to discuss some matters prior to the start of the meeting.

In 2011, the Human Resources and Workplace Health and Safety Committee oversaw the negotiations with the Mint's two unions, whose collective agreements had expired at the end of December 2010. Management concluded a three-year agreement with the Public Service Alliance of Canada and began negotiations with the Amalgamated Transit Union. The committee continued to monitor the implementation of the new Human Resources Management Information system. The three phases of the project are expected to be completed in the first quarter of 2014.

The Human Resources and Workplace Health and Safety Committee, chaired by Mr. Ghislain Harvey, met three times in 2011.

Are they myth or reality? The Mint featured three of Canada's well-known mythical creatures on eye-catching 25-cent numismatic coin designs with colourful packaging: the Sasquatch, Memphré and Mishepishu.

Ad Hoc Committees

From time to time, the Board of Directors establishes special committees to examine particular issues of interest. These are dissolved once they have fulfilled their mandate.

The **Ad Hoc Committee on Succession Planning**, chaired by the President and CEO, Mr. Ian E. Bennett, is mandated to monitor and review the succession plan for officers (including the emergency succession plan), provide advice on potential successors to the Vice Presidents' positions, and review the developmental plans for suitable potential successors. This committee met twice in 2011.

The **Ad Hoc Committee on Directors' and Officers' Expenses**, chaired by Mr. Claude Bennett, was created within the context of the government's spending growth restraint measures and is mandated to study and evaluate the policies and guidelines on reimbursement of expenses for Directors and Officers. This committee met once in 2011 and, having completed its work, was merged into the full Board.

Corporate Committees and Employee Communications

Chaired by the President and CEO, the Mint's **Executive Committee** reviews corporate strategies, business cases and corporate policies, and assesses other operational matters. The committee is composed of the Vice Presidents, the four business line leaders, the Director of Internal Audit, the Director of Finance and the Chief Information Officer. Other management personnel also attend the meetings, which are held regularly to consider and approve proposals going forward to the Board or its committees.

The President and CEO and the Vice Presidents also meet regularly to discuss significant and sensitive operational matters.

To enhance employee communications about the its business, the Mint has been holding annual employee meetings since 2004 to review the Mint's performance of the previous year, celebrate achievements, and recognize employees' efforts and contributions to the Mint's success. At these meetings, the President's Award and other awards under the corporate Awards and Recognition program are announced. As well, town hall meetings are held following each quarter with all employees, with Ottawa and Winnipeg alternating participation by videoconference. The Mint's financial results, marketing strategies and new products are shared during these sessions. To improve corporate communications with managers, the Mint began to hold regular meetings with management to provide updates on key projects and to promote employee engagement. The Mint has also introduced a structured system of cascading corporate information from the Director and manager levels down to all employees.

The Mint participates each year in the Best Employers in Canada survey conducted by Hewitt Associates. Highlights from the survey are shared with employees and action plans are developed to address issues and concerns and to further increase employee engagement.

A world first coin to include an embellishment of Venetian glass, the Mint produced a silver coin featuring a vibrant tulip with a handcrafted ladybug. With a limited mintage of only 5,000, this coin sold out quickly.

2011 Attendance Summary

	Standing Committees				Ad Hoc Committees	
Members	**Board of Directors (8)**	**Audit (6)**	**Governance and Nominating (4)**	**Human Resources and Workplace Health and Safety (3)**	**Succession Planning (2)**	**Directors and Officers Expenses (1)**
Love, James B. *Board Chair*	8/8	6/6	4/4	3/3	2/2	1/1
Bennett, Ian E.[1] *President and CEO*	8/8	6/6	4/4	3/3	2/2	1/1
Bell, John K.	7/8	5/6	4/4	–	–	–
Bennett, Claude F.	8/8	6/6	4/4	–	2/2	1/1
Dancosse, Guy P.[2]	0/0	–	–	–	–	–
Dujmovic, Susan	8/8	6/6	–	–	–	–
Harvey, Ghislain	8/8	–	–	3/3	1/1	–
Joynt, Carman M.	8/8	6/6	–	3/3	2/2	1/1
MacRae, Kirk	8/8	–	4/4	–	–	–
Meagher, Keith E.[3]	8/8	–	4/4	3/3	–	–
Staples-Lyon, Bonnie	7/8	5/6	–	3/3	–	1/1

Please Note:
- For Committee meetings, this chart reflects attendance by Directors who were Committee members on the meeting date and does not reflect attendance by other Directors as observers.
- The number of total Committee meetings for each Director reflects the number of meetings for which the Director was a Committee member; therefore, the blank space signifies the Director was not a member of the Committee.

[1] Bennett, Ian E.: Attends Audit Committee meetings by invitation.
[2] Dancosse, Guy P.: Appointed to the Board on December 15, 2011.
[3] Meagher, Keith E.: Term ended on December 14, 2011.

Directors and Officers

Board of Directors

James B. Love, Q.C.
Partner, Love & Whalen
Toronto, Ontario
Chair of the Board

Ghislain Harvey, CIRC
CEO of Promotion Saguenay Inc.
Saguenay, Québec
Chair, Human Resources and Workplace Health and Safety Committee

Susan Dujmovic
Vice-President, Retail Credit Services HSBC Bank Canada
Vancouver, British Columbia
Chair, Audit Committee

Kirk MacRae, ICD.D
President
R.K.M. Investment Ltd.
Sydney, Nova Scotia
Chair, Governance and Nominating Committee

Claude F. Bennett
Retired
Ottawa, Ontario

Carman M. Joynt, FCA, ICD.D
Chair, Joynt Ventures Inc.
Ottawa, Ontario

Bonnie Staples-Lyon
Chief of Staff, Office of the Mayor, City of Winnipeg
Winnipeg, Manitoba

John K. Bell, FCA
Chair
Onbelay Investment Corporation
Cambridge, Ontario

Guy P. Dancosse, Q.C.
Partner, Lapointe Rosenstein Marchand Melançon LLP
Montreal, Quebec

Executive Officers

Ian E. Bennett
President & Chief Executive Officer

Marguerite F. Nadeau, Q.C.
Vice-President of Corporate and Legal Affairs, General Counsel and Corporate Secretary

Beverley A. Lepine, CA
Chief Operating Officer

J. Marc Brûlé, CA
Vice-President of Finance and Administration and Chief Financial Officer

Patrick Hadsipantelis
Vice-President of Marketing and Communications

Michel Boucher
Vice-President of Human Resources and Quality Systems

Management discussion and analysis

International Financial Reporting Standards (IFRS)

All publicly-accountable Canadian reporting entities were required to adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011. As a publicly accountable enterprise, the Royal Canadian Mint follows IFRS according to the requirements of the Canadian Accounting Standards Board. See Note 22, Transition to IFRS in the Consolidated Financial Statements for information on the impact of the transition to IFRS and a reconciliation of affected financial information.

Mandate

The Mint's mandate is to produce circulation and non-circulation coins for Canada and other countries, manage the domestic coinage system, and provide advice to the Minister of Finance on all matters related to coinage. It also extends to the production and marketing of bullion and related refinery products and services. Legislation that establishes the Mint is clear, that the corporation is to conduct its businesses in *anticipation of profit*. That fundamental object has shaped the history of the Mint and is reflected in its corporate plan.

Vision

To be the best mint in the world.

Major strategic objectives

The Mint has established four major strategic objectives against which the performance of the corporation and each business line is measured:

- To generate a commercial return on capital employed today and invest in people, R&D and equipment necessary to ensure the long-term profitability of the Mint;
- To meet or exceed customers' expectations for quality, service and value;
- To achieve or enhance employee satisfaction, engagement and well-being;
- To apply best practices in corporate social responsibility.

These four major strategic objectives focus the Mint's efforts on delivering value to customers, employees, the Government of Canada, and society while generating a profit. The Mint has also developed three supporting objectives, including the establishment of the Mint as the global leader in coinage solutions, increased penetration in domestic and global numismatic markets and the development of products that expand its precious metals business.

Capabilities to deliver performance

The Mint's ability to sustain its performance rests upon the following core capabilities:

- Global leadership in the art and science of minting. The Mint's position as a leader in its industry is consistently recognized with international awards.
- A manufacturing facility in Ottawa, where it produces the finest handcrafted collector and bullion coins and products, and a high-tech high-volume manufacturing facility in Winnipeg that produces alloy and multi-ply plated steel circulation coins and blanks for Canada and other countries around the world.
- A sophisticated coin distribution network and inventory management system that ensures efficient trade and commerce across the country.
- A vertically integrated bullion operation from refining to blanking and minting as well as the ability to produce grains, wafers, bars and coins in a variety of sizes and of the highest purity.
- An engaged workforce that shares in the Mint's profits through incentive-based compensation introduced within the collective agreements.
- Significant investment in a Research and Development Centre for Excellence to ensure the Mint remains at the leading edge of minting technology and solutions.
- Continued capital investment in equipment and processes are consistent with the Corporation's vision 'to be the best mint in the world'.

Performance indicators

To achieve its objectives, the Mint strives to continually improve profitability through prudent financial management, the quality of its products and the efficiency of its operations. The Mint measures its performance by using metrics meaningful to the shareholder, customers, business partners and employees. The measures below allow the Mint to monitor its capacity to improve performance and create value.

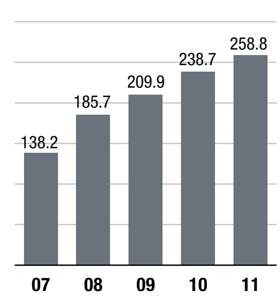
Performance

2011 Consolidated Performance

Consolidated results and financial performance
(in $ million)

	2011	2010	% change
Revenue	**3,159.4**	2,211.1	42.9
Income before tax	**43.8**	46.4	(5.6)
Profit for the year	**32.4**	33.6	(3.6)
Total assets	**373.0**	349.4	6.8
Working capital	**121.5**	119.2	1.9
Return on equity	**12.5%**	14.1%	(1.6)
Return on assets	**8.7%**	9.6%	(0.9)

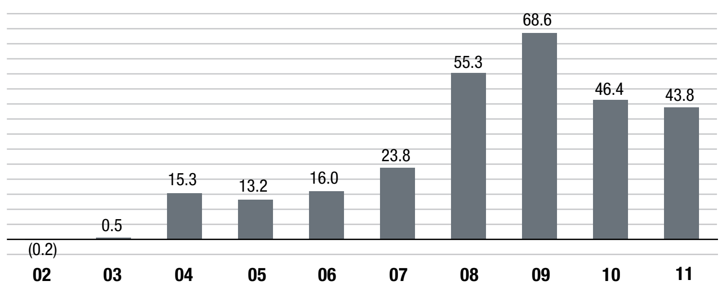
Shareholder's equity
($ in millions)



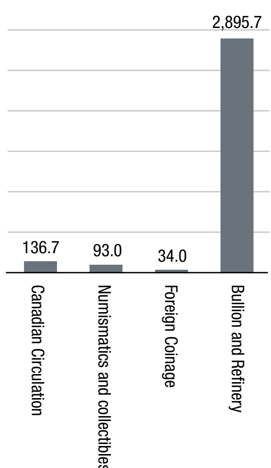
Consolidated financial performance

The Mint achieved another record year in 2011 with revenues climbing to $3.2 billion from $2.2 billion 2010. Income before taxes reached $43.8 million. Net income decreased 3.6% to $32.4 million from $33.6 million.

10-year income (loss) before taxes
($ in millions)



Gross operating revenue by business segment
($ in millions)



Sales of Gold Maple Leaf (GMLs) coins remained strong, increasing slightly to 1.150 million ounces from 1.099 million ounces in 2010 while sales of Silver Maple Leafs (SMLs) coins climbed to 23.1 million ounces from 17.9 million ounces in 2010.

Production volumes established a historic record in Ottawa with 27.0 million coins produced to meet demand for both numismatic and bullion investment coins compared to 22.9 million coins in 2010. Production volumes in Winnipeg were 2.7 billion coins and blanks, a 28.6% increase from 2.1 billion coins and blanks in 2010. The modest recovery experienced in 2010 from the recession levels of 2009 continued, but at a more modest pace than anticipated. Although the volume of foreign coins and blanks produced and shipped in 2011 remained stable at 1.1 billion pieces, revenue from the business line declined 14.7% as more countries convert to the Mint's multi-ply plated (MPPS) technology from traditional alloy coinage. The MPPS technology produces superior coinage at a reduced price, which diminishes revenue while allowing the Mint to sustain a growing share of the foreign coinage market.

Operating costs, including the cost of goods sold, increased 44.0% from $2.2 billion in 2010. The increase in the cost of goods sold reflects the substantial increase in the volume of Canadian bullion products and numismatic coins sold along with higher precious metals prices. Demands for the Mint's products along with the capital investments required to sustain the Mint's capabilities have also caused a substantial increase in the number of employees and, as a consequence, wages and benefits.

Canadian circulation

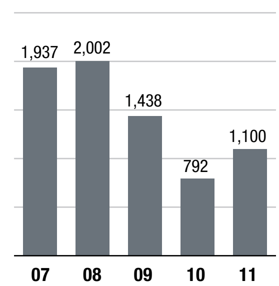
The Mint's core mandate is to produce and manage the distribution of Canada's circulation coinage and provide advice to the Minister of Finance on all matters related to coinage. The distribution of circulation coins in Canada is managed through the National Coin Committee (NCC). Chaired by the Mint, the NCC is comprised of representatives from 12 Canadian financial institutions and four armoured car companies. The effective management of inventories and distribution ensures efficient trade and commerce across Canada.

Revenue from the Canadian circulation business line increased 5.4% to $136.7 million in 2011 compared to $129.7 million in 2010.

Demand for coins remained high. To meet this demand, the Mint produced 1.5 billion pieces, a 36.2% increase from 1.1 billion in 2010, while the volume of coins collected by coin recycling companies remained relatively unchanged by 6.8% to 1.025 billion pieces from 1.1 billion pieces in 2010.

By constantly monitoring and rebalancing coin inventories across the country, the Mint ensured that no coin shortage was experienced in any region of Canada in 2011. The ability to meet trade and commerce requirements while maintaining optimal levels of inventory is a significant measure of the efficiency with which the Mint manages the nation's coin distribution network. The Mint manages a coin recycling program, which enhances the efficiency of Canada's coinage, extends the life of existing coins and reduces the consumption of materials required to produce new coins.

Canadian circulation coin production
(millions of pieces)

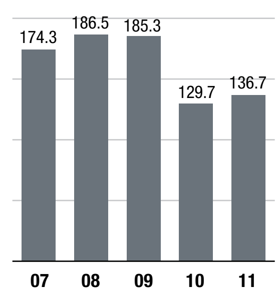


Explanation of results

Demand for circulation coins is driven primarily by economic conditions and consumer activity. Although economic recovery in Canada was constrained by conditions in Europe and the United States, the impact on demand and, therefore production volumes was modest.

Demand is also affected by the popularity of special circulation coins issued during the year. In 2011, the Mint unveiled a special five-coin circulation coin series under the theme of "Canada's legendary nature" and issued the two first coins from that series: a one-dollar coin celebrating the centennial of Parks Canada and a two-dollar coin commemorating Canada's boreal forest. The remaining coins, three 25-cent coins commemorating the wood bison, orca, and peregrine falcon, began to roll out in January 2012.

Canadian circulation coin revenue
($ in millions)



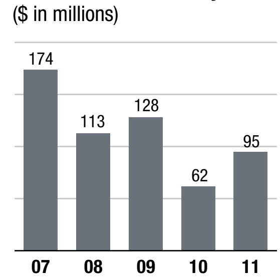
Revenue from the Canadian circulation business line represents the amount paid to the Mint by the Department of Finance for the production and distribution of Canadian circulation coins, as well as funds generated by the Alloy Recovery Program (ARP), which recovers the nickel from coins minted prior to the introduction of multi-ply coins in 2001. The amount paid by the Department of Finance is based on a formula that allows the Mint to recover the cost of the coins produced and a fixed margin. Production costs are affected by the volume of coins and mix of denominations produced as well as metal prices.

Revenue from the ARP is affected by the commodity price of nickel, moderated by hedges, and the recovery of pre-2001 coins from the market. During 2011, the volume of pre-2001 coins decreased at a slower than anticipated rate, resulting in revenues similar to 2010.

Outlook

Demand for circulation coins in Canada in 2012 is expected to be 2.1 billion coins as the economy continues to recover while the anticipated impact of e-commerce remains muted. This demand will continue to be met partly with coins recovered through recycling. The Mint expects the performance of ARP to be sustained by the replacement of the one-dollar and two-dollar nickel-based coins with coins produced using the Mint's MPPS technology.

Seigniorage per Government of Canada year end
($ in millions)

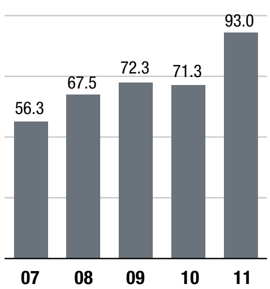


The Mint continues to work closely with the vending industry, transit authorities, telephone and parking operators, casinos and other stakeholders to ensure the conversion of one-dollar and two-dollar coins from alloy to MPPS has a seamless transition into the marketplace. Although counterfeiting of coins is extremely rare, the new coins have been designed with sophisticated security features, including edge lettering, virtual imaging and a laser mark, as well as a unique DNA technology that captures the unique surface morphology – the "fingerprint" – of each coin to discourage counterfeiting. The composition of the coins will also reduce the annual cost of producing the coins by $15 million. The new coins are scheduled for release in April 2012.

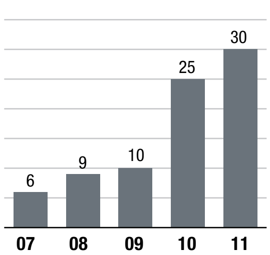
Since its introduction in 2001, the Mint's patented MPPS technology has shielded the federal government from pricing and supply volatility in the base metals market. Now in operation for more than a decade, the Winnipeg state-of-the-art plating facility is being expanded by 60,000 square feet to accommodate the production of an additional two billion pieces of capacity and more efficient storage. Plans are also underway to build an additional 5,000 square feet for the Research and Development Centre for Excellence. Commissioning is anticipated in June 2013. The expansion and equipment upgrade will ensure sufficient capacity to meet both domestic and foreign demand.

Numismatics and collectibles

Numismatic and collectibles revenues
($ in millions)



Numismatic sell outs
(number of coins)



The Mint is renowned for its ability to merge the art and science of minting to create coins and medals of extraordinary beauty and impeccable craftsmanship. Made primarily of precious metals, several of the Mint's numismatic coins are also enhanced with special effects such as paint, embedded crystals, holograms and enamel. The Mint also produces medals, medallions and tokens.

Numismatics and collectibles revenue increased 30.4% to $93.0 million from $71.3 million in 2010, the highest in the business line's history. The volume of coins produced increased by 58.3% to 1.9 million pieces from 1.2 million pieces in 2010.

Explanation of results

Record demand for the Mint's numismatic coins has led to significant growth in the number of new coins offered to accommodate the increased number of customers both domestically and abroad. Management is committed to supporting secondary markets by effectively balancing pricing and mintages aimed at increasing the number of sell-outs.

During 2011, 30 of 110 new coins released sold out compared to 25 of 63 new coins released in 2010.

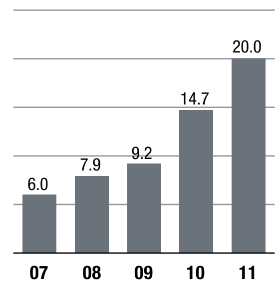
Despite record precious metals prices, the Mint is also committed to increasing the number of numismatic collectors by offering themes and designs with wider commercial appeal at affordable price points. Two new "20 for 20" pure silver commemorative coins were produced in 2011 and proved to be two of the best selling coins for the business line in recent history, with both coins selling out mintages of over 200,000 in less than five weeks. The Mint also had success with two coins commemorating the wedding of the Duke and Duchess of Cambridge, despite having very little time to conceive, engineer and produce the coins between the November 2010 engagement date and the April wedding.

Other notable products issued during the period included a fine silver coin embellished with colour and a Venetian glass ladybug handcrafted in Murano, Italy, and four world-first selectively-plated niobium coins.

During 2011, the Mint continued to refine the development of new products and a marketing strategy to align initiatives more closely with the buying habits of defined categories of customers. This helped to achieve growth across each of the business line's five main selling channels, despite the Mint's very successful Olympic program having ended in 2010.

Direct sales revenues through the Mint's boutiques, website, Customer Solutions Centre and outbound sales for top numismatics customers increased by 57.4% to $53.2 million from $33.8 million in 2010. The Mint's Vancouver Boutique, opened after the Mint's retail success during the Vancouver 2010 Winter Games, gives the Mint a physical presence in Western Canada and has helped to significantly increase boutique sales.

Web sales revenue
($ in millions)



The Mint's website plays a vital role in the Mint's integrated communications, marketing and sales strategy having become the primary acquisition vehicle with 75.4% of all new customers using the web to browse, select and purchase products. Unique visitors to the site increased by 19.7% to 3.3 million from 2.6 million visitors in 2010.

A 13.3% increase in sales through incoming calls to the Mint's Customer Solutions Centre was driven by a call centre optimization program that was conducted in 2010 to improve the quality of the customer experience.

Outbound sales calls, increased by 85.2% with the implementation of an exclusive service offering individual customers access to a dedicated coin expert to provide advice on building the customer's coin collection, assist with orders and answer questions. Retail sales of numismatic gift products through Canada Post, the Mint's main retail partner, more than doubled with help from new gift set designs, royal wedding coins and new birthstone series coins. The Mint's targeted product and marketing strategies and support of secondary markets has also helped to increase sales to domestic dealers and distributors.

Canada's strong international brand along with themes and designs that resonated with international collectors helped to increase international sales by 41.4%. The Mint sells through an expanding network of distributors in Europe, Asia, Russia and the United States. International sales are supported by a strong presence at major international numismatic events including the World Money fair in Berlin, the Beijing International Coin Expo in China, the Prague Coin Show in the Czech Republic, and the ANA National Money Show in the United States.

The Mint's artistic and technical capabilities were acknowledged internationally once again by Krause Publications annual *Coin of the Year awards*, garnering seven nominations, more than any other mint. The Mint won in the Most Historically Significant coin category for its 2010 $100 gold coin commemorating the 400th Anniversary of the Discovery of Hudson's Bay.

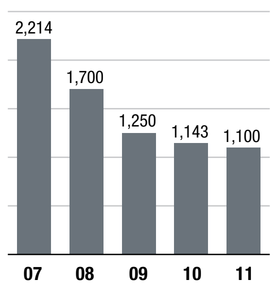
Outlook

During 2012, the Mint expects to issue as many as 150 new products, celebrating Canada's people, places and passions including coins commemorating the 200th anniversary of the War of 1812 as well as coins marking the Year of the Dragon, the Queen's Diamond Jubilee, the 100th anniversary of the sinking of the Titanic and the 25th anniversary of the one-dollar coin.

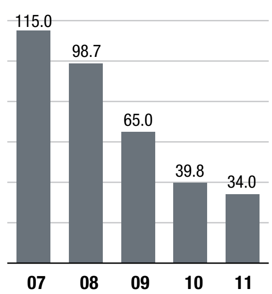
Record precious metal prices remain the biggest challenge for the business line. While the Mint is committed to keeping its prices competitive relative to other international mints, increased cost of collector coins and products threaten to reduce demand for numismatic coins. To remain competitive, the Mint plans to further refine its understanding of the buying habits within the various segments of its customer base and manage the design and production of products to better match customer preferences.

Foreign coinage

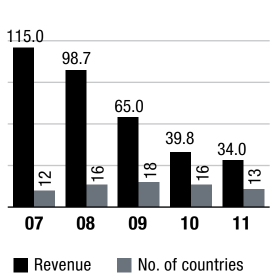
Foreign circulation coins sold
(millions of pieces)



Foreign coinage revenue
($ in millions)



Revenue / Number of countries served
($ in millions)



The Mint produces circulation coins, ready-to-strike blanks, numismatic coins, medals, medallions and tokens for customers around the world. It also licenses its patented plating technology, manages the Mint's foreign partnerships and opens new markets to the Mint's products as well as its training and consulting services.

In 2011, the Mint produced and shipped 1.1 billion coins and blanks to 13 countries, which was the same amount produced and shipped to 16 countries in 2010. Revenue declined 14.6% to $34.0 million from $39.8 million in 2010. To reinforce its position as a global leader in minting, the Mint launched *SM&RT* (secure, modern and resistant technology), a full-service international coin production and marketing platform, offering services covering all facets of circulation and numismatic coin design, production, innovation and management.

Explanation of results

Because the shipment of coins can lag the awarding of a contract by at least six months, the decline in revenue from foreign coinage in 2011 reflects continued soft global demand. During the year, the Mint continued to fulfill several multi-year contracts with the shipment of close to 1 billion pieces to Asian and African customers. Other significant shipments included approximately 100 million coins to the Caribbean and South American countries. Close to 95% of the coins were produced using the Mint's MPPS technology as governments recognized the benefits of the significantly reduced price and superior quality and security of the coins. Revenue from alloy coins continued to decline with customers opting for lower-cost plated material.

Although the global economy remained weak in 2011, foreign demand for circulation coinage was slightly improved. Despite a strong Canadian dollar and the particularly aggressive competition from mints in countries where domestic demand for circulation coinage has declined due to depressed economies, the Mint sustained its market share by continuing to win 22% of public tenders issued by foreign governments during the year. The number of tenders issued increased in 2011 from 2010, but many anticipated calls for tenders were deferred and several governments that did award contracts delayed production. Although slower than anticipated, the continued emergence from recession provides ideal conditions for growth in foreign coinage demand associated with increased economic activity.

The Mint also continues to generate revenue from partnerships with Miba Coatings Group-Teer Coatings Ltd., SECO/WARWICK and FOBA. Together with the Mint, Miba Coatings Group-Teer Coatings Ltd. developed a physical vapour deposition (PVD) technology and process. FOBA develops, manufactures and markets products for laser marking and engraving, while an ongoing partnership with SECO/WARWICK markets a high-pressure gas quenching process for coining dies.

Outlook

The Mint remains committed to increasing its share of the growing foreign circulation coinage market to 15% by 2020. The sales staff was increased during 2011 and significant contracts were secured for circulation and/or numismatic coins and services for customers in Asia, the Caribbean and South America. The expanded staff will allow the Mint to spend more time building relationships in regions where the Mint has not traditionally had a compelling presence.

Refinements to the MPPS technology and the investment in the Research and Development Centre of Excellence will continue to expand the Mint's competitive advantages. The Centre of Excellence also works with the Foreign coinage business line to deliver consulting, training and other services.

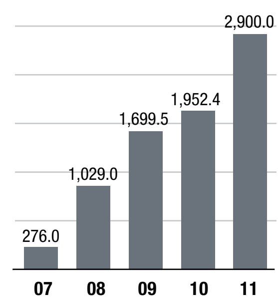
To establish the capacity to meet the anticipated increase in foreign volume, US-based Jarden Zinc Products, LLC increased its multi-ply production capacity by close to 50%. During 2012 and 2013, the Mint will expand its capacity by two billion pieces with the construction of a 60,000 square foot expansion of its plating facility in Winnipeg. Completion is anticipated in 2013.

The Mint will continue to develop partnerships with suppliers and to build its global presence as a provider of leading-edge technology as well as consulting and training services.

Bullion and refinery

The Mint produces and markets a family of high purity gold, silver, palladium and platinum Maple Leaf bullion coins, wafers and bars for the investment market as well as gold and silver granules for the jewellery industry and industrial applications. The Mint also operates gold and silver refineries that offer Canadian and foreign customers an integrated solution to gold and silver processing while creating a source of lower cost precious metals for its bullion and numismatic businesses. Through the new Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program launched in the fall of 2011, the Mint has made it possible for investors to buy and sell gold through ETRs listed on the Toronto Stock Exchange. The gold is stored at the Mint.

Bullion product revenue
($ in millions)



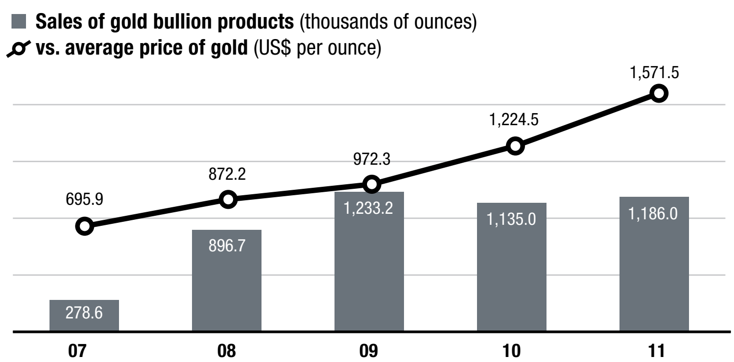
Bullion and refinery revenues increased 45.0% to $2.9 billion from $2.0 billion in 2010. Sales of Gold Maple Leaf (GML) coins remained strong, increasing 4.7% to 1.150 million ounces from 1.099 million ounces in 2010. Sales of Silver Maple Leaf (SML) coins increased by 29.05% to 23.1 million ounces from 17.9 million in 2010. The Mint also sold 5,000 ounces of platinum bullion coins.

The volume of precious metal stored at the Mint in 2011 by institutional customers, refining customers and financial institutions continued to increase.

The Mint's refinery supports the production of the Mint's bullion and numismatic coins through refined precious metals. In 2011, the volume of precious metals refined decreased by 21.5% to 6.2 million ounces from 7.9 million ounces in 2010.

Explanation of results

Gold and silver demand and prices continue to be driven by global economic and financial instability, particularly in Europe. The price of gold climbed almost steadily throughout the year from a low of US$1,319 per troy ounce in January to a peak price of US$1,895 in September, ending the year at US$1,531. Pressure on the silver price was exacerbated by emerging uses for silver in industrial use . The price of silver peaked at US$48.7 per troy ounce in April, ending the year at US$28.18 per troy ounce. The shortages of gold and silver supplies that constrained sales in 2009 and 2010 did not exist in 2011, although there were some constraints on silver sales due to a shortage of blanks.



New bullion products from the Mint included two collector bullion coins in the Wildlife series, the Cougar and Grizzly 9999 fine one-ounce silver bullion coins; and a one-ounce 99.999% pure gold bullion coin celebrating the RCMP. The RCMP coin is the fourth in a line of gold bullion collector coins launched in 2007 that remains unchallenged as the world's purest gold bullion coin.

Refinery volumes declined primarily due to a decline in production by one major customer and the nature of ore mined by others. The Mint's refinery was added to the London Bullion Market Association's (LBMA) Silver Good Delivery List effective April 14, 2011. While the Mint has been listed on the LBMA's Gold Good Delivery List since 1919, the addition of a Silver Good Delivery List designation for its 1,000 oz. 99.9% pure silver bars is a highly prestigious endorsement of its increasingly important silver refining operations. The Mint has satisfied the LBMA as to its production capability and financial standing. It has also passed the LBMA's exhaustive testing procedures, under which its 1,000 oz. pure silver bars were examined and assayed by independent referees, and its own assaying capabilities were tested.

The Mint announced the closing of the initial public offering of the Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program in November 2011. The ETRs are listed in Canadian and U.S. dollars on the Toronto Stock Exchange (TSX) under the symbols MNT and MNT.U, respectively. Thirty million ETRs were issued at a price of CAD $20.00 per ETR raising gross proceeds of $600 million. Unlike other gold investment products, the owner of a Mint ETR owns the actual gold rather than a unit or share in an entity that owns the gold. The ETRs can be traded or, subject to specific conditions, redeemed for newly casted 9999 gold bullion products or cash.

Outlook

The Mint's bullion and refinery business is heavily dependent on sentiments in the marketplace and fluctuations and precious metal prices. While the Mint has little control over either of these drivers and cannot predict when a reversal from the global anxiety of the past two years might occur, it has developed four key strategies that will ensure it continues to capture as large a share of the bullion market as possible:

- Continuously enhance efficiencies and capacity. This is critical in an environment that has become intensely competitive. Initiatives are discussed in this document under Capital Expenditures;
- Extend the business line through the development of new products and services. This is particularly important as the Mint endeavours to expand its global footprint and must develop products that will attract the unique needs of each market;
- Increase the volume of precious metals stored; and
- Explore the opportunities to penetrate new markets, particularly India and China.

One specific focus will be maximizing the capacity of the silver refinery, upgrading the refinery's output from .999 to .9999 silver, and expanding silver storage capacity.

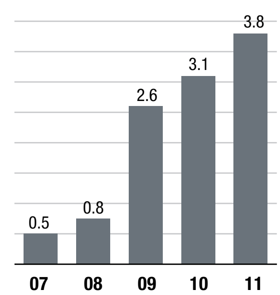
In support of the business strategies

Research and Development Centre of Excellence

The Mint is a global leader in the art and science of producing circulation and numismatic coins as well as bullion products, a position established through its enduring commitment to the research and development of unique products and technologies.

The transfer of completed R&D initiatives to products launched during 2011 generated $8.2 million in revenue. Initiatives included the development of a sophisticated security technology in collaboration with Signoptic Technologies SAS, which captures the unique surface 'fingerprint' of individual coins (coin 'DNA') to assist in the identification of counterfeit coins. Other initiatives also featured applying new and innovative technology on coins such as selective niobium colouring and diamond inserts. The Centre was also involved in providing consulting services to foreign mints on the creation of an environment conducive to innovation as well as technical training on tooling and blanking manufacturing processes to employees from mints in Asia and Europe.

Research and development expenditures
($ in millions)



In 2011, the investment in R&D increased to $3.8 million from $3.1 million in 2010 in addition to $0.5 million to establish a material science laboratory and to centralize the existing laboratories that had comprised the Centre's facilities into one 1,700 square feet facility in Ottawa

The Centre's staff was expanded to 12 research engineers, scientists and technologists, expanding its chemical and metallurgical expertise for researching gold and platinum refining and related processes, including the recycling of platinum from the refinery's waste. Leadership at the Centre was expanded to include a Director of R&D operations under the strategic guidance of the Chief Technology Officer.

The Centre's activities are guided by an R&D steering committee that establishes priorities based on the needs of the four business lines. The majority of the research projects in 2011 involved enhancements to circulation and numismatic coins. The Centre made significant developments in new security features, new coinage materials, coin structures and improvements to coin durability. The remaining projects involved numismatic technologies, materials and unique features. The Full Moon series of coins released in 2011 combined a new material—niobium—with a new treatment that can be used to selectively change the colour of the surface of a coin.

The Centre is also responsible for "blue sky" research, often in partnership with universities, research institutes and industry. Several new relationships were investigated in 2011; negotiations are expected to lead to new collaboration agreements during 2012.

During 2011, five patent applications were filed related to new security technology being used on the new one-dollar and two-dollar coins; security technology related to high denomination coins; and surface processing technology that enhances the appearance and durability of circulation coins. The Centre is committed to submitting applications for two patents every year.

The Centre has also developed plans to further expand its capacity through an incremental 5,000 square foot facility to the plating expansion project now under construction in Winnipeg. This space would be dedicated to the research and development of new plating technologies and minting technologies for circulation coinage. The facility will be sufficiently flexible and advanced to allow R&D activities and to meet short-term or unique manufacturing demands and showcase products to customers.

Information technology (IT)

Special projects in the IT department in 2011 included supporting the development and implementation of a new security technology to be used on the new one-dollar and two-dollar coins and building the website for the launch of the Mint's Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program. The anticipated upgrade to Version 6 of the Microsoft DAX ERP platform will occur in 2012 and extend enterprise resource planning (ERP) to the refinery, which will be built on DAX Version 6 and implemented along with the upgrade.

The new ERP platform will be faster, more scalable and offer dozens of new tools to ease the management of every aspect of the Mint's operations and data requirements. The implementation of ERP in the refinery will provide access to the sophisticated management tools that are now available to other divisions and business lines at the Mint. It will also create a seamless integration between the refinery and every other aspect of the Mint's operations. The laboratory information management system (LIMS) project was fully implemented in 2011. This system automates the collection of data in the assay lab, improving accuracy and reliability.

The modernization of the human resources management system has begun with completion expected in 2013. A Canadian software provider has been selected to provide the more robust employee management, time and attendance tracking and payroll system. Once implemented, it will be integrated into the DAX ERP platform.

Continuous Improvement (CI)

The demand for the Mint's bullion and numismatic products, the breadth of products being produced and the anticipated foreign demand for circulation coinage has made continuous improvement critical to the Mint's competitiveness and reducing the cost of coin production. Multiple CI and 5S initiatives are ongoing or were launched in 2011 to accelerate production, increase productivity and reduce maintenance downtime and waste. 5S refers to a workplace organization methodology that uses five words – sorting, straightening, systematic cleaning, standardizing and sustaining – to describe activities that make the workplace more efficient. Hundreds of hours of training in *Lean* thinking, tools and methodologies took place throughout the year in both Ottawa and Winnipeg.

CI activities across the Mint yielded $2.2 million in savings and profit improvement for 2011. Not all CI activities can be measured by the dollars saved. For example, the Mint's quality and management system – Workplace Intelligence for Systemic Enhancement (WISE) – was strengthened in 2011 with the refinement of targets related to the Mint's four core objectives—profitability, customer satisfaction, employee satisfaction and corporate social responsibility. A key change in 2011 was the introduction of a procedure to escalate the resolution of interruptions in production or disturbances to flow.

In Ottawa, the major CI activities completed or launched during 2011 included:

- A 5S initiative in continuous casting that increased capacity and generated profit improvements of $600,000;
- Enhancements in rolling mill reliability and accuracy improved yield to generate $370,000 in annual savings;

- Increased environment controls to reduce dust in the press area reduced the rejection rate and increased capacity for annual savings of $100,000;
- Multiple improvements in the silver refining process increased throughput by 75%, The increase in 2011 follows a 100% increase in capacity in 2010.

In Winnipeg, the major CI initiatives in 2011 included:
- Average plating maintenance downtime was reduced by 3.9 hours from 20.3 hours to 16.4 hours in 2010, representing a savings of $475,000;
- Pre-loading the high speed dies for quicker die changes reduced downtime for die changes by 70% increasing capacity by 58 million coins and potentially generating additional annual profit of $255,000;
- Improved communication throughout the plant through the implementation of more huddle boards, engineering trial/pre-trial communication boards, and monthly reflections meetings improved accountability, health and safety, product quality and production capacity.

In 2012, CI major projects will include a reorganization of space in the refinery and plant in Ottawa and the installation of equipment to automate processes now done manually or to accelerate automated processes already in place. These CI projects will enhance efficiency, which will ensure the Mint remains profitable at lower volumes and has the capacity for higher volumes if demand continues to grow.

Marketing and Communications

The Marketing and Communications division is responsible for developing products, brand strategy and awareness, advertising campaigns, market research, developing market segmentation and database customer knowledge, direct marketing and e-marketing campaigns, as well as corporate communications strategies. The division continuously monitors the success of the Mint's programs through monthly coin sampling and tracking the perception of brand attributes such as quality and innovation.

The heightened interest around the royal wedding of the Duke and Duchess of Cambridge extended into a series of coins celebrating the monarchy, including the Continuity of the Crown series featuring effigies of Prince Charles, Prince William and Prince Harry. The royal theme will continue in 2012 with the release of additional coins commemorating the Queen's Diamond Jubilee. The relevancy of the Mint to Canadian culture was reinforced with themes as diverse as the return of the National Hockey League to the city of Winnipeg and the outpouring of everyday Canadians along the Highway of Heroes to pay tribute to the brave Canadian men and women who made the ultimate sacrifice in Afghanistan.

The Mint's marketing strategy remains based on celebrating Canada's people, places and passions through a variety of themes such as nature, wildlife and conservation; sports; and Canada's historical milestones and achievements. The success of this marketing strategy is measured in brand awareness and growth in the Mint's customer base. In October 2011, the Mint implemented a new methodology to establish a brand equity index. Readings will be taken every six months, allowing the Mint to better understand the strength of the brand and track trends in awareness, perceptions, popularity and relevance of the brand.

Growth in the customer base is measured by the number of active customers and frequency of purchase. The Mint is targeting 10% incremental annual growth in the number of active customers with 30% of those customers making more than one purchase in an 18-month period. In 2011, this goal was significantly exceeded with a 61% in incremental growth in the number of active customers. The key drivers were two "$20 for $20" pure silver commemorative coins along with circulation coins celebrating Canada's legendary nature. The focus in 2012 will be on improving the conversion of new customers into active customers and the retention of formerly active customers.

The Mint continues to expand its on-line presence through e-marketing initiatives such as a coin exchange program, cross promotion on websites of partners and a broader social media presence. The Mint has steadily increased its followers on both English and French Facebook and Twitter properties. Connections on Facebook increased by 67.9% while followers on Twitter increased by 81.8% compared to 2010. Social media builds the Mint's brand internationally through its focus on engagement, acquisition and conversion by echoing messages being delivered through the Mint's traditional communication channels.

To standardize regular communications with all employees at the Mint, throughout 2011 all managers with direct reports were provided with communications training.

During the year, the Mint extended its marketing expertise to support the introduction of the one-Balboa circulation coin produced by the Mint for the Government of Panama with public relations and advertising campaigns in the lead-up to the coin's launch. The marketing team will continue to work with the Foreign coinage business line to secure similar opportunities with other customers.

Human Resources

Employment at the Mint increased steadily throughout 2011 to 1,042 permanent and temporary employees at the end of 2011 from 875 at the end of 2010. Wages and benefits increased to $71.7 million from $67.8 million in 2010.

Employment in Ottawa grew to meet the increased production with a record number of numismatic product launches and record sales of bullion and numismatic products. In Winnipeg, the Mint began to recall employees who had been laid-off in 2010 due to challenges related to the timing of some foreign contracts. The recall of 17 employees and hiring of 51 new employees will prepare the facility for the anticipated increase in production in 2012. Spending on training increased 17.6% to $2.0 million, representing 3.2% of payroll, from $1.7 million in 2010, which was 2.7% of payroll. During the year, training focused on new equipment and new processes; health and safety; and professional development training. In 2011, the Mint further reinforced its commitment to training and development by hiring a senior advisor for training and talent management.

Close to 65% of the Mint's employees are represented by the Public Service Alliance of Canada (PSAC) and the Amalgamated Transit Union (ATU). On June 20, 2011, the Mint ratified a three-year collective bargaining agreement with Public Service Alliance of Canada (PSAC). Negotiations are underway with the Amalgamated Transit Union (ATU).

The Mint has experienced exceptional growth for the past five years and anticipates continued growth. A key priority is attracting the best talent possible and retaining existing employees through implementation of changes that address the findings of the annual employee satisfaction survey and the creation of employee engagement action teams. The Mint also introduced a new corporate performance bonus based on profitability, customer satisfaction and employee satisfaction. This represents a balanced approach to variable compensation and is reflective of best practices. All permanent employees at the Mint are eligible for the bonus.

Other strategic initiatives included the implementation of employee engagement action teams to enhance employee work experience, the introduction of a formal employment equity policy and the establishment of a talent management program. The talent development program has given four employees the opportunity to drive key business initiatives and to expand their experience and knowledge of the Mint's operations through cross-department transfers. The HR and IT teams issued a call for tender for a new Human Resources Management Information System (HRMIS). A dedicated HRMIS project management team has been established to carryout implementation.

In 2012, the Mint will continue to focus on engagement, succession planning and training to ensure the Mint continues towards its vision to be the best mint in the world. Key initiatives will include developing strategies and tools to attract the best available talent, implementation of a comprehensive training strategy; the implementation of the new HRMIS to be completed by early 2013; development of a comprehensive wellness strategy to support and encourage a healthy lifestyle.

Occupational Health and Safety (OHS)

Protection of people and the environment is a core value of the Mint and the responsibility of every employee. The Occupational, Health and Safety division works in collaboration with supervisors, managers and employees to promote awareness and provide training to ensure the health and safety of the Mint's employees.

In Winnipeg, the lost-time injuries frequency rate declined to 2.65 from 4.06 in 2010. The severity rate declined to 15.58 from 44.64 in 2010. In Ottawa, the lost-time injuries frequency rate declined to 1.20 from 1.77 in 2010. The severity rate declined to 3.48 from 6.72 in the previous year.

The sharp decline can be partially explained by the consistent emphasis on health and safety across the enterprise:

- Throughout the year, 608 employees were trained on the Mint's new health and safety policy; by mid-2012 every employee at the Mint will have received training on the new policy;
- The Human Resources committee of the Board of Directors was renamed the Human Resources and Occupational Health & Safety committee, thus further emphasizing the importance at the Board level. The committee reviews accident frequency and severity statistics and discusses strategies and activities related to OHS.
- The importance of health and safety is emphasized by the President and CEO and other members of the executive team through quarterly all-employee meetings and other communications tools;
- An award for contribution to health and safety is presented annually to one employee from each facility;
- The joint (management-union) workplace health and safety committees (WHSC) and quarterly corporate OHS policy meetings ensure the Mint adopts best practices and strives to make proactive adjustments when necessary;
- Daily "huddle board" discussions in each plant's departments always begin with a review of any health and safety issues or initiatives that arose or took place during the previous day;
- The continuous training dispensed to employees ensures they are aware and adequately trained in safe working habits.

Environment

The Mint's environmental policy recognizes that protection of the environment and sustainable use of resources and energy are essential for the well-being of future generations and are entrenched in the organizational values and principles of the Mint. Within this policy, the Mint is committed to minimizing and eliminating, where possible, the impacts of its operations on the environment.

Environmental initiatives in Ottawa in 2011 included the commissioning of a new wastewater treatment process in the refinery to treat up to 7,000 litres a day of liquid waste. Prior to implementation of this system wastewater was removed and treated off site and similar wastewater treatment is being evaluated in 2012 to reduce water consumption by 110,000 litres a day in burnishing.

During the year, the Winnipeg facility began to implement the recommendations of an energy audit conducted in 2010. This comprises a variety of energy savings measures to reduce energy operating costs by $336,000 a year, total utility costs by 15% and the carbon footprint by 1,400 metric tonnes per year. During 2012 work will continue on improving indoor air quality and rejuvenating several old building systems, lighting will be upgraded and windows replaced. The work is scheduled for completion by the end of 2012.

The Green Committees, which are led by employees from different functional areas at both facilities, continued to promote participation in national and international events such as the Commuter Challenge and Earth Hour to promote environmental awareness.

A comprehensive Environmental Management System (EMS) consolidating existing systems and ensuring consistency across the Mint is to be developed during 2012. Presentation of the proposed EMS is anticipated before the end of the year.

Corporate Social Responsibility (CSR)

During 2011, the Mint continued to develop a comprehensive CSR framework. A CSR assessment was conducted by Canadian Business for Social Responsibility, of which the Mint is a member, to understand CSR initiatives currently underway at the Mint, identify stakeholders, conduct employee focus groups and interview external stakeholders, including suppliers, partners, government, customers, other crown corporations and international stakeholders.

The issues of highest priority facing similar manufacturing companies were identified:

- Environmental impact and the responsible use of resources, waste management and the recycling of materials, including coins;
- Supply chain selection;
- Innovation and ensuring a long-term strong market position by maintaining quality, increasing efficiencies and preserving the environment through R&D efforts.

A materiality matrix was created to guide the development of the Mint's priorities and a CSR framework. Short-term and long-term objectives related to environmental stewardship, employee practices, procurement and supply chain management, community involvement, products and customers, and governance were identified. At the end of 2011, the steps to be taken to develop a formal CSR framework were identified and presented to management and employees for discussion. During 2012, this framework will be developed and implemented.

Liquidity and capital resources

The Mint's substantial growth in cash flows along with aggressive management of working capital and inventory, has allowed the Mint to fund recent capital expenditures without incurring debt. Inventory turns have improved from 29.5 to 31.9 mainly due to the price of precious metals; as a result inventory balances increased to $104.4 million from $84.7 million at the end of 2011. The Mint's current ratio has improved to 2.48:1 from 2.56:1 at the end of 2010.

The Mint's record performance led to the declaration and payment of a $10.0 million dividend to the Government of Canada, a substantial increase over the $7.0 million dividend paid in 2010.

By December 31, 2011, total outstanding long-term loans had declined to $10.5 million from $12 million at the end of 2010 reducing the Mint's debt-to-equity ratio to 0.04:1 from 0.05:1 at the end of 2010. Timely accounts receivable collections and practical credit policies will ensure working capital management continues to support the financial requirements of the Mint.

Capital expenditures

Net capital expenditures increased to $31.9 million from $17.9 million in 2010. The most significant projects included:

- The launch of a two-year project to expand plating capacity in Winnipeg. Total capital expenditures are budgeted to be approximately $60 million with commissioning of the plant anticipated in 2013;
- A second bi-metal coining press ($1.5 million) was purchased for Winnipeg to meet the anticipated growth in foreign demand for bi-metal coins as they convert low value notes to high value coins;
- More than 50 capital projects were undertaken in Ottawa to enhance capacity and support new initiatives. One major project was the installation of six hydraulic coining presses ($350,000) with a substantially smaller footprint than the aged mechanical presses. These new presses will extend die life, lower reject rates, improve the quality of the finished product and enhance health and safety while requiring less maintenance. Other projects included a review of space utilization and plant modernization, installation of new automated packaging lines, and installation of new equipment including automated packaging lines, a hydraulic press, a high-speed press, an in-line annealing furnace, new CNC engraving equipment, a Spaleck burnisher upgrade and a new topping block polisher;
- In the refinery, more than 36 projects were completed in 2011, including implementation of a new wastewater treatment facility to reduce the quantity of waste produced by the refinery and hydromet improvements to treat the by-products of the refining process;
- The establishment of an advanced material science lab within the Research and Development Centre of Excellence. The Centre also consolidated its facilities within a single laboratory;
- Enhancements to the capabilities of the Research and Development Centre of Excellence continued with the installation of a laser, a press and anti-tarnishing equipment.

Major expenditures planned for 2012 include:
- Construction of the expansion in Winnipeg will continue with completion anticipated in early 2013. The expansion will increase the Mint's annual plating capacity by two billion pieces;
- The establishment of a Research and Development Centre of Excellence in Winnipeg, allowing for further advances in circulation products.
- Replacement of the windows in Winnipeg in the final phase of an energy saving program.

Every capital expenditure at the Mint over $250,000 must meet the Mint's stringent return on investment (ROI) expectations.

Risks to performance

The Mint's performance is influenced by many factors, including competitive pressures, economic conditions and volatility in financial and commodity markets. To manage these risks, the Mint employs an Enterprise Risk Management (ERM) program to identify, assess, monitor and manage key risks. An ERM committee consisting of the Mint's senior officers maintains oversight. ERM has been integrated into the Mint's management processes and the development of corporate and operating plans. Periodic risk assessments are conducted; information related to material risks communicated and discussed with the Board of Directors.

The recent operating environment has been characterized by weakness in the global economy, a strong Canadian dollar and volatile base metal prices. In addition, the diverse markets in which the Mint's business lines operate present a variety of unique risks to future performance. The following risks have been identified as particularly relevant in the current operating context.

Base and precious metal prices

The Mint purchases precious metals, including gold, silver, platinum and palladium for use in bullion and numismatic coins, as well as base metals and alloys in the production of domestic and foreign circulation coins. Exposure to volatility in metal prices is mitigated by matching the timing of purchase and sales, contractually transferring price risk to suppliers, hedging strategies and/or natural hedges inherent in business activities. Notwithstanding the hedging policy, long-term trends in metal prices may impact sales opportunities, margins and overall profitability.

Competition

The bullion and refinery, numismatics, and foreign business lines operate in competitive environments. There is a risk that competitor actions may impact the Mint's ability to achieve business objectives. Management regularly assesses the competitive environment, and adjusts business strategies and tactics as necessary. Investment in research and development, emphasis on strategic supply and sales relationships, and expansion of innovative product offerings contribute to the management of competitive threats.

Domestic coin demand

Trends in the use of electronic payments, coin recycling services and/or any change in the denomination structure of Canadian coinage could impact the Canadian circulation business line. The Mint addresses these risks by focusing on the efficiency and effectiveness of coin production and distribution. Domestic coin demand is continuously monitored to adjust production and capacity to ensure demand will be met at the least possible cost. A decline in production of domestic coinage releases capacity at the Mint's facility in Winnipeg, which presents an opportunity to pursue foreign sales.

Economic

There is a risk that global economic conditions will limit the execution of the Mint's strategy and/or present opportunities that could be exploited. The risks that such challenges and opportunities pose to established plans and forecasts are constantly monitored and assessed. Economic trends are evaluated periodically with the potential impact assessed and necessary actions identified and taken to respond to the dynamic environment.

Foreign coin demand

The Mint has adopted a strategy to aggressively increase its share of the foreign coinage market. Current plating capacity is constrained relative to the anticipated market opportunity for foreign coinage, prompting the ongoing investment in the Mint's plating facility. There is a risk that foreign coin demand may not materialize as expected. This risk is being managed through expanded sales resources, continuing technology and product improvements, and investment in the Research and Development Centre of Excellence.

Foreign exchange risk

A significant portion of revenues and costs are denominated in foreign currencies, which exposes the Mint to foreign exchange risk. The Mint mitigates this risk through natural currency hedges and financial instrument hedges. Currency hedging contributes to managing volatility in foreign exchange, however the longer-term currency trends can impact results.

Health and safety, security and the environment

The Mint's operations and business activities present a variety of risks related to health and safety, security and environment. All change initiatives are subject to a structured review to ensure that risks are identified, assessed and managed. Health and safety orientation, ongoing training, wellness programs and a formal hazard prevention program contribute to the reduction of this risk, which is also regularly reviewed by senior officers.

In addition to the regular assessment and management of environmental risks, the Mint seeks to continue to advance environmental awareness and corporate practices. As the Mint's business involves handling of currency and precious metals, practices related to security of physical and information assets are reviewed and maintained on a continuous basis. While risks relating to health and safety, security and environment can never be eliminated, the Mint invests resources to ensure reasonable and prudent management of these risks.

Precious metal investment demand

The demand for precious metal investment products, including bullion is largely determined by market forces beyond the Mint's control. This risk is managed through active monitoring of market conditions to quickly and efficiently align operations and capacity. This risk is mitigated through diversification of business activities beyond core bullion products, such as the launch in 2011 of Canadian Gold Reserves' ETRs; opportunities in precious metal storage; and entry into new markets.

Manufacturing operations and processes

The Mint's manufacturing operations are managed to be efficient, flexible and reliable. Investments in new technology, increases in capacity and process to maintain high quality standards creates a risk that the Mint will encounter challenges with technologies, processes, or access to required resources. This risk is reduced through prudent selection and planning of capital improvements and alignment of workforce requirements with investment in appropriate human resources. The Mint also fosters a culture of continuous improvement and leverages relationships with suppliers and customers to contribute to the management of this risk.

Outlook

The Mint cautiously anticipates a continuation of the economic environment that has persisted since 2008 with demand for circulation coinage but relatively stable and continued strength in demand for numismatic products and bullion. Given the uncertainty, the Mint will continue to focus on building its core businesses through innovation and continuous improvement while seeking new business opportunities.

The most important sources of growth are:

- Growth in the Mint's share of the foreign circulation coinage market to 15% by 2020. The Mint's patented low-cost, high-quality multi-ply plated steel coins continue to offer an attractive value proposition for foreign customers and the Mint will be aggressive in courting and using strategic partnerships to secure international contracts;
- Sharing both vision and technical capabilities with suppliers of equipment and services to increase capacity, develop new products and, potentially, launch partnerships to market innovations internationally;
- New niche markets for numismatics;
- Offering additional tranches of Canadian Gold Reserves' Exchange Traded Receipts (ETRs) in the coming years;
- Expansion of bullion products into emerging markets such as China and India.

Demonstrating leadership in the growing landscape of the digital economy, the Mint has conducted research and development into digital currency, which will be tested through a developer's challenge in April 2012.

The Mint is also an active participant on the Mint Directors Conference (MDC) Future of Money Committee and provided information to support the independent Task Force for Payment Systems Review, launched by the Department of Finance in 2010. As issues of efficiency, economy, innovation and security come to the forefront in e-payments, the Mint is leveraging its over 100 years of trusted expertise in providing physical currency to help the industry address those challenges.

Management report

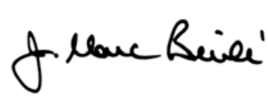
The consolidated financial statements contained in this annual report have been prepared by Management of the Royal Canadian Mint in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board using the best estimates and judgments of Management, where appropriate. The integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions of the Corporation and of its wholly-owned subsidiary are in accordance with the *Financial Administration Act* and regulations and, as appropriate, the *Royal Canadian Mint Act*, the by-laws of the Corporation and the charter and the by-laws of its wholly-owned subsidiary.

The Board of Directors is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee. The Committee meets with Management, the internal auditor and the independent external auditor to review the manner in which the Corporation is performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee meets to review the consolidated financial statements with the internal and external auditors and submits its report to the Board of Directors. The Board of Directors reviews and approves the consolidated financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the consolidated financial statements and reports thereon to the Minister responsible for the Royal Canadian Mint.

Ian E. Bennett
President and
CEO



J. Marc Brûlé, CA
Vice President, Finance and Administration and
Chief Financial Officer

Ottawa, Canada
March 22, 2012

Audit Committee report

The Audit Committee's (Committee) role is to act on behalf of the Board of Directors (Board) and oversee all material aspects of the Corporation's reporting, control, and audit functions, except those specifically related to the responsibilities of another standing committee of the Board. The Committee's role includes a particular focus on the qualitative aspects of financial reporting to the Shareholder and on the Corporation's processes for the management of business/financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements.

For most of 2011, the Committee was comprised of five (5) independent directors who are neither officers nor employees of the corporation. These members are: Susan Dujmovic (Chair), Carman M. Joynt, John K. Bell, Bonnie Staples-Lyon and Claude F. Bennett. Also, as an Ex-officio member, is James B. Love, Chairman of the Board. The Board believes that the composition of the Committee reflects a high level of financial literacy and expertise.

During the past fiscal year, the Committee held six (6) meetings. In fulfilling its responsibility, the Committee:

- discussed with the internal and external auditors the overall scope and specific plans for their respective audits;
- discussed the Corporation's progress, throughout the year, on their financial results and
- overall performance;
- discussed the Corporation's annual consolidated financial statements, accounting principles and policies, and the adequacy of the Corporation's internal financial controls;
- reviewed management's response and in some circumstances, their actions, regarding recommendations of the internal and external auditors; and
- met regularly with the Corporation's internal and external auditors, without management present, to discuss the results of their examinations, their evaluations of the Corporation's internal financial controls, and the overall quality of the Corporation's financial reporting.

The meetings also were designed to facilitate any private communications with the Committee that the internal or external auditors desired.

Susan Dujmovic
Chair, Audit Committee

INDEPENDENT AUDITOR'S REPORT

To the Minister of Finance

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Royal Canadian Mint and its subsidiary, which comprise the consolidated statements of financial position as at 31 December 2011, 31 December 2010 and 1 January 2010, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2011 and 31 December 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Royal Canadian Mint and its subsidiary as at 31 December 2011, 31 December 2010 and 1 January 2010, and their financial performance and cash flows for the years ended 31 December 2011 and 31 December 2010 in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied, after giving retrospective effect to the adoption of the new standards as explained in Note 22 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Royal Canadian Mint and its wholly-owned subsidiary that have come to my notice during my audits of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Royal Canadian Mint Act*, the by-laws of the Royal Canadian Mint and the charter and by-laws of its wholly-owned subsidiary.

Michael Ferguson, FCA
Auditor General of Canada

22 March 2012
Ottawa, Canada

Financial statements

Consolidated statement of financial position

(audited) (CAD$ thousands)

	Notes	**As at December 31, 2011**	As at December 31, 2010	As at January 1, 2010
Assets				
Cash	5	**$ 78,930**	$ 86,045	$ 76,956
Accounts receivable	6	**13,234**	19,719	29,939
Prepaid expenses		**2,825**	909	1,663
Income taxes receivable	15	**3,473**	2,548	-
Inventories	7	**104,417**	84,672	55,172
Derivative financial assets	8	**940**	1,785	1,054
Current assets		**203,819**	195,678	164,784
Derivative financial assets	8	**-**	306	352
Property, plant and equipment	9	**161,464**	146,186	143,882
Investment property	10	**236**	236	236
Intangible assets	11	**7,514**	6,986	10,744
Total assets		**$ 373,033**	$ 349,392	$ 319,998
Liabilities				
Accounts payable and accrued liabilities	12 & 20	**$ 71,369**	$ 57,159	$ 54,371
Loans payable	13	**1,504**	1,506	5,169
Deferred revenue	14	**6,183**	14,465	5,411
Employee benefits	16	**1,442**	1,467	1,515
Income taxes payable	15	**-**	-	8,778
Derivative financial liabilities	8	**1,807**	1,907	3,803
Current liabilities		**82,305**	76,504	79,047
Derivative financial liabilities	8	**387**	-	-
Loans payable	13	**8,971**	10,468	11,972
Deferred tax liabilities	15	**13,040**	11,510	7,220
Employee benefits	16	**9,530**	12,701	12,529
Total liabilities		**114,233**	111,183	110,768
Shareholder's equity				
Share capital (authorised and issued 4,000 non transferable shares)		**40,000**	40,000	40,000
Retained earnings		**221,077**	197,919	170,931
Accumulated other comprehensive income		**(2,277)**	290	(1,701)
Total shareholder's equity		**258,800**	238,209	209,230
Total liabilities and shareholder's equity		**$ 373,033**	$ 349,392	$ 319,998

Commitments, Contingencies and Guarantees (note 21)
The accompanying notes are an integral part of these consolidated financial statements

Approved on behalf of the Board of Directors

James B. Love, Q.C.
Chair,
Board of Directors

Approved on behalf of the Audit Committee

Susan Dujmovic
Chair,
Audit Committee

Approved on behalf of Management

Ian E. Bennett
President
and CEO

J. Marc Brûlé, CA
VP Finance &
Administration, CFO

Consolidated statement of comprehensive income

for the year ended December 31 (audited) (CAD$ thousands)

	Notes	2011	2010
Revenues	17	**$ 3,159,351**	$ 2,211,082
Cost of goods sold		**3,016,277**	2,063,995
Gross profit		**143,074**	147,087
Other operating expenses			
Marketing and Sales expenses		**50,564**	52,353
Administration expenses		**48,161**	47,540
Other operating expenses		**98,725**	99,893
Operating profit		**44,349**	47,194
Net foreign exchange losses		**(681)**	(1,251)
Finance income (costs), net			
Finance income		**500**	811
Finance costs		**(343)**	(369)
Finance income, net		**157**	442
Profit before income tax		**43,825**	46,385
Income tax expense	15	**11,422**	12,769
Profit for the year		**32,403**	33,616
Other comprehensive income			
Net gains (losses) on cash flow hedges		**(2,532)**	243
Prior year net gains (losses) on cash flow hedges transferred to net income		**(35)**	1,748
Actuarial gains on defined benefit plans		**755**	372
Other comprehensive income (losses), net of tax		**(1,812)**	2,363
Total comprehensive income		**$ 30,591**	$ 35,979

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

Consolidated statement of changes in equity

(audited) (CAD$ thousands)

	Share Capital	Retained earnings	Accumulated other comprehensive income ("AOCI") (Net gains (losses) on cash flow hedges)	Total
Balance as at January 1, 2010	$ 40,000	$ 170,931	$ (1,701)	$ 209,230
Profit for the year		33,616	-	33,616
Other comprehensive income		372	1,991	2,363
Dividend paid		(7,000)	-	(7,000)
Balance as at December 31, 2010	40,000	197,919	290	238,209
Profit for the year		**32,403**		**32,403**
Other comprehensive income (losses)		**755**	**(2,567)**	**(1,812)**
Dividend paid		**(10,000)**	**-**	**(10,000)**
Balance as at December 31, 2011	**$ 40,000**	**$ 221,077**	**$ (2,277)**	**$ 258,800**

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

Consolidated statement of cash flows

for the year ended December 31 (audited) (CAD$ thousands)

	2011	2010
Cash flows from operating activities		
Receipts from customers	**$ 3,157,180**	$ 2,229,766
Payments to suppliers and employees	**(3,185,774)**	(2,189,028)
Interest paid	**(345)**	(374)
Cash receipts on derivative contracts	**538,821**	1,352,210
Cash payments on derivative contracts	**(463,407)**	(1,336,953)
Income taxes paid	**(10,817)**	(19,805)
Net cash generated by operating activities	**35,658**	35,816
Cash flows from investing activities		
Interest received	**500**	811
Payments to acquire property, plant and equipment and intangible assets	**(31,895)**	(17,937)
Net cash used by investing activities	**(31,395)**	(17,126)
Cash flows from financing activities		
Dividend paid	**(10,000)**	(7,000)
Repayment of loans and other payables	**(1,497)**	(2,265)
Net cash used by financing activities	**(11,497)**	(9,265)
Net increase (decrease) in cash	**(7,234)**	9,425
Cash at the beginning of the year	**86,045**	76,956
Effects of exchange rate changes on cash held in foreign currencies	**119**	(336)
Cash at the end of the year	**$ 78,930**	$ $86,045

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

Notes to the consolidated financial statements

December 31, 2011

1. Nature and description of the corporation

The Royal Canadian Mint (the "Mint" or the "Corporation") was incorporated in 1969 by the *Royal Canadian Mint Act* to mint coins in anticipation of profit and carry out other related activities. The Mint is an agent corporation of Her Majesty named in Part II of Schedule III to the *Financial Administration Act*. It produces all of the circulation coins used in Canada and manages the support distribution system for the Government of Canada. The Mint is one of the world's foremost producers of circulation, collector and bullion investment coins for the domestic and international marketplace. It is also one of the largest gold refiners in the world. The addresses of its registered office and principal place of business are 320 Sussex Drive, Ottawa, Ontario, Canada, K1A 0G8 and 520 Lagimodière Blvd, Winnipeg, Manitoba, Canada R2J 3E7.

In 2002, the Mint incorporated RCMH-MRCF Inc., a wholly-owned subsidiary. RCMH-MRCF Inc. has been operationally inactive since December 31, 2008.

The Corporation is a prescribed federal Crown corporation for tax purposes and is subject to federal income taxes under the *Income Tax Act*.

2. Significant accounting policies

2.1 Basis of presentation

These consolidated financial statements represent the first annual financial statements of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Corporation's consolidated financial statements were previously prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). The date of transition was January 1, 2010.

As a first-time adopter of IFRS, the Corporation has followed the requirements of IFRS 1 – First-time Adoption of IFRS ("IFRS 1") in its initial application of IFRS. A more detailed disclosure of the impact of the transition to IFRS is provided in Note 22.

The financial statements were prepared on the historical cost basis, except for derivative instruments which were measured at fair value and the defined benefit plan and other long-term benefits which were measured at the actuarial valuation amount. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The policies set out below were consistently applied to all the periods presented unless otherwise required under IFRS 1.

These consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on March 23, 2012.

2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiary. The subsidiary adopted IFRS at the same time as the Corporation and its accounting policies are in line with those used by the Corporation. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 Foreign currency translation

Unless otherwise stated, all figures reported in the consolidated financial statements and disclosures are reflected in thousands of Canadian dollars (CAD$), which is the functional currency of the Corporation.

Transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated to Canadian dollars using the exchange rate at that date. Non-monetary items that are measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for exchange differences on transactions applying hedge accounting which are recognized in other comprehensive income.

2.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates and other similar allowances.

2.4.1 Sale of goods

Revenues from the sale of goods are recognized when:

- The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Corporation.

2.4.2 Rendering of services

Revenues from the rendering of services are recognized by reference to the stage of completion of contracts at the reporting date. The revenues are recognized when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Corporation.

The stage of completion of contracts at the reporting date is determined by reference to the costs incurred to date as a percentage of the estimated total costs of the contract.

2.4.3 Interest revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Interest revenues are accrued on a time basis and recognized by using the effective interest method.

2.4.4 Royalties

Royalty revenues are recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably.

2.5 Deferred revenues

Payments received in advance on sales are not recognized as revenues until the products are shipped or the services are rendered which represents the time at which the significant risks and rewards are transferred to the buyer. As such, deferred revenues are initially recognized within liabilities on the consolidated statement of financial position.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to cash with a maturity term of three months or less at the time of acquisition. Cash equivalents consist primarily of short-term deposits and are subject to insignificant risk of changes in fair value.

At the reporting date, the Corporation holds no cash equivalents.

2.7 Inventories

Inventories consist of raw materials and supplies, work in process and finished goods, and they are measured at the lower of cost and net realisable value. Cost of inventories includes all costs of purchase, all costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventory is determined by the weighted average cost method. Net realisable value represents the estimated selling price of inventory in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.8.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.9 Financial assets

The Corporation's financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL) and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

2.9.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment write downs. Assets in this category include accounts receivables and are classified as current assets in the consolidated statement of financial position.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

2.9.2 Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated or effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition. The Corporation has not designated any financial asset as FVTPL at the date of transition or at the end of the period.

Financial assets at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in note 8.5.

2.9.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the debtor; or
- breach of contract, such as a default or delinquency in payments; or
- it becoming probable that the debtor will enter bankruptcy or financial re-organisation; or
- significant decrease in creditworthiness of the debtor.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.9.4 Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at "FVTPL" or "other financial liabilities".

2.10.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading using the same criteria described in note 2.9.2 for a financial asset classified as held for trading.

The Corporation has not designated any financial liability as FVTPL at the date of transition or at the end of the period.

Financial liabilities at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in note 8.5.

2.10.2 Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

2.10.3 Derecognition of financial liabilities
The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

2.11 Derivative financial instruments
The Corporation selectively utilizes derivative financial instruments, primarily to manage financial risks and to manage exposure to fluctuations in foreign exchange rates, interest rates and commodity prices. The Corporation's policy is not to enter into derivative instruments for trading or speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Attributable transaction costs are recognized in profit or loss as incurred. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability on the consolidated statement of financial position if the remaining contractual maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.11.1 Embedded derivatives
Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. The Corporation has no embedded derivatives at the end of the period or as at the date of transition to IFRS.

2.11.2 Hedge accounting
The Corporation designates certain derivatives as hedges of highly probable forecast transactions or hedges of firm commitments (cash flow hedges). Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure. All designated hedges are formally documented at inception, detailing the particular risk management objective and the strategy undertaking the hedge transaction.

The documentation identifies the specific asset or liability being hedged, the risk that is being hedged, the type of derivative used and how effectiveness will be assessed. The Corporation assesses whether the derivatives are highly effective in accomplishing the objective of offsetting changes in forecasted cash flows attributable to the risk being hedged both at inception and over the life of the hedge. Furthermore, accumulated ineffectiveness is measured over the life of the hedge.

The gain or loss relating to the changes in the fair value of the effective portion of derivatives that are designated and qualify as cash flow hedges is recorded in other comprehensive income. The gain or loss relating to the ineffective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized immediately in the profit or loss.

Amounts previously recognized in other comprehensive income are transferred to net income in the period when the hedged item is recognized in the consolidated statement of comprehensive income.

Hedge accounting is discontinued prospectively when the hedging instrument is terminated, exercised, matured or when the derivative no longer qualifies for hedge accounting.

2.12 Property, plant and equipment

2.12.1 Asset recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalisation is on or after January 1, 2010.

On transition to IFRS, the cost of the building was determined by reference to a revaluation performed by third party appraisers at the date of transition to IFRS. The Corporation elected to apply the optional exemption in IFRS 1 to use this revaluation as deemed cost at the date of transition to IFRS.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2.12.2 Depreciation

Depreciation of property, plant and equipment begins when the asset is available for use by the Corporation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which are estimated as follows:

Land improvements	40 years
Buildings	35-60 years
Equipment	5-25 years

Capital work-in-progress for production, supply or administrative purposes, or for purposes not yet determined, is carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Corporation's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Useful lives, residual values and depreciation methods are reviewed at each year end and necessary adjustments are recognized on a prospective basis as changes in estimates.

2.12.3 Subsequent costs

Day-to-day repairs and maintenance costs are expensed when incurred.

Costs incurred on a replacement part for property, plant and equipment are recognized in the carrying amount of the affected item when the costs are incurred. The carrying amount of the part that was replaced is derecognized.

Cost of major inspections or overhauls are recognized in the carrying amount of the item or as a replacement. Any remaining carrying amount of the cost of the previous inspection is derecognized.

2.12.4 Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss when the item is derecognized.

2.13 Investment property

Investment property is property held to earn rental income or for capital appreciation—or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

The vacant land in the Corporation's Winnipeg location is classified as investment property at the date of transition to IFRS. Investment properties are measured at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

The fair value of the investment property was determined by an independent qualified appraiser, which is disclosed in note 10. The valuation will be carried out every 3 to 5 years or earlier if, in management's judgment, it is likely that there is significant change in the market price of the investment property.

2.14 Intangible Assets

The Corporation's intangible assets at the date of transition to IFRS consist solely of rights to use certain trademarks and logos associated with a particular contract. Intangible assets are recorded at cost and are subsequently amortized on a straight-line basis over the term of the respective contract. As at December 31, 2010, the Corporation's right to use the trademarks and logos expired, therefore the associated intangible assets were fully amortized at that date.

The Corporation's intangible assets also comprise of software for internal use or for providing services to customers. These assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives of 5 years. The estimated useful life and amortization method are reviewed at each year end with necessary adjustments being recognized on a prospective basis as changes in estimates.

2.15 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Corporation. All other leases are classified as operating leases. The Corporation currently has no finance leases.

The operating lease payments are recognized on a straight-line basis over the lease term.

2.16 Impairment of tangible and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred. No borrowing costs were capitalized at the date of transition to IFRS, in 2010 or 2011.

2.18 Employee benefits

2.18.1 Short-term employee benefits

Short-term employee benefits are the employee benefits that are due to be settled within twelve months after the end of the period in which the employees render the related service. The Corporation's short-term employee benefits include wages and salaries, annual leave and other types of short-term benefits.

The Corporation recognizes the undiscounted amount of short-term employee benefits earned by an employee in exchange for services rendered during the period as a liability in the consolidated statement of financial position, after deducting any amounts already paid and as an expense in profit or loss.

2.18.2 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees render service and represent the total pension obligation of the Corporation.

2.18.3 Other Post-Employment benefits

Other Post-Employment benefits include severance benefit and supplementary retirement benefits including post retirement benefits and post retirement insurance benefits for certain employees. The benefits are accrued as the employees render the services necessary to earn them.

The accrued benefit obligation is actuarially determined by independently qualified actuaries using the projected unit credit actuarial valuation method based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors such as future wage increases and employee resignation rates.

Actuarial gains and losses arise when actual results differ from results which are estimated based on the actuarial assumptions. Actuarial gains and losses are reported in retained earnings in the Shareholder's equity in the year that they are recognized as other comprehensive income in the consolidated statement of comprehensive income.

When past service costs occur, they are recognized immediately in profit or loss for the benefits which have vested and are deferred and amortized to profit or loss on a straight-line basis over the average period for the benefits which have not yet vested.

2.18.4 Other Long-Term Employee benefits

Other Long-Term Employee benefits are employee benefits (other than Post-Employment benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

The Corporation's Other Long-Term Employee benefits include benefits for employees in receipt of long-term disability benefits, sick leave and special leave benefits and worker's compensation benefits.

The Corporation's sick leave and special leave benefits that are accumulated but not vested are classified as other long-term employee benefits under IFRS at the date of transition. The benefits of long-term disability benefits, sick leave benefits and special leave benefits are accrued as the employees render the services necessary to earn them. The accrued benefit obligation is actuarially determined by independently qualified actuaries using discounted estimated future benefit payments.

The Corporation is subject to the *Government Employees Compensation Act* and, therefore, is self-insured. As a self-insured employer, the Corporation is accountable for all such liabilities incurred since incorporation. Liability for workers' compensation benefits is actuarially determined based on known awarded disability and survivor pensions and other potential future awards in respect of accidents that occurred up to the measurement date. The benefit entitlements are based upon relevant provincial legislations in effect on that date.

For all Other Long-Term Employee benefits, past service costs and actuarial gains and losses are recognized immediately in profit or loss on the consolidated statement of comprehensive income, as is the effect of curtailments and settlements, if applicable.

2.19 Income tax

Income tax expense comprises the sum of the tax currently payable and deferred tax.

2.19.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The

Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.19.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.19.3 Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.19.4 Investment Tax Credits (ITC)

The Corporation will continue to use the cost reduction method to record ITC received related to research and development. ITC are recognized as income over the same periods of the related costs that they are intended to compensate.

2.20 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.21 Asset retirement and decommissioning obligations

Asset retirement obligations are legal obligations associated with the retirement of property, plant and equipment when the obligation arises from the acquisition, construction, development or normal operation of the assets. When it is considered probable that a liability exists, the Corporation will recognize such liability in the period in which it is incurred if a reasonable estimate of fair value can be determined. The liability will be initially measured at fair value, and will be subsequently adjusted each period to reflect the passage of time through accretion expense and any changes in the estimated future cash flows underlying the initial fair value measurement. The associated costs will be capitalized as part of the carrying value of the related asset and amortized over the remaining life of the underlying asset to which it relates.

The Corporation will keep monitoring new statutory or regulatory requirements which may impose new asset retirement obligation. In such circumstances, the liability will be recognized when the obligation is first imposed.

2.22 Share capital

In 1987, the revised *Royal Canadian Mint Act* provides the Corporation with an authorized share capital of $40 million divided into 4,000 non-transferable shares, redeemable at their issue price of $10,000 each. In 1989, the Minister of Supply and Services purchased the 4,000 shares in the Corporation. This was a part of a financial structuring that allows the Corporation to apply its net earnings to meet operational requirements, replace capital assets, generally ensure its overall financial stability and pay a reasonable dividend to the shareholder.

3. Key sources of estimation uncertainty and critical judgments

3.1 Key sources of estimation uncertainty

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

In making estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimated useful lives of property, plant and equipment and intangibles, employee benefits liabilities, the expected precious metal content in refinery by-products and inventory valuation allowance are the most significant items where estimates and assumptions are used.

3.1.1 Capital assets

Capital assets, comprising property, plant and equipment and intangible assets with finite useful lives, are depreciated or amortized over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of these assets are periodically reviewed for continued appropriateness. Changes to the useful life estimates would affect future depreciation or amortization expense and the future carrying value of assets. The carrying amounts of the capital assets as at the end of the reporting periods are included in notes 9 and 11.

3.1.2 Employee benefits liabilities

The present value of the Post-employment and other long-term employee benefits liabilities to be settled in the future depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as discount rates, long-term rates of compensation increase, retirement age, future health-care and dental costs and mortality rates. The Corporation consults with external actuaries regarding these assumptions annually. Any changes in these assumptions will impact the carrying amount of the Post-employment and other long-term employee benefits liabilities. The carrying amount of the employee benefits liabilities as at the end of the reporting periods is included in note 16.

3.1.3 Precious metal content in refinery by-products

Certain refinery by-product materials with precious metal content which cannot be processed by the Corporation are shipped to contract refineries to determine the actual precious metal content. Due to the varying degrees of the physical homogeneity of these materials the Corporation relies on the best available sampling and assay methodologies to arrive at the best estimate of the precious metal content when materials are shipped. Any changes in these estimates will impact the carrying amount of the inventory. Once final settlements are reached with the contract refineries and the actual precious metal content is known these estimates are replaced by the actual values. The carrying amount of the inventory as at the end of the reporting periods is included in note 7.

3.1.4 Inventory valuation allowance

Inventory valuation allowance is estimated for slow moving or obsolete inventories. Management reviews the estimation regularly. Any change in the estimation will impact the inventory valuation allowance. The carrying amount of the inventory as at the end of the reporting periods is included in note 7.

3.2 Critical judgements

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations, that have the most significant effects on the amounts recognized in the Corporation's consolidated financial statements are as follows:

3.2.1 Capital assets

Capital assets with finite useful lives are required to be tested for impairment only when indication of impairment exists. Management is required to make a judgement with respect to the existence of impairment indicators at the end of each reporting period.

3.2.2 Provisions and contingent liabilities

In determining whether a liability should be recorded in the form of a provision, management is required to exercise judgement in assessing whether the Corporation has a present legal or constructive obligation as a result of a past event, whether it is probable that an outflow of resources will be required to settle the obligation, and whether a reasonable estimate can be made of the amount of the obligation. In making this determination, management may use past experience, prior external precedents and the opinions and views of legal counsel. If management determines that the above three conditions are met, a provision is recorded for the obligation. Alternatively, a contingent liability is disclosed in the notes to the consolidated financial statements if management determines that any one of the above three conditions is not met, unless the possibility of outflow in settlement is considered to be remote.

4. Future changes in accounting policies

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation's consolidated financial statements in future years:

IAS 1 Presentation of Financial Statements ("IAS 1")

IAS 1 was amended in June 2011 to revise the way other comprehensive income is presented. The amendment to IAS 1 is effective for reporting periods beginning on or after July 1, 2012. Earlier application is permitted. The adoption of this amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IAS 12 Income Taxes ("IAS 12")

IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a rebuttable presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. This amendment is to be applied retrospectively. The adoption of this amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IAS 19 Employee Benefits ("IAS 19")

IAS 19 was amended in June 2011 for the accounting and presentation of post-employment benefits including the elimination of the use of the 'corridor' approach, the change of the treatment for termination benefits and various other amendments. The amendment to IAS 19 is effective for reporting periods beginning on or after January 1, 2013. This amendment is to be applied retrospectively. Earlier application is permitted. The Corporation is currently evaluating the impact of this amendment to IAS 19 on its consolidated financial statements.

IAS 27 Separate Financial Statements ("IAS 27")

In 2011, IAS 27 replaced the existing IAS 27 "Consolidated and Separate Financial Statements". IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied retrospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures ("IAS 28")

IAS 28 was amended in 2011 and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied retrospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IAS 32 Financial Instruments: Presentation ("IAS 32")

An amendment was released in December 2011 to IAS 32 about application guidance on the offsetting of financial assets and financial liabilities with effective date on or after January 1, 2014. This amendment is to be applied retrospectively. The adoption of the amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

There were two amendments released in December 2011 to IFRS 7. One was on enhancing disclosures about offsetting of financial assets and financial liabilities with effective date on or after January 1, 2013 and the other one was on requiring disclosures about the initial application of IFRS 9 with effective date on or after January 1, 2015 (or otherwise when IFRS 9 is first applied). The amendments are to be applied retrospectively. The adoption of these amendments is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 9 Financial Instruments ("IFRS 9")

The mandatory application date of IFRS 9 was amended in December 2011. The Corporation will be required to retrospectively adopt IFRS 9 on January 1, 2015, which is the result of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard defines the classification, recognition, derecognition and measurement guidance for financial assets and financial liabilities. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied retrospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31 "Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers" and is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied prospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied prospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13")

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRS standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. This standard is to be applied prospectively. Earlier application is permitted. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

5. Cash

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Canadian dollars	**$ 73,512**	$ 80,532	$ 76,306
US dollars	**5,418**	5,513	650
Total cash	**$ 78,930**	$ 86,045	$ 76,956

6. Accounts receivable

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Trade receivables	**$ 6,390**	$ 10,957	$ 21,934
Allowance for doubtful accounts	**(58)**	(153)	(1,128)
Net trade receivables	**6,332**	10,804	20,806
Other receivables	**6,902**	8,915	9,133
Total accounts receivable	**$ 13,234**	$ 19,719	$ 29,939

The Corporation's accounts receivable are denominated in the following currencies:

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Canadian dollars	**$ 9,481**	$ 5,282	$ 18,679
US dollars	**3,753**	14,437	11,260
Total accounts receivable	**$ 13,234**	$ 19,719	$ 29,939

Accounts receivables are classified as loans and receivables and are measured at amortized cost.

At December 31, 2011, three customers represented 43% of the total receivable balance of which 26% is from the Department of Finance, 11% is from Totall Metal Recycling and 6% is from Bangko Sentral ng Pilipinas.

At December 31, 2010, three customers represented 54% of the total receivable balance of which 31% is from the Panama Ministry of Economics and Finance, 13% is from Canada Post Corporation and 10% is from the National Bank of Ethiopia.

At January 1, 2010, three customers represented 68% of the total receivable balance of which 31% is from the Department of Finance, 26% is from the Bank of Papua New Guinea and 11% is from Canada Post Corporation.

The Corporation does not hold any collateral in respect of trade and other receivables.

7. Inventories

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Raw materials and supplies	**$ 49,076**	$ 42,051	$ 14,279
Work in process	**21,959**	19,801	18,671
Finished goods	**33,382**	22,820	22,222
Total inventories	**$ 104,417**	$ 84,672	$ 55,172

The amount of inventories recognized as cost of goods sold in 2011 is $3.0 billion (2010 - $2.1 billion).

The cost of inventories recognized as cost of goods sold in 2011 includes $3.3 million write-downs of inventory to net realisable value (2010 - $2.4 million).

There is no pledged collateral in respect of inventory.

8. Financial instruments and financial risk management

8.1 Capital risk management

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of organizational growth to provide returns to its sole shareholder, the Government of Canada, and benefits to other stakeholders. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2010.

The capital structure of the Corporation consists of loans as detailed in Note 13 and other payables and shareholder's equity which is comprised of issued capital, accumulated other comprehensive income and retained earnings.

The Corporation's senior management reviews the Corporation's capital structure periodically. As part of the review, senior management considers the cost of the capital and the associated risks in order to comply with the borrowing limits stipulated by the *Royal Canadian Mint Act*. The Corporation manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. The timing, terms and conditions of all borrowing transactions are approved by the Minister of Finance.

The Corporation also monitors debt leverage ratios as part of the management of liquidity to ensure it is properly financed and leveraged to facilitate planned objectives. See below the debt leverage ratios at the end of the reporting period.

Debt to Equity Ratio

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Debt (long-term and short-term borrowings)	**$ 10,475**	$ 11,974	$ 17,141
Shareholder's Equity	**258,800**	238,209	209,230
	4.0%	5.0%	8.2%

Debt to Assets Ratio

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Debt (long-term and short-term borrowings)	**$ 10,475**	$ 11,974	$ 17,141
Total assets	**373,033**	349,392	319,998
	2.8%	3.4%	5.4%

In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to the shareholder, issue new shares, issue new debt or repay existing debt. Any such activities are approved by the Board of Directors and subject to the stipulations of the *Royal Canadian Mint Act*.

8.2 Classification of financial instruments:

8.2.1 The classification, as well as the carrying amount and fair value of the Corporation's financial assets and financial liabilities are as follows:

(CAD$ thousands)

	As at December 31, 2011		As at December 31, 2010		As at January 1, 2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets						
Held for Trading						
Cash	**$ 78,930**	**$ 78,930**	$ 86,045	$ 86,045	$ 76,956	$ 76,956
Derivative financial assets	**940**	**940**	2,091	2,091	1,406	1,406
Loans and receivables						
Accounts receivable	**13,234**	**13,234**	19,719	19,719	29,939	29,939
Financial Liabilities						
Held for Trading						
Derivative financial liabilities	**2,194**	**2,194**	1,907	1,907	3,803	3,803
Other Financial Liabilities						
Accounts payable and accrued liabilities	**71,369**	**71,369**	57,159	57,159	54,371	54,371
Loans payable	**10,475**	**10,482**	11,974	11,976	17,141	17,152

The Corporation did not have any held-to-maturity or available-for-sale financial assets at the end of the reporting periods presented.

The Corporation has estimated the fair values of its financial instruments as follows:

i) The carrying amounts of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values as a result of the relatively short-term nature of these financial instruments.
ii) The fair values of loans payables have been estimated based on a discounted cash flow approach using current market rates appropriate as at the respective date presented.
iii) The fair values of the Corporation's foreign currency forward contracts, commodity swap and forward contracts and other derivative instruments are based on estimated credit-adjusted forward market prices. The Corporation takes counterparty risk and its own risk into consideration for the fair value of financial instruments.

8.2.2 *Interest income and expense*

The Corporation has recorded interest income and expense in relation to the following financial instruments:

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Financial assets held for trading		
Interest income earned on cash	**$ 488**	$ 568
Other financial liabilities		
Interest expense on loans and other payables	**$ 308**	$ 358

8.3 Financial Risk Management Objectives and Framework

The Corporation is exposed to credit risk, liquidity risk and market risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Audit Committee assists the Board of Directors and is responsible for review, approval and monitoring the Corporation's risk management policies including the development of an Enterprise Risk Management program which involves establishing corporate risk tolerance, identifying and measuring the impact of various risks, and developing risk management action plans to mitigate risks that exceed corporate risk tolerance. The Audit Committee reports regularly to the Board of Directors on its activities.

8.3.1 *Credit risk management*

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers, cash and derivative instruments. The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored.

The carrying amount of financial assets recorded in the consolidated financial statements represents the maximum credit exposure.

Accounts receivable

The Corporation's exposure to credit risk associated with accounts receivable is influenced mainly by the individual characteristics of each customer, however the Corporation also considers the demographics of the Corporation's customer base, including the risk associated with the type of customer and country in which customers operate.

The Corporation manages this risk by monitoring the creditworthiness of customers and obtaining pre-payment or other forms of payment security from customers with an unacceptable level of credit risk. The Corporation has established processes over contracting with foreign customers in order to manage the risk relating to foreign customers. The Corporation's management reviews the detailed Accounts Receivable listing on a regular basis for changes in customer balances which could present collectability issues. An accrual is provided for accounts with collectability issues when needed.

The maximum exposure to credit risk for accounts receivable by geographic regions was as follows:

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
North America	**$ 10,689**	$ 7,366	$ 16,621
Central America and the Caribbean	**501**	6,605	321
South America	**3**	53	2,066
Europe	**1,031**	406	2,372
Africa	**-**	1,881	296
Asia	**907**	2,480	647
Australia	**103**	928	7,616
	$ 13,234	$ 19,719	$ 29,939

The maximum exposure to credit risk for accounts receivable by type of customer was as follows:

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Governments (including governmental departments and agencies)	**$ 6,902**	$ 8,850	$ 14,035
Banking institutions	**1,657**	5,880	9,265
Consumers, dealers and others	**4,675**	4,989	6,639
	$ 13,234	$ 19,719	$ 29,939

The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivables. The allowance is based on specific accounts and is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivables, current business and geopolitical climate, customers and industry concentrations and historical experience. The Corporation sets different payment terms depending on the customer and product, which results in an average of 30 day payment terms.

The aging of accounts receivable was as follows:

(CAD$ thousands)

	As at December 31, 2011		As at December 31, 2010		As at January 1, 2010	
	Accounts Receivable	**Allowance for doubtful accounts**	Accounts Receivable	Allowance for doubtful accounts	Accounts Receivable	Allowance for doubtful accounts
Current						
0-30 days	**$ 9,323**	**$ -**	$ 16,079	$ -	$ 15,430	$ -
30-60 days	**2,052**	**-**	1,864	-	3,670	-
60-90 days	**1,339**	**-**	642	-	251	-
90-120 days	**260**	**-**	671	-	2,469	-
Over 120 days	**318**	**58**	615	152	9,247	1,128
Total	**$ 13,292**	**$ 58**	$ 19,871	$ 152	$ 31,067	$ 1,128
Net		**$ 13,234**		$ 19,719		$ 29,939

The change in the allowance for doubtful accounts was as follows:

(CAD$ thousands)

	2011	2010
Balance at beginning of year	**$ 152**	$ 1,128
Additions	**53**	-
Write-offs	**(147)**	(976)
Balance at the end of year	**$ 58**	$ 152

Cash
The Corporation invests surplus funds to earn investment income when needed with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements. The Corporation manages its credit risk relating to cash by utilizing a short-term investment policy to guide investment decisions. Investments must maintain a credit rating from at least one of the following credit agencies, meeting the following minimum criteria:

Dominion Bond Rating Service (DBRS) rating of R1 Low
Moody's rating of P1
Standard and Poor's (S&P) rating of A1

The Corporation regularly reviews the credit rating of issuers with whom the Corporation holds investments, and disposes of investments at the prevailing market rate when the issuer's credit rating declines below acceptable levels.

At each of the reporting dates presented, the Corporation did not hold any investments of this nature.

Derivative Instruments
Credit risk relating to foreign currency forward contracts, commodity swap and forward contracts and other derivative instruments arises from the possibility that the counterparties to the agreements may default on their respective obligations under the agreements in instances where these agreements have positive fair value for the Corporation. These counterparties are large international financial

institutions and to date, no such counterparty has failed to meet its financial obligation to the Corporation. Additionally, the Corporation manages its exposure by contracting only with creditworthy counterparties who are rated AA or better by Moody's or Standard & Poor's.

8.3.2 Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by continuously monitoring actual and forecasted cash flows to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The following table presents the contractual terms to maturity of the financial liabilities, reflecting undiscounted disbursements, owed by the Corporation:

As at December 31, 2011
(CAD$ thousands)

	Carrying amount	Contractual Cash flows	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities:						
Accounts payable and accrued liabilities	**$ (71,369)**	**$ (71,369)**	**$ (64,185)**	**$ (513)**	**$ (1,539)**	**$ (5,132)**
Loans and other liabilities	**(23,515)**	**(23,515)**	**(1,504)**	**(1,935)**	**(5,804)**	**(14,272)**
Derivative instruments:						
Commodity swaps	**(1,033)**	**4,667**	**4,667**	**-**	**-**	**-**
Foreign currency forwards	**188**	**33,829**	**34,726**	**(897)**	**-**	**-**

As at December 31, 2010
(CAD$ thousands)

	Carrying amount	Contractual Cash flows	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities:						
Accounts payable and accrued liabilities	$ (57,159)	$ (57,159)	$ (49,462)	$ (513)	$ (1,539)	$ (5,645)
Loans and other liabilities	(23,484)	(23,484)	(1,506)	(1,884)	(5,651)	(14,443)
Derivative instruments:						
Commodity swaps	(1,102)	10,343	10,343	-	-	-
Foreign currency forwards	1,216	13,542	8,796	4,746	-	-

As at January 1, 2010
(CAD$ thousands)

	Carrying amount	Contractual Cash flows	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities:						
Accounts payable and accrued liabilities	$ (54,371)	$ (54,371)	$ (46,161)	$ (513)	$ (1,539)	$ (6,158)
Loans and other liabilities	(33,139)	(33,139)	(13,947)	(1,741)	(5,222)	(12,229)
Derivative instruments:						
Commodity swaps	(3,638)	(2,760)	(2,760)	-	-	-
Foreign currency forwards	928	928	854	74	-	-

8.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or commodity price changes will affect the Corporation's income or the fair value of its financial instruments.

The Corporation uses derivative instruments, such as foreign currency forward contracts, interest rate exchange agreements and commodity swap and forward contracts to manage the Corporation's exposure to fluctuations in cash flows resulting from foreign exchange risk, interest rate risk and commodity price risk. The Corporation buys and sells derivatives in the ordinary course of business and all such transactions are carried out within the guidelines set out in established policies. The Corporation's policy is not to enter into derivative instruments for trading or speculative purposes.

Foreign Exchange Risk

The Corporation is exposed to foreign exchange risk on sales and purchase transactions that are denominated in foreign currencies primarily including U.S. dollars, Euros and GBP. The Corporation manages its exposure to exchange rate fluctuations between the foreign currency and the Canadian dollar by entering into foreign currency forward contracts and by applying hedge accounting to certain qualifying contracts to minimize the volatility to profit or loss. The Corporation also uses such contracts in the process of managing its overall cash requirements.

The Corporation's exposure to foreign currency risk was as follows based on Canadian dollar equivalent amounts.

As at December 31, 2011
(CAD$ thousands)

	USD	Euro
Cash	**$ 5,418**	**$ -**
Accounts Receivable	**3,753**	**-**
Accounts payable and accrued liabilities	**(1,561)**	**(265)**
Gross financial position exposure excluding financial derivatives	**7,610**	**(265)**
Estimated forecasted sales	**110,862**	**-**
Estimated forecasted purchases	**(68,117)**	**(8,521)**
Gross exposure	**50,355**	**(8,786)**
Forward exchange contracts	**(45,934)**	**7,719**
Net exposure	**$ 4,421**	**$ (1,067)**

As at December 31, 2010
(CAD$ thousands)

	USD	Euro	GBP
Cash	$ 5,513	$ -	$ -
Accounts Receivable	14,437	-	-
Accounts payable and accrued liabilities	(1,971)	(131)	-
Gross financial position exposure excluding financial derivatives	17,979	(131)	-
Estimated forecasted sales	35,300	-	-
Estimated forecasted purchases	(18,792)	(4,485)	(46)
Gross exposure	34,487	(4,616)	(46)
Forward exchange contracts	(29,264)	5,379	-
Net exposure	$ 5,223	$ 763	$ (46)

As at January 1, 2010
(CAD$ thousands)

	USD	Euro	GBP
Cash	$ 650	$ -	$ -
Accounts Receivable	11,260	-	-
Accounts payable and accrued liabilities	(1,139)	-	-
Gross financial position exposure excluding financial derivatives	10,771	-	-
Estimated forecasted sales	47,664	-	-
Estimated forecasted purchases	(27,085)	(4,025)	(531)
Gross exposure	31,350	(4,025)	(531)
Forward exchange contracts	(32,082)	108	406
Net exposure	$ (732)	$ (3,917)	$ (125)

Based on the net exposures as at December 31, 2011, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the Canadian dollar against the currencies above would result in increases (decreases) in profit for the year by the amounts shown below. A hypothetical 10% weakening in the Canadian dollar against the currencies would have the equal but opposite effect.

For the year ended December 31, 2011
(CAD$ thousands)

	Other Comprehensive Income	Profit
US dollars	**$ (3,693)**	**$ 455**
Euro	**472**	**73**

For the year ended December 31, 2010
(CAD$ thousands)

	Other Comprehensive Income	Profit
US dollars	$ (573)	$ 205
Euro	-	(54)
GBP	-	3

Interest Rate Risk:
Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. There is no interest rate risk related to cash as there are no short-term investments as at the dates presented. The Corporation's Bankers Acceptance interest rate swap loan instrument described in note 13 exposes the Corporation to cash flow interest rate risk. The Corporation has hedged 100% of the exposure to fluctuations in interest rates related to this instrument by entering into a $15 million interest rate swap, where the Corporation pays a fixed interest rate in exchange for receiving a floating interest rate. The interest rate swap is designated as a hedging instrument under the cash flow hedge accounting model.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation does not account for its fixed rate debt instruments as held for trading; therefore, a change in interest rates at the reporting date would not affect profit or loss with respect to these fixed rate instruments. The Corporation's interest rate swap exposes the Corporation to fair value interest rate risk. An increase of 50 basis points in interest rates at the reporting date will increase the fair value of the swap liability and decrease other comprehensive income by approximately $0.2 million (2010 – $0.2 million). A decrease of 50 basis points in interest rates will have the opposite result.

Commodity Price Risk:
The Corporation is exposed to commodity price risk on its purchase and sale of precious metals including gold, silver, platinum and palladium and base metals including nickel, copper and steel.

The Corporation is not exposed to precious metal price risk related to the bullion sales program because the purchase and sale of precious metals used in this program are completed on the same date, using the same price basis in the same currency.

The Corporation manages its exposure to commodity price fluctuations by entering into sales or purchase commitments that fix the future price or by entering into commodity swap and forward contracts that fix the future commodity price and by applying hedge accounting to these contracts to minimize the volatility to profit or loss.

Derivatives designated as a hedge of an anticipated or forecasted transaction are accounted for as cash flow hedges. The Corporation applies the normal purchases classification to certain contracts that are entered into for the purpose of procuring commodities to be used in production.

Therefore the impact of commodity price risk fluctuation on the consolidated financial statements is not significant because the Corporation's un-hedged commodity price risk is not significant.

8.4 Foreign currency forwards, commodity swap and interest rate swap

The notional and fair values of the derivative instruments designated as hedges are as follows:

As at December 31, 2011
(CAD$ thousands)

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Foreign currency forwards	**2012**	**$ 47,716**	**$ 896**
		$ 47,716	**$ 896**
Derivative financial liabilities			
Current			
Commodity swaps	**2012**	**$ 4,119**	**$ 1,033**
Foreign currency forwards	**2012**	**11,462**	**446**
Interest rate swaps	**2012**	**1,500**	**58**
Non-current			
Foreign currency forwards	**2013**	**897**	**37**
Interest rate swaps	**2018**	**9,000**	**350**
		$ 26,978	**$ 1,924**

As at December 31, 2010
(CAD$ thousands)

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Commodity swaps	2011	$ 1,997	$ 612
Foreign currency forwards	2011	20,439	1,044
Interest rate swaps	2011	1,500	9
Non-current			
Foreign currency forwards	2012	4,746	245
Interest rate swaps	2018	10,500	61
		$ 39,182	$ 1,971
Derivative financial liabilities			
Current			
Commodity swaps	2011	$ 8,690	$ 1,714
		$ 8,690	$ 1,714

As at January 1, 2010
(CAD$ thousands)

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Foreign currency forwards	2010	$ 12,936	$ 779
Interest rate swaps	2010	1,500	35
Non-current			
Foreign currency forwards	2011	1,175	67
Interest rate swaps	2018	12,000	278
		$ 27,611	$ 1,159
Derivative financial liabilities			
Current			
Commodity swaps	2010	$ 13,311	$ 3,638
		$ 13,311	$ 3,638

The losses (gains) on derivatives designated as cash flow hedges will be reclassified from accumulated other comprehensive income to profit or loss during the periods when the hedged losses (gains) are realized. The amounts will be reclassified to net income over periods up to 7 years of which approximately $0.6 million losses (gains) will be reclassified during the next 12 months.

The notional and fair values of the derivative instruments not designated as hedges are as follows:

As at December 31, 2011
(CAD$ thousands)

	Maturities	**Notional Value**	**Fair Value**
Derivative financial assets			
Current			
Foreign currency forwards	**2012**	**$ 4,892**	**$ 44**
		$ 4,892	**$ 44**
Derivative financial liabilities			
Current			
Foreign currency forwards	**2012**	**$ 23,513**	**$ 270**
		$ 23,513	**$ 270**

As at December 31, 2010
(CAD$ thousands)

	Maturities		Notional Value		Fair Value
Derivative financial assets					
Current					
Foreign currency forwards	2011	$	10,818	$	120
		$	10,818	$	120
Derivative financial liabilities					
Current					
Foreign currency forwards	2011	$	8,287	$	193
		$	8,287	$	193

As at January 1, 2010
(CAD$ thousands)

	Maturities		Notional Value		Fair Value
Derivative financial assets					
Current					
Foreign currency forwards	2010	$	8,111	$	240
Non-current					
Foreign currency forwards	2011		298		7
		$	8,409	$	247
Derivative financial liabilities					
Current					
Foreign currency forwards	2010	$	11,444	$	165
		$	11,444	$	165

For the year ended December 31, 2011, the amounts recorded in the consolidated statement of comprehensive income resulting from the net change in fair value of the derivative instruments not designated as hedges amount to a loss of $0.2 million (2010 – loss of $0.1 million). These amounts are included in net foreign exchange gains (losses).

8.5 Fair value measurements recognized in the consolidated statement of financial position

The table below analyzes financial instruments carried at fair value, by valuation method. All the derivatives the Corporation has are classified as level 2 financial instruments. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Derivative financial assets			
Commodity swaps	**$ -**	$ 612	$ -
Foreign currency forwards	**940**	1,410	1,093
Interest rate swaps	**-**	69	313
	$ 940	$ 2,091	$ 1,406
Derivative financial liabilities			
Commodity swaps	**$ 1,033**	$ 1,714	$ 3,638
Foreign currency forwards	**753**	193	165
Interest rate swaps	**408**	-	-
	$ 2,194	$ 1,907	$ 3,803

9. Property, plant and equipment

The composition of the net book value of the Corporation's property, plant and equipment, is presented in the following tables:

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Cost	**$ 287,445**	$ 261,554	$ 250,128
Accumulated depreciation	**(125,981)**	(115,368)	(106,246)
Net book value	**161,464**	146,186	143,882
Net book value by asset class			
Land and land improvements	**$ 3,191**	$ 3,218	$ 3,148
Buildings	**65,439**	63,682	62,666
Plant and equipment	**75,782**	74,344	75,576
In process capital projects	**17,052**	4,942	2,492
Net book value	**$ 161,464**	$ 146,186	$ 143,882

Reconciliation of the opening and closing balances of property, plant and equipment for 2011:

(CAD$ thousands)

	Land and land improvements	Buildings	Plant and equipment	Capital projects in process	Total
Cost					
Balance at January 1, 2010	$ 3,998	$ 62,666	$ 180,972	$ 2,492	$ 250,128
Additions	96	3,897	7,184	4,942	16,119
Transfers	-	234	2,258	(2,492)	-
Disposals	-	(568)	(4,125)	-	(4,693)
Balance at December 31, 2010	4,094	66,229	186,289	4,942	261,554
Additions	-	5,512	6,259	16,873	28,644
Transfers	-	108	4,655	(4,763)	-
Disposals	-	(1,189)	(1,564)	-	(2,753)
Balance at December 31, 2011	**$ 4,094**	**$ 70,660**	**$ 195,639**	**$ 17,052**	**$ 287,445**
Accumulated depreciation					
Balance at January 1, 2010	$ 850	-	105,396	$ -	$ 106,246
Depreciation	26	2,547	10,271	-	12,844
Disposals	-	-	(3,722)	-	(3,722)
Balance at December 31, 2010	876	2,547	111,945	-	115,368
Depreciation	27	2,674	9,436	-	12,137
Disposals	-	-	(1,524)	-	(1,524)
Balance at December 31, 2011	**$ 903**	**$ 5,221**	**$ 119,857**	**$ -**	**$ 125,981**
Net book value at December 31, 2011	**$ 3,191**	**$ 65,439**	**$ 75,782**	**$ 17,052**	**$ 161,464**

As a first time adopter of IFRS, the Corporation chose to use fair value as deemed cost for the buildings and chose to retrospectively apply IAS 16 for equipment per the choices available under IFRS 1 elective exemptions. An increase of $6.5 million on buildings and an increase of $3.6 million on equipment were recorded at the date of transition to IFRS, January 1, 2010. Property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses after the date of transition.

No indicators of impairment were found for property, plant and equipment as at December 31, 2011 or 2010.

No asset is pledged as security for borrowings as at December 31, 2011 or 2010.

10. Investment property

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Cost	**$ 236**	$ 236	$ 236

The fair value of the land is $2.6 million at January 1, 2010 as determined by an independent appraiser. The valuation was arrived at by reference to market prices for similar properties in the relevant location. The valuation will be carried out every 3 to 5 years or when there is significant change in the market price.

The Corporation's investment property is held under freehold interests.

No indicators of impairment were found for investment property as at December 31, 2011 or 2010.

11. Intangible assets

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Cost	**$ 24,167**	$ 20,917	$ 34,098
Accumulated depreciation	**(16,653)**	(13,931)	(23,354)
Net book value	**$ 7,514**	$ 6,986	$ 10,744

The Corporation's intangible assets contain mainly software for internal use or for providing services to customers.

Reconciliation of the opening and closing balances of intangibles for 2011:

(CAD$ thousands)

	Software	Trademarks	Capital Projects in process	Total
Cost				
Balance at January 1, 2010	$ 18,614	$ 15,000	$ 484	$ 34,098
Additions	461	-	1,358	1,819
Transfers	317	-	(317)	-
Disposals	-	(15,000)	-	(15,000)
Balance at December 31, 2010	19,392	-	1,525	20,917
Additions	874	-	2,376	3,250
Transfers	751	-	(751)	-
Disposals	-	-	-	-
Balance at December 31, 2011	**$ 21,017**	**$ -**	**$ 3,150**	**$ 24,167**
Accumulated depreciation				
Balance at January 1, 2010	$ 11,263	$ 12,091	$ -	$ 23,354
Depreciation	2,668	970	-	3,638
Disposals	-	(13,061)	-	(13,061)
Balance at December 31, 2010	13,931	-	-	13,931
Depreciation	2,722	-	-	2,722
Disposals	-	-	-	-
Balance at December 31, 2011	**$ 16,653**	**$ -**	**$ -**	**$ 16,653**
Net book value at December 31, 2011	**$ 4,364**	**$ -**	**$ 3,150**	**$ 7,514**

No indicators of impairment were found for intangible assets as at December 31, 2011 or 2010.

12. Accounts payable and accrued liabilities

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Canadian dollars	**$ 69,543**	$ 55,057	$ 53,232
US dollars	**1,561**	1,971	1,139
Euros	**265**	131	-
Total accounts payable and accrued liabilities	$ **71,369**	$ 57,159	$ 54,371

Accrued liabilities include the liability to Department of Finance which is disclosed in Note 20 in detail.

13. Loans payable

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Banker's Acceptance	**$ 10,471**	$ 11,968	$ 13,488
Other payable	**-**	-	3,642
Accrued interest	**4**	6	11
Total loans payable	**$ 10,475**	$ 11,974	$ 17,141
Current	**$ 1,504**	$ 1,506	$ 5,169
Non-current	**8,971**	10,468	11,972
Total loans payable	**$ 10,475**	$ 11,974	$ 17,141

The 10 year CAD$ 15 million Bankers' Acceptance/Interest rate swap loan bears an interest rate at 2.67% with maturity in 2018. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The structure of the loan involves the use of a revolving 3 month Bankers Acceptances and an Interest Rate Swap to lock in the BA refinancing. The loan gets paid down $1.5 million per year for 10 years. The balance of the principal is $10.5 million and the fair value of the loan is $10.5 million as at December 31, 2011. The balance of the principal is $12.0 million and the fair value of the loan is $12.0 million as at December 31, 2010. The loan is unsecured.

14. Deferred revenue

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Customer prepayment (i)	**$ 5,868**	$ 13,951	$ 5,075
Subscription program (ii)	**315**	514	336
Total deferred revenue	**$ 6,183**	$ 14,465	$ 5,411
Current	**6,183**	14,465	5,411
Total deferred revenue	$ **6,183**	$ 14,465	$ 5,411

(i) The deferred revenue arises when customers prepay the cost of purchasing materials in order to lock the purchasing price, primarily metals. The deferred revenue will be recognized as revenue when the shipments are made.

(ii) The deferred revenue arises from the Corporation's subscription program. The customer makes the prepayment to lock the purchasing price and will receive a predetermined set of products over certain duration of time. The deferred revenue will be recognized as revenue when the individual product within the subscription is shipped.

15. Income taxes

Current tax expense

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Current income tax expense	**$ 10,199**	$ 9,598
Adjustments for prior years	**(358)**	(378)
Total current tax expense	**$ 9,841**	$ 9,220

Deferred tax expense

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Deferred tax expense:		
Origination and reversal of temporary differences	**$ 1,419**	$ 3,494
Adjustments for prior years	**154**	-
Increase in tax rate	**8**	55
Total deferred tax expense	**$ 1,581**	$ 3,549

Income tax expense on profit before income tax differs from the amount that would be computed by applying the Federal statutory income tax rate of 26.5% (2010 – 28%). The expense for the year can be reconciled to the accounting profit before tax as follows:

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Net income before tax for the year	**$ 43,825**	$ 46,385
Income tax rate	**26.5%**	28.0%
Computed tax expense	**$ 11,614**	$ 12,987
Non-deductible expense	**147**	(19)
Change in tax rates	**8**	55
Adjustments for prior years	**(88)**	(378)
Other net amounts	**(259)**	124
Income tax expense recognised in profit or loss	**$ 11,422**	$ 12,769

Deferred tax recognized in other comprehensive income

(CAD$ thousands)

	2011			2010		
	Before tax	**Tax (expense) income**	**Net of tax**	Before tax	Tax (expense) income	Net of tax
Gains/losses on derivatives	**$ (3,441)**	**$ 874**	**$ (2,567)**	$ 2,732	$ (741)	$ 1,991
Actuarial gains/ losses on Defined Benefit Plan	**1,006**	**(251)**	**755**	372	-	372
Total	**$ (2,435)**	**$ 623**	**$ (1,812)**	$ 3,104	$ (741)	$ 2,363

Current tax assets and liabilities

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Current tax assets			
Income taxes receivable	**$ 3,473**	$ 2,548	$ -
Current tax liabilities			
Income taxes payable	$ **-**	$ -	$ 8,778

The tax effects of temporary differences that give rise to deferred tax assets and liabilities in 2011 and 2010 are presented below:

Temporary differences for 2011

(CAD$ thousands)

	Opening balance	Recognized in profit or (loss)	Recognized in OCI	Closing balance
Deferred tax assets				
Employee benefits	**$ 3,361**	**$ (367)**	**$ (252)**	**$ 2,742**
Accounts payable	**2,053**	**(129)**	**-**	**1,924**
Derivative financial assets	**(46)**	**-**	**303**	**257**
Deferred tax liability				
Capital assets	**(15,701)**	**(172)**	**-**	**(15,873)**
Intangible assets	**(1,025)**	**(831)**	**-**	**(1,856)**
Investment property	**(59)**	**-**	**-**	**(59)**
Investment tax credits	**(93)**	**(82)**	**-**	**(175)**
Net deferred tax liability	**$ (11,510)**	**$ (1,581)**	**$ 51**	**$ (13,040)**

Temporary differences for 2010

(CAD$ thousands)

	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets				
Employee benefits	$ 3,329	$ 32	$ -	$ 3,361
Inventory	2,060	(7)	-	2,053
Accounts payable	280	(280)	-	-
Deferred tax liability				
Capital assets	(11,555)	(4,146)	-	(15,701)
Intangible assets	(1,901)	876	-	(1,025)
Derivative financial liability	695	-	(741)	(46)
Investment property	(30)	(29)	-	(59)
Investment tax credits	(98)	5	-	(93)
Net deferred tax liability	$ (7,220)	$ (3,549)	$ (741)	$ (11,510)

16. Employee benefits

i) Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate for 2011 was 1.86 of the employees' contribution (2010 - 1.94). Total contributions of $11.1 million were recognized as expense in 2011 (2010 - $9.7 million). The estimated contribution for 2012 is $12.7 million.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

ii) Other Post-Employment Benefits

The Corporation provides severance benefits to its employees and also provides supplementary retirement benefits including post retirement benefits and post retirement insurance benefits to certain employees. The benefits are accrued as the employees render the services necessary to earn them. These benefits plans are unfunded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

In 2011, the Corporation provided cash-out options of its severance benefits. There was about $1.0 million settlement loss recognized in the year. There were no past service costs or curtailments in 2011. There were no past service costs, curtailments or settlements arising in 2010.

iii) Other Long-term Employee Benefits

The Corporation's other long-term benefits include benefits for employees in receipt of long-term disability benefits, sick leave and special leave benefits and worker's compensation benefits. These benefits plans are unfunded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Employee benefits obligation at reporting date:

(CAD$ thousands)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Post employment benefits	**$ 7,608**	$ 10,981	$ 11,032
Other long-term employee benefits	**3,364**	3,187	3,012
Total employee benefits obligation	**$ 10,972**	$ 14,168	$ 14,044

Movements of employee benefits obligation were as follows:

(CAD$ thousands)

	Post employment benefits		Other long-term employment benefits	
	2011	2010	**2011**	2010
Beginning of the year	**$ 10,981**	$ 11,032	**$ 3,187**	$ 3,012
Current service cost	**772**	737	**1,956**	1,818
Interest cost	**509**	503	**151**	154
Benefits paid	**(4,834)**	(919)	**(2,662)**	(2,196)
Settlement loss	**1,024**	-	**-**	-
Actuarial losses/(gains)	**(1,006)**	(372)	**732**	399
Other	**162**	-	**-**	-
End of the year	**$ 7,608**	$ 10,981	**$ 3,364**	$ 3,187

Employee benefits expenses were as follows:

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Post employment benefits		
Pension benefits contribution	**$ 11,094**	$ 9,651
Other post employment benefits	**(3,373)**	(51)
Other long-term employee benefits	**177**	175
Total employee benefits expenses	**$ 7,898**	$ 9,775

Amounts recognized in the consolidated statement of comprehensive income were as follows:

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
In Profit or Loss		
Pension benefits contribution	**$ 11,094**	$ 9,651
Current service cost	**2,728**	2,555
Interest cost	**660**	657
Benefits paid	**(7,496)**	(3,115)
Settlement loss	**1,024**	-
Actuarial (gains)/losses	**732**	399
Other	**162**	-
	8,904	10,147
In Other Comprehensive Income		
Actuarial (gains)/losses	**(1,006)**	(372)
	(1,006)	(372)
Total amounts recognized in the consolidated statement of comprehensive income	**$ 7,898**	$ 9,775

If all other assumptions are held constant, a hypothetical increase of one percentage point in the assumed medical cost trend rates will increase the current service cost, interest cost and accumulated benefit obligation by the amount in the table below. The effect of a hypothetical decrease of one percentage point in the assumed medical cost trend rates will have approximately the opposite result.

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Current service cost and interest cost	**$ 6**	$ 3
Accumulated benefit obligation	**177**	25

The principal actuarial assumptions used at the end of the reporting period were as follows (weighted average):

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Accrued benefit obligation:			
Discount rate	**4.2%**	5.1%	5.3%
Rate of compensation increase	**3.0%**	4.3%	4.4%
Benefit costs for the year ended:			
Discount rate	**4.6%**	5.3%	5.4%
Rate of compensation increase	**4.5%**	4.4%	4.4%
Assumed health care cost trend rates:			
Initial health care cost trend rate	**7.8%**	6.5%	6.5%
Cost trend rate declines to	**5.4%**	6.5%	6.5%

17. Revenue

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenue from the sale of goods	**$ 3,145,528**	$ 2,198,085
Revenue from the rendering of services	**13,823**	12,997
Total Revenue	**$ 3,159,351**	$ 2,211,082

18. Depreciation and amortization expenses

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Depreciation of property, plant and equipment	**$ 12,136**	$ 12,844
Amortization of intangible assets	**2,721**	3,638
Total depreciation and amortization expenses	**$ 14,857**	$ 16,482

Depreciation and amortization expenses were reclassed to other operating expenses as follows:

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Cost of goods sold	**$ 10,442**	$ 12,625
Marketing and Sales expenses	**1,766**	1,543
Administration expenses	**2,649**	2,314
Total depreciation and amortization expenses	**$ 14,857**	$ 16,482

19. Scientific research and experimental development expenses, net

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Research and development expenses	**$ 5,721**	$ 4,671
Scientific research and development credit	**(1,698)**	(1,619)
Research and development expenses, net	**$ 4,023**	$ 3,052

The net expenses of research and development were included in the administration expenses in the consolidated statement of comprehensive income.

20. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada owned entities. The Corporation enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. In accordance with disclosure exemption regarding "government related entities", the Corporation is exempt from certain disclosure requirements of IAS 24 relating to its transactions and outstanding balances with:

- a government that has control, joint control or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Based on this exemption, as the Corporation has not entered into any transactions with these related parties which are considered to be individually or collectively significant, the Corporation has not disclosed any details of its transactions with:

- The Government of Canada, and departments thereof
- All federal Crown corporations

Transactions with the Department of Finance ("DOF") related to the production, management and delivery of Canadian circulation coins are negotiated and measured at fair value under a three year Memorandum of Understanding, where pricing is agreed annually in the normal course of operations.

The revenues related to the transactions with Department of Finance are as follows:

(CAD$ thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenue from DOF	**$ 113,724**	$ 107,061

Due to the retrospective application of IAS 16 at the date of transition to IFRS, depreciation expenses that have been charged under Canadian GAAP to the Department of Finance at a rate in excess of actual depreciation expenses incurred under IAS 16 have been adjusted by the amount of $8.2 million. This amount is included in Accounts Payable and Accrued Liabilities on the consolidated statement of financial position since it could be reimbursable on demand to DOF. Starting in 2011, the Corporation will reduce the future billings to the Department of Finance by $0.5 million a year for 16 years until the total amount of the outstanding liability is eliminated. The Corporation has reduced the billing to the Department of Finance by $0.5 million and the remainder of $7.7 million will be deducted in future billings.

Compensation of key management personnel

Key management personnel include all members of the Board of Directors and executive officers including all VPs, who have the authorities and responsibilities for planning, directing and controlling the activities of the Corporation.

Compensation of key management personnel for the year was as follows:

(CAD$ thousands)

	2011	2010
Short-term employee benefits including termination benefits (1)	**$ 2,227**	$ 2,566
Post-employment benefits	**873**	540
Other long-term benefits	**106**	96
Total compensation	**$ 3,206**	$ 3,202

(1) Amount of termination benefits is not significant.

21. Commitments, contingencies and guarantees

21.1 Precious metal leases

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments, as well as precious metals leases. As at December 31, 2011, the Corporation had $14.4 million precious metal purchase commitments outstanding (2010 - Nil). At the end of the period, the Corporation had entered into precious metal leases as follows:

(Ounces)

	December 31, 2011	December 31, 2010	January 1, 2010
Gold	**9,313**	456,780	439,088
Silver	**9,420,209**	6,043,173	4,376,662

The fees for these leases are based on market value. The precious metal lease payment expensed for 2011 is $6.9 million (2010 - $4.4 million). The value of the metals under these leases has not been reflected in the Corporation's consolidated financial statements since the Corporation intends to settle these commitments through receipt or delivery of the underlying metal.

21.2 Base metal commitments

In order to facilitate the production of circulation and non-circulation coins (for Canada and other countries) and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments. As at December 31, 2011, the Corporation had $50.2 million (December 31, 2010 - $26.1 million) in purchase commitments outstanding.

21.3 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As of December 31, 2011, under the guarantees and bid bonds, the maximum potential amount of future payments is $12.2 million. It was $8.4 million as of December 31, 2010 and $10.3 million as of January 1, 2010.

21.4 Other commitments and guarantees

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the year ended December 31, 2011, approved short-term borrowings for working capital within this limit, were not to exceed $25.0 million (2010 - $25.0 million).

To support such short-term borrowings as may be required from time to time, the Corporation has various commercial borrowing lines of credit, made available to it by Canadian financial institutions. These lines are unsecured and provide for borrowings up to 364 days in term based on negotiated rates. No amounts were borrowed under these lines of credit as at December 31, 2011,December 31, 2010 or January 1, 2010.

The Corporation has committed as at December 31, 2011 to spend approximately $19.5 million (December 31, 2010 - $7.4 million) on capital projects.

The Corporation has other various lease and contractual purchase obligations for goods and services. As of December 31, 2011 these future commitments are $23.9 million in total. These commitments will be completed by December 2015 (2012 - $22.9M, 2013 - $0.4M, 2014 - $0.1M, 2015 - $0.5M)

There are various legal claims against the Corporation. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. There is no contingent liability as of December 31, 2011, December 31, 2010 or January 1, 2010.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2010.

22. Transition to IFRS

The Corporation adopted IFRS on January 1, 2011, with a date of transition effective January 1, 2010. Prior to the adoption of IFRS, the Corporation prepared its consolidated financial statements in accordance with previous Canadian GAAP. These financial statements for the year ended December 31, 2011 are the first annual consolidated financial statements issued by the Corporation that comply with IFRS.

The Corporation's transition date is January 1, 2010 (the "transition date") and the Corporation has prepared its opening IFRS consolidated statement of financial position at that date. These consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 and in accordance with the requirements of IFRS 1, which is applicable upon first-time adoption of IFRS. IFRS 1 requires that the same policies be applied for all periods presented and that those policies be based on IFRS effective at the end of the adoption year, or December 31, 2011 for the Corporation. The Corporation has prepared its opening consolidated statement of financial position by applying existing IFRS with an effective date of December 31, 2011 or earlier.

22.1 Initial elections upon adoption

22.1.1 Elected exemptions from full retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, the Corporation has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below.

(i) Fair value or revaluation as deemed cost

IFRS 1 provides entities with the optional exemption to revalue any item of property, plant and equipment, investment property or intangible asset at its fair value at the date of transition to IFRS and subsequently use that fair value as the asset's deemed cost.

The Corporation has elected to use fair value as deemed cost for all of its buildings. The Corporation will retrospectively apply IAS 16, IAS 38 and IAS 40 for land, equipment, intangible assets and investment property at the date of transition.

(ii) Employee benefits

The Corporation has elected to use the exemption provided by IFRS 1 to recognize all cumulative actuarial gains and losses at the date of transition in opening retained earnings for the Corporation's employee benefit plans. Without the election of this IFRS 1 exemption, full retrospective application of IAS 19 "Employee Benefits" would have been required.

The Corporation also has elected to use the exemption provided by IFRS 1 to provide historical disclosure of the defined benefit obligations and experience adjustments prospectively from the date of transition.

(iii) Leases

Under IFRIC 4, "Determining whether an arrangement contains a lease", a first-time adopter may determine whether an arrangement existing at the date of transition to IFRS contains a lease based on the facts and circumstances existing at that date. If a first-time adopter made the same determination of whether an arrangement contained a lease in accordance with Canadian GAAP as that required by IFRIC 4 but at a date other than that required by IFRIC 4, the first-time adopter does not need to reassess that determination when it adopts IFRS. The Corporation has elected to apply the transitional provisions in IFRIC 4 at the date of transition.

(iv) Borrowing costs

The Corporation has elected to apply the transitional provisions set out in IAS 23, Borrowing Costs, to designate the transition date as the date to commence capitalization of borrowing costs for qualifying assets as defined in the standard.

22.1.2 Mandatory exceptions to retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, the Corporation has applied the mandatory exceptions from full retrospective application of IFRS. The mandatory exceptions applied from full retrospective application of IFRS are described below.

(i) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in IAS 39, Financial Instruments: Recognition and Measurement, at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively.

If, before the date of transition to IFRS, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in IAS 39, hedge accounting must be discontinued. Transactions entered into before the date of transition to IFRS shall not be retrospectively designated as hedges.

As a result, only hedging relationships that satisfied the hedge accounting criteria as of transition date are reflected as hedges in the Corporation's results under IFRS. Any derivatives not meeting the IAS 39 criteria for hedge accounting were recorded as non-hedging derivative financial instruments. All derivatives, whether or not they meet the IAS 39 criteria for hedge accounting, were fair valued and recorded in the consolidated statement of financial position.

(ii) Derecognition of financial assets and financial liabilities
A first-time adopter shall apply the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively for transactions occurring on or after the date of transition. In other words, if a first-time adopter derecognized non-derivative financial assets or non-derivative financial liabilities in accordance with its Canadian GAAP as a result of a transaction that occurred before the date of transition, it shall not recognize those assets and liabilities in accordance with IFRS (unless they qualify for recognition as a result of a later transaction or event).

The Corporation has not recognized any financial assets or financial liabilities at the date of transition that had been derecognized under Canadian GAAP.

(iii) Estimates
Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Corporation under Canadian GAAP are consistent with their application under IFRS.

22.2 Reconciliations of Canadian GAAP to IFRS

22.2.1 Reconciliation of shareholder's equity

The following is a reconciliation of the Corporation's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS at the transition date:

(CAD$ thousands)

	Notes	As at December 31, 2010	As at January 1, 2010
Shareholder's equity under Canadian GAAP		**$ 237,930**	**$ 209,188**
Differences increasing (decreasing) retained earnings:			
Property, plant and equipment	(i)	9,793	9,878
Employee benefits	(iii)	(1,574)	(1,896)
Income taxes	(iv)	34	34
Accrued liabilities	(v)	(8,210)	(8,210)
Investment property	(ii)	236	236
Total adjustment to Shareholder's equity under Canadian GAAP		**$ 279**	**$ 42**
Total Shareholder's equity under IFRS		**$ 238,209**	**$ 209,230**

22.2.2 Reconciliation of profit for the year

The following is a reconciliation of the Corporation's profit reported in accordance with Canadian GAAP to its profit for the year in accordance with IFRS for the year ended December 31, 2010.

(CAD$ thousands)

	Notes	For the year ended December 31, 2010
Net income under Canadian GAAP		**$ 33,751**
Differences increasing (decreasing) profit:		
Depreciation	(i)	(85)
Employee benefits	(iii)	(50)
Total adjustments to net income under Canadian GAAP		**(135)**
Profit for the year under IFRS		**$ 33,616**

22.2.3 Reconciliation of Other Comprehensive Income

The following is a reconciliation of the Corporation's other comprehensive income reported in accordance with Canadian GAAP to its other comprehensive income in accordance with IFRS for the year ended December 31, 2010.

(CAD$ thousands)

	Note	For the year ended December 31, 2010
Other comprehensive income under Canadian GAAP		**$ 1,991**
Differences increasing (decreasing) other comprehensive income:		
Actuarial gains on benefit plans	(iii)	372
Total other comprehensive income under IFRS		**$ 2,363**

22.2.4 Reconciliation of Consolidated Statement of Financial Position as at January 1, 2010

(CAD$ thousands)

	Notes	Canadian GAAP	IFRS adjustments	IFRS
Assets				
Cash		**$ 76,956**	$ -	**$ 76,956**
Accounts receivable		**29,939**	-	**29,939**
Prepaid expenses		**1,663**	-	**1,663**
Inventories		**55,172**	-	**55,172**
Derivative financial assets		**1,054**	-	**1,054**
Current assets		**164,784**	-	**164,784**
Derivative financial assets		**352**	-	**352**
Property, plant and equipment	(i)	**134,004**	9,878	**143,882**
Investment property	(ii)	**-**	236	**236**
Intangible assets		**10,744**	-	**10,744**
Total assets		**$ 309,884**	$ 10,114	**$ 319,998**
Liabilities				
Accounts payable and accrued liabilities	(v)	**$ 46,161**	$ 8,210	**$ 54,371**
Loans payable		**5,169**	-	**5,169**
Deferred revenue		**5,411**	-	**5,411**
Employee benefits		**1,515**	-	**1,515**
Income taxes payable		**8,778**	-	**8,778**
Derivative financial liabilities		**3,803**	-	**3,803**
Current liabilities		**70,837**	8,210	**79,047**
Loans payable		**11,972**	-	**11,972**
Deferred tax liabilities	(iv)	**7,254**	(34)	**7,220**
Employee benefits	(iii)	**10,633**	1,896	**12,529**
Total liabilities		**100,696**	10,072	**110,768**
Shareholder's equity				
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	-	**40,000**
Retained earnings		**170,889**	42	**170,931**
Accumulated other comprehensive income		**(1,701)**	-	**(1,701)**
Total shareholder's equity		**209,188**	42	**209,230**
Total liabilities and shareholder's equity		**$ 309,884**	$ 10,114	**$ 319,998**

22.2.4 Reconciliation of Consolidated Statement of Financial Position as at December 31, 2010

(CAD$ thousands)

	Notes	Canadian GAAP	IFRS adjustments	IFRS
Assets				
Cash		**$ 86,045**	$ -	**$ 86,045**
Accounts receivable		**19,719**	-	**19,719**
Prepaid expenses		**909**	-	**909**
Income taxes receivable		**2,548**	-	**2,548**
Inventories		**84,672**	-	**84,672**
Derivative financial assets		**1,785**	-	**1,785**
Current assets		**195,678**	-	**195,678**
Derivative financial assets		**306**	-	**306**
Property, plant and equipment	(i)	**136,393**	9,793	**146,186**
Investment property	(ii)	**-**	236	**236**
Intangible assets		**6,986**	-	**6,986**
Total assets		**$ 339,363**	$ 10,029	**$ 349,392**
Liabilities				
Accounts payable and accrued liabilities	(v)	**$ 48,949**	$ 8,210	**$ 57,159**
Loans payable		**1,506**	-	**1,506**
Deferred revenue		**14,465**	-	**14,465**
Employee benefits		**1,467**	-	**1,467**
Derivative financial liabilities		**1,907**	-	**1,907**
Current liabilities		**68,294**	8,210	**76,504**
Loans payable		**10,468**	-	**10,468**
Deferred tax liabilities	(iv)	**11,544**	(34)	**11,510**
Employee benefits	(iii)	**11,127**	1,574	**12,701**
Total liabilities		**101,433**	9,750	**111,183**
Shareholder's equity				
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	-	**40,000**
Retained earnings		**197,640**	279	**197,919**
Accumulated other comprehensive income		**290**	-	**290**
Total shareholder's equity		**237,930**	279	**238,209**
Total liabilities and shareholder's equity		**$ 339,363**	$ 10,029	**$ 349,392**

22.2.4 *Reconciliation of Consolidated Statement of Comprehensive Income For The Year Ended December 31, 2010*

(CAD$ thousands)

	Notes	Canadian GAAP	IFRS adjustments	IFRS
Revenues		**$ 2,211,082**	$ -	**$ 2,211,082**
Cost of goods sold	(vi)	**2,051,930**	12,065	**2,063,995**
Gross profit		**159,152**	(12,065)	**147,087**
Other operating expenses				
Marketing and Sales expenses	(vi)	**50,939**	1,414	**52,353**
Administration expenses	(vi)	**45,048**	2,492	**47,540**
Amortization expenses	(vi)	**15,836**	(15,836)	**-**
Other operating expenses		**111,823**	(11,930)	**99,893**
Operating profit		**47,329**	(135)	**47,194**
Net foreign exchange gains (losses)		**(1,251)**	-	**(1,251)**
Finance income (costs), net				
Finance income		**811**	-	**811**
Finance costs		**(369)**	-	**(369)**
Finance income, net		**442**		**442**
Profit before income tax		**46,520**	(135)	**46,385**
Income tax expense		**(12,769)**	-	**(12,769)**
Profit for the year		**33,751**	(135)	**33,616**
Other comprehensive income				
Net gains on cash flow hedges		**243**	-	**243**
Prior year net gains on cash flow hedges transferred to net income		**1,748**	-	**1,748**
Net actuarial gains on defined benefit plans		**-**	372	**372**
Other comprehensive income, net of tax		**1,991**	372	**2,363**
Total comprehensive income		**$ 35,742**	$ 237	**$ 35,979**

i. Property, plant and equipment

Buildings

Under Canadian GAAP, the buildings were recognized at cost. As stated in the section entitled "Elected exemptions from full retrospective application," the Corporation elected to use the fair value of $62.9 million as deemed cost for the buildings at the date of transition to IFRS. The fair value of the buildings was determined by reference to a revaluation performed by third party appraisers. The aggregate adjustment is a $6.5 million increase to the carrying amounts of the buildings reported under Canadian GAAP. The Corporation elected to use the cost method of accounting for buildings on an ongoing basis after the date of transition.

IAS 16 requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item be depreciated separately. Component accounting required by IAS 16 has never been performed by the Corporation under Canadian GAAP.

The retrospective application of component accounting does not have any impact on the buildings as the Corporation elected to use fair value as deemed cost for the buildings at the date of transition to IFRS. However, componentization will be applied prospectively in relation to buildings after the date of transition. An independent and qualified appraiser was hired to aid in the componentization and fair value of the buildings.

Equipment

The Corporation did not elect to take the fair value as deemed cost election for plant and equipment and as a result, has retrospectively applied IAS 16 to all remaining items of property, plant and equipment. Under Canadian GAAP, the equipment was amortized at the asset class level. The retrospective application of IAS 16 has resulted in additional componentization of items of equipment.

As part of this process, the Corporation's engineers reviewed equipment to identify the different significant components. Subsequent to this, a useful life estimate was made for each newly identified component. Retrospective componentization has resulted in a $3.6 million increase in the net book value of equipment at the date of transition.

The Corporation elected to use the cost method of accounting for equipment on an ongoing basis after the date of transition.

No material replacement assets have been identified at the date of transition to IFRS that would result in derecognition of additional assets either at the date of transition or in 2010.

ii. Investment Property

Under Canadian GAAP, the Winnipeg land was presented at cost under property, plant and equipment. Since the criteria under IAS 40 investment property were met at the date of transition to IFRS, $0.2 million of the Winnipeg land cost was reclassified from property, plant and equipment to investment property.

iii. Employee Benefits

Actuarial gains and losses

Under Canadian GAAP, actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized on a systematic and consistent basis, subject to a minimum required amortization based on a "corridor" approach. The "corridor" was 10% of the greater of the accrued benefit obligation and the fair value of plan assets at the beginning of the year. Actuarial gains and losses in excess of this 10% corridor are amortized as a component of pension expense on a straight-line basis over the expected average remaining service life of active participants. Actuarial gains and losses below the 10% corridor are deferred.

As stated in the section entitled "Elected exemptions from full retrospective application", the Corporation elected to recognize all cumulative actuarial gains and losses that existed at the transition date in opening retained earnings for all of its employee benefit plans. As a result, the Corporation adjusted its pension expense to remove the amortization of actuarial gains and losses. A total of $1.1 million of actuarial losses was recognized at the date of transition. Subsequent to the date of transition, actuarial gains and losses are not amortized to profit or loss for the year but rather are recorded directly to other comprehensive income at the end of each period.

Sick leave and special leave
Under Canadian GAAP, the Corporation is not required to accrue a liability for sick leave and special leave benefits that accumulate but do not vest.

Under IFRS, sick leave and special leave that accumulate but do not vest are classified as other long-term benefits. IAS 19 requires that all past service costs and actuarial gains and losses are recognized immediately in profit or loss for the year. No "corridor" approach is permitted. $0.8 million liability for sick leave and special leave was recognized at the date of transition. The liability was determined by a qualified actuary applying a projected unit credit method measurement approach using the LIFO method.

iv. Income Taxes

The change in shareholder's equity related to deferred taxes reflects the change in temporary differences resulting from the effect of the IFRS transition adjustments.

v. Liability to Department of Finance

Due to the retrospective application of IAS 16 at the date of transition to IFRS, depreciation expenses that have been charged under Canadian GAAP to the Department of Finance at a rate in excess of actual depreciation expenses incurred under IAS 16 have been adjusted by the amount of $8.2 million. This amount is included in Accounts Payable and Accrued Liabilities on the consolidated statement of financial position since it could be reimbursable on demand to DOF. Starting in 2011, the Corporation will reduce the future billings to the Department of Finance by $0.5 million a year for 16 years until the total amount of the outstanding liability is eliminated.

vi. Amortization Expense Reclassification

There was $15.8 million of amortization expense presented under other operating expenses in the consolidated statement of operations under Canadian GAAP. At the date of transition to IFRS, the Corporation made the accounting policy choice under IAS 1 to present the expenses by function in the consolidated statement of comprehensive income. Therefore $12.0 million out of the $15.8 million amortization expense was reclassified to cost of goods sold, $1.4 million was reclassified to marketing and sales expenses and $2.4 million was reclassified to administration expenses under other operating expenses.

23. Reclassification

Certain comparative information provided for prior periods has been reclassified to conform to the presentation adopted in 2011.

Statistics

Table 1 – Canadian circulation coinage

Canadian circulation coinage - Production in 2009, 2010 and 2011[1]

	2011 Total Pieces	2010 Total Pieces	2009 Total Pieces
Coinage dated 2008			
$2	**–**	–	–
$1	**–**	–	–
50¢	**–**	–	–
25¢	**–**	–	–
10¢	**–**	–	1,100,000
5¢	**–**	–	168,000
1¢	**–**	–	–
Coinage dated 2009			
$2	**–**	4,230,000	38,430,000
$1	**–**	–	39,601,000
50¢	**–**	–	150,000
25¢	**–**	3,520,000	266,766,000
10¢	**–**	4,125,000	369,600,000
5¢	**–**	504,000	266,280,000
1¢	**–**	555,000	455,680,000
Coinage dated 2010			
$2	**1,470,000**	3,990,000	–
$1	**–**	24,460,000	–
50¢	**–**	150,000	–
25¢	**–**	164,009,000	–
10¢	**3,025,000**	248,325,000	–
5¢	**1,512,000**	126,336,000	–
1¢		485,645,000	–
Coinage dated 2011			
$2	**26,018,000**	–	–
$1	**25,410,000**	–	–
50¢	**175,000**	–	–
25¢	**212,970,000**	–	–
10¢	**289,300,000**	–	–
5¢	**228,816,000**	–	–
1¢	**662,750,000**	–	–
Total (all dates)			
$2	**27,488,000**	8,220,000	38,430,000
$1	**25,410,000**	24,460,000	39,601,000
50¢	**175,000**	150,000	150,000
25¢	**212,970,000**	167,529,000	266,766,000
10¢	**292,325,000**	252,450,000	370,700,000
5¢	**230,328,000**	126,840,000	266,448,000
1¢	**662,750,000**	486,200,000	455,680,000
Total	**1,451,446,000**	1,065,849,000	1,437,775,000

[1] Figures are rounded to the nearest thousand pieces.

Table 2 – Canadian circulation coinage

Canadian circulation coinage - Cumulative production up to December 31, 2011[1] [2]

	2007	2008	2009	2010	**2011**
$2	35,177,000	17,140,000	42,660,000	5,460,000	**26,018,000**
$1	36,604,000	29,381,000	39,601,000	24,460,000	**25,410,000**
50¢	311,000	150,000	150,000	150,000	**175,000**
25¢	234,132,000	383,862,000	270,286,000	164,009,000	**212,970,000**
10¢	290,635,000	462,270,000	373,725,000	251,350,000	**289,300,000**
5¢	225,802,000	271,810,000	266,784,000	127,848,000	**228,816,000**
1¢	879,145,000	787,625,000	456,235,000	485,645,000	**662,750,000**

[1] Total coins of each date and denomination, regardless of the calendar year in which they were produced.
[2] Figures are rounded to the nearest thousand pieces.

Table 3 – Canadian circulation coinage

Canadian circulation coinage issued in 2011[1] - Geographic distribution [2]

Province City [3]	**$2**	**$1**	**50¢**	**25¢**	**10¢**	**5¢**	**1¢**
Newfoundland and Labrador							
St. John's	267,000	961,000	–	1,232,000	1,130,000	1,742,000	8,265,000
New Brunswick							
Saint John	448,000	908,000		3,370,000	965,000	524,000	37,000
Nova Scotia							
Halifax	17,000	42,000	–	1,328,000	4,185,000	5,098,000	24,877,000
Quebec							
Montreal	3,084,000	1,630,000	–	11,618,000	9,697,000	2,716,000	57,298,000
Quebec City	1,934,000	1,029,000		7,724,000	5,935,000	3,112,000	22,708,000
Ontario							
Ottawa	1,566,000	2,156,000	–	8,270,000	10,038,000	6,840,000	56,400,000
Toronto	4,892,000	7,713,000	–	6,248,000	43,377,000	16,274,000	121,915,000
Manitoba							
Winnipeg	35,000	1,713,000	–	1,614,000	7,570,000	3,198,000	27,422,000
Saskatchewan							
Regina	1,108,000	1,977,000	–	5,026,000	6,710,000	3,848,000	20,868,000
Alberta							
Calgary	359,000	1,024,000	–	1,672,000	4,565,000	1,406,000	12,712,000
Edmonton	2,415,000	5,788,000	–	6,312,000	17,853,000	10,506,000	50,848,000
British Columbia							
Vancouver	4,273,000	2,478,000	–	8,542,000	16,055,000	10,562,000	75,007,000
Sundry persons [4]	354,000	466,000	175,000	1,434,000	320,000	414,000	2,955,000
Total	20,752,000	27,885,000	175,000	64,390,000	128,400,000	66,240,000	481,312,000

[1] Figures are rounded to the nearest thousand pieces.
[2] The dates on the coins are not always the same as the calendar year in which they were issued.
[3] The coins were issued to financial institutions in these cities.
[4] The figures for Sundry persons do not include numismatic coinage purchases.

Table 4 – Numismatic coinage

Issued as of December 31, 2010 bearing the dates 2011 and 2012 (1)

Product	2011 Quantity
25th Anniversary of the Loonie Silver-plated $1 Coin (2012)	7,279
75th Anniversary of the CBC 25-cent coin and booklet (2011)	7,777
100th Anniversary of the 1911 Silver Dollar Special Edition Proof Set (2011)	5,952
100th Anniversary of Canada's First Gold Coins $500 Gold Coin (2012)	115
100th Anniversary of the RCM Refinery Gold Maple Leaf Set (2011)	479
175th Anniversary of Canada's First Railway $100 Gold Coin (2011)	2283
375th Anniversary of the Observation of Lacrosse $2500 Gold Kilogram Coin (2011)	29
375th Anniversary of the Observation of Lacrosse $250 Silver Kilogram Coin (2011)	591
50-cent Special Wrap Circulation Roll (2011)	6,880
Baby Gift Set (2011)	38,576
Barn Swallow 25-cent Coloured Coin (2011)	14,000
Birthday Gift Set (2011)	21,173
Brillant Uncirculated Dollar (2011)	16,394
Birthstone - April $3 Fine Silver Coin (2011)	2,528
Birthstone - August $3 Fine Silver Coin (2011)	2,673
Birthstone - December $3 Fine Silver Coin (2011)	2,879
Birthstone - February $3 Fine Silver Coin (2011)	2,571
Birthstone - January $3 Fine Silver Coin (2011)	2,534
Birthstone - July $3 Fine Silver Coin (2011)	3,073
Birthstone - June $3 Fine Silver Coin (2011)	2,724
Birthstone - March $3 Fine Silver Coin (2011)	2,560
Birthstone - May $3 Fine Silver Coin (2011)	2,915
Birthstone - November $3 Fine Silver Coin (2011)	2,870
Birthstone - October $3 Fine Silver Coin (2011)	2,593
Birthstone - September $3 Fine Silver Coin (2011)	2,717
Black-capped Chickadee 25-cent Coloured Coin (2011)	13,947
Black-Footed Ferret $3 Square Coin (2011)	8,237
Blessings of Happiness 99999 Pure Gold 1/3oz Coin (2011)	880
Boreal Forest 50-cent Fine Gold Coin (2011)	1,859
Boreal Forest $10 Fine Silver Coin (2011)	3,286
Boreal Forest $2 Circulation 5-Pack (2011)	46,396
Canada Geese 1/25oz Gold Coin (2011)	7,498
Canoe $20 Fine Silver Coin (2011)	198,000
Christmas Tree $20 Fine Silver Coin (2011)	7,974
CN Tower Collector Card (2011)	6,064
Continuity of the Crown Ultra High Relief Coin Series - The Prince of Wales	4,788
Continuity of the Crown Ultra High Relief Coin Series - H.R.H. Prince Henry of Wales	5,751
Continuity of the Crown Ultra High Relief Coin Series - H.R.H. Prince William of Wales	6,217
Cougar 25-cent Gold Coin (2011)	8,622
Cougar 1oz Platinum Coin (2011)	183
Crystal Dewdrop and Wild Rose $20 Fine Silver Coin (2011)	9,989
Crystal Raindrop with Maple Leaf $20 Fine Silver Coin (2011)	9,594
Crystal Snowflake $20 Fine Silver Coin - Emerald (2011)	6,586

Table 4 – Numismatic coinage *(continued)*

Product	2011 Quantity
Crystal Snowflake $20 Fine Silver Coin - Topaz (2011)	6,041
D-10 $20 Fine Silver Coin (2011)	8,662
Family Scene Fine Silver $3 Coin (2011)	6,687
Full Buck Moon - $5 Niobium Coin (2011)	6,412
Full Hunter's Moon - $5 Niobium Coin (2011)	5,446
Gifts from Santa 50-cent Lenticular Coin (2011)	21,837
Highway of Heroes $10 Fine Silver Coin (2011)	7,732
Holiday Gift Set (2011)	41,666
Little Skaters $20 Fine Silver Coin (2011)	3,663
Lunar Lotus Year of the Dragon $15 Fine Silver Coin (2012)	24,947
Manitoba Provincial Coat of Arms $300 Gold Coin (2011)	472
Maple Leaf $20 Fine Silver Coin (2011)	244,000
Maple Leaf Forever $10 Fine Silver Coin (2011)	41,694
Maple Leaf Forever $2500 Gold Kilogram Coin (2011)	35
Maple Leaf Forever $250 Silver Kilogram Coin (2011)	997
Maple of Happiness $15 Fine Silver Coin (2011)	8,209
Mountain Avens 99999 Gold Coin (2011)	1,033
Mythical Canadian Creatures 25-cent Coloured Coin - Memphre (2011)	5,811
Mythical Canadian Creatures 25-cent Coloured Coin - Mishepishu (2011)	5,831
Mythical Canadian Creatures 25-cent Coloured Coin - Sasquatch (2011)	12,321
Norman Bethune 1/10oz Gold Coin (2011)	1,457
Nova Scotia Provincial Coat of Arms $300 Gold Coin (2011)	238
O Canada Gift Set (2011)	22,475
Orca Whale 50-cent Fine Gold Coin (2011)	1,729
Orca Whale $10 Fine Silver Coin (2011)	3,131
Orca Whale $3 Square Coin (2011)	10,698
Our Legendary Nature Coloured 25-cent 3-coin Set (2011)	5,290
Parks Canada Centennial $1 Circulation 5-Pack (2011)	49,786
Peregrine Falcon 50-cent Fine Gold Coin (2011)	1,678
Peregrine Falcon $10 Fine Silver Coin (2011)	3,014
Premium Baby $4 Fine Silver Coin (2011)	7,059
Proof Set (2011)	32,910
Proof Silver Dollar (2011)	30,692
Queen's Diamond Jubilee $300 Gold Coin with Canadian Diamond (2012)	684
Queen's Diamond Jubilee $5 Gold Coin (2012)	1,538
Queen's Diamond Jubilee $20 Fine Silver Coin (2012)	10,780
Queen's Diamond Jubilee $20 Fine Silver 2-coin set (2012)	491
Queen's Diamond Jubilee $20 Fine Silver 3-coin set (2012)	1,981
Queen's Diamond Jubilee Coin Royal Cypher $20 Fine Silver Coin (2012)	3,568
Queen's Diamond Jubilee - Queen Elizabeth II & Prince Philip $20 Fine Silver Coin (2012)	5,627
Rick Hansen 25th Anniversary Relay Medallion (2011)	11,638
Royal Wedding of Prince William and Miss Catherine Middleton 25-cent Coloured Coin (2011)	59,585

Table 4 – Numismatic coinage *(continued)*

Product	2011 Quantity
Royal Wedding of Prince William and Miss Catherine Middleton $20 Fine Silver Coin (2011)	24,858
Royal Wedding of Prince William and Miss Catherine Middleton $200 Gold Coin (2011)	760
Small Crystal Snowflake $20 Fine Silver Coin - Hyacinth (2011)	5,660
Small Crystal Snowflake $20 Fine Silver Coin - Montana (2011)	5,822
Special Edition $2 Specimen Set - Baby Elk (2011)	13,899
Special Edition Proof Dollar (2011)	14,569
Special Edition Uncirculated Set (2011)	19,233
Specimen Set (2011)	25,665
SS Beaver $200 Gold Coin (2011)	1,392
The Spirit of Haida Gwaii 10 Kilo Gold Coin (2011)	2
Toothfairy Gift Card (2011)	38,200
Toronto City Map $25 Silver Coin (2011)	3,948
Tulip with Ladybug 25-cent Coloured Coin (2011)	15,777
Tulip with Glass Ladybug $20 Fine Silver Coin (2011)	4,985
Uncirculated Set (2011)	37,881
Vancouver Coin Collection Card (2011)	3,784
Wedding Gift Set (2011)	20,461
Wayne Gretzky 25-cent Coloured Coin (2011)	13,263
Wayne Gretzky $25 Fine Silver Coin (2011)	6,715
Wayne Gretzky $200 Gold Coin (2011)	471
Winnipeg Jets 50-cent Coin (2011)	23,712
Winnipeg Jets $20 Silver Coin (2011)	5,536
Wintertown $20 Fine Silver Coin (2011)	4,103
Wood Bison 50-cent Fine Gold Coin (2011)	1,686
Wood Bison $10 Fine Silver Coin (2011)	3,063
Year of the Dragon $15 Fine Silver Coin (2012)	19,098
Year of the Dragon $150 18-Karat Gold Coin (2012)	1,430
Year of the Dragon $250 Silver Kilogram Coin (2012)	1,579

(1) Coins reported as issued are not necessarily all delivered in the same calendar year and therefore do not correspond to reported sales.

Table 5 – Maple Leaf coinage

Sales in ounces for 2011, 2010, 2009 and 2008

	2011	2010	2009	2008
Gold Maple Leaf Coinage				
$1,000,000 (99999 Au)	**–**	–	–	6,430
$200 (99999 Au)	**8,408**	22,660	13,765	27,476
$50 (9999 Au)	**1,107,974**	1,036,832	1,011,235	710,718
$20 (9999 Au)	**15,768**	17,151	27,253	14,391
$10 (9999 Au)	**9,041**	10,407	17,817	8,592
$5 (9999 Au)	**8,128**	11,116	22,767	3,851
$1 (9999 Au)	**966**	450	1,951	767
Olympic GML	**–**	6	74,124	75,876
Total (ounces)	**1,150,285**	1,098,622	1,168,912	848,101
Silver Maple Leaf Coinage				
$5 (9999 Ag)	**23,129,966**	17,799,992	9,727,592	7,909,161
Olympic SML	**–**	79,278	569,048	937,839
Total (ounces)	**23,129,966**	17,879,270	10,296,640	8,847,000
Palladium Maple Leaf Coinage				
$50 (9995 Pd)	**–**	25,000	40,000	9,694
Total (ounces)	**–**	25,000	40,000	9,694
Platinum Maple Leaf Coinage				
$50 (9995 Pt)	**5,000**	–	33,000	–
Total (ounces)	**5,000**	–	33,000	–

Table 6 – Refinery operations

Gross Weight (Troy ounces) (1)

	2011	2010	2009
Rough Gold Deposits	**3,916,921**	4,868,626	5,025,764
Rough Silver Deposits	**1,512,494**	2,423,859	1,786,872
Direct Deposits	**751,295**	577,233	503,913
Total (2)	**6,180,710**	7,869,718	7,316,548

(1) Expressed in terms of Troy ounces of rough gold or silver.

(2) Total does not include internal production returns processed through the refinery.

Table 7 – Canadian Circulation Coinage

Commemorative/regular designs and plated/non-plated coins production in 2008-2011

	2011	2010	2009	2008
1 Cent (CPZ)	**301,400,000**	486,200,000	36,575,000	–
1 Cent (CPS)	**361,350,000**	–	419,105,000	820,350,000
5 cent (P)	**230,328,000**	126,840,000	266,448,000	278,530,000
10 Cent (P)	**292,325,000**	252,450,000	370,700,000	467,495,000
25 Cent - Caribou (P)	**187,520,000**	134,151,000	155,966,000	286,322,000
25 Cent Poppy	**–**	10,978,000	–	11,300,000
25 Cent Olympic (P)				
Snowboarding	**–**	–	–	22,400,000
Freestyle Skiing	**–**	–	–	22,400,000
Figure Skating	**–**	–	–	22,400,000
X-Country Skiing	**–**	–	–	22,400,000
Speedskating	**–**	–	22,400,000	–
Bobsled	**–**	–	22,400,000	–
Men's Hockey	**–**	–	22,000,000	–
Women's Hockey	**–**	–	22,000,000	–
Cindy Klassen	**–**	–	22,000,000	–
Sledge Hockey	**–**	22,400,000	–	–
25 Cent - Wood Bison (P)	**12,500,000**	–	–	–
25 Cent - Orca (P)	**450,000**	–	–	–
25 Cent - Peregrine Falcon (P)	**12,500,000**	–	–	–
One Dollar	**20,410,000**	4,110,000	29,351,000	18,710,000
One Dollar - Lucky Loon	**–**	10,250,000	–	10,851,000
One Dollar - Montreal Canadiens 100th Anniversary	**–**	–	10,250,000	–
One Dollar - Navy 100th Anniversary	**–**	7,000,000	–	–
One Dollar - Saskatchewan Roughriders 100th Anniversary	**–**	3,100,000	–	–
One Dollar - Parks Canada	**5,000,000**	–	–	–
Two Dollar	**22,488,000**	8,220,000	38,430,000	12,390,000
Two Dollar – Quebec 400th Anniversary	**–**	–	–	6,010,000
Two Dollar - Boreal Forest	**5,000,000**	–	–	–

(CPS) Copper plated steel (CPZ) Copper plated zinc (P) Plated