ANNUAL REPORT 2012

BREAKING TRADITION

As our business evolves, so must our brand—to ensure our corporate identity is an authentic expression of our character, offer and value. We renewed our brand to convey the dynamism of the Mint, our commitment to our stakeholders, and the spirit of engagement that drives our interactions with customers. As part of the exercise, we adopted a fresh, modernized logo. This new mark retains the maple leaf as a Canadian icon and coins as a symbol of our core business. It affirms our two core pillars of pride and trust and emphasizes in a new way our third: innovation.


D · G · REGINA
2012
ELIZABETH II
CANADA
DOLLARS

ROYAL CANADIAN MINT
MONNAIE ROYALE CANADIENNE

HEAD OFFICE AND OTTAWA PLANT

Royal Canadian Mint
320 Sussex Drive
Ottawa, Ontario
Canada K1A 0G8
613-993-3500

WINNIPEG PLANT

Royal Canadian Mint
520 Lagimodière Boulevard
Winnipeg, Manitoba
Canada R2J 3E7
204-983-6400

BOUTIQUE LOCATIONS

Ottawa
320 Sussex Drive
Ottawa, Ontario
Canada K1A 0G8
613-933-8990

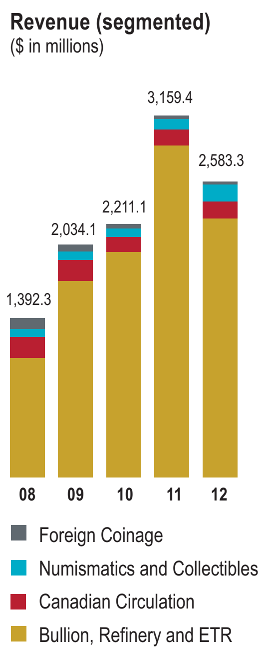
Vancouver
752 Granville Street
Vancouver, British Columbia
Canada V6Z 1A1
604-681-6772

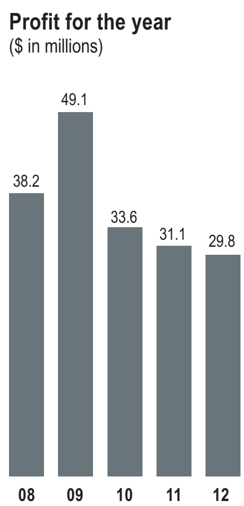
Winnipeg
520 Lagimodière Boulevard
Winnipeg, Manitoba
Canada R2J 3E7
204-983-6429

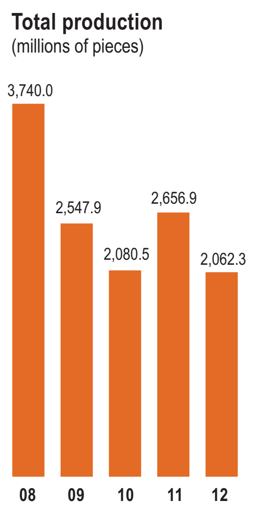
Visit our online store
for a full selection of products
at www.mint.ca

FINANCIAL AND OPERATING HIGHLIGHTS

	2012	2011 (Restated)	% change
Key financial highlights (in millions of dollars)			
Revenue	**2,583.3**	3,159.4	(18.2)
Gross profit	**157.3**	141.3	11.3
Profit before income tax	**40.7**	42.1	(3.3)
Profit for the year	**29.8**	31.1	(4.2)
Total assets	**408.7**	372.5	9.7
Shareholder's equity	**278.4**	257.5	8.1
Capital expenditures	**71.5**	31.9	124
Cash flow from operating activities	**38.2**	35.7	7.0
Pre-tax return on equity	**14.6%**	16.3%	(1.7)
Long-term loan-to-equity ratio	**0.14:1**	0.04:1	250
Key operating highlights			
Canadian circulation coins produced (in millions of pieces)	**1,136.6**	1,451.4	(21.7)
Gold bullion sales (in thousands of ounces)	**833.0**	1,186.0	(29.8)
Number of employees (at December 31)	**1,140.0**	1,042.0	9.4
Total production (millions of pieces)	**2,062.3**	2,656.9	(22.4)







IN AN UNPREDICTABLE GLOBAL ECONOMY WHERE TRADITIONAL MANUFACTURING IS UNDER INTENSE PRESSURE AND COMPETITION HAS NEVER BEEN GREATER, HOW DOES A MINT CONTINUE TO THRIVE?

BY INNOVATING.
BY DIVERSIFYING.
BY BREAKING TRADITION.

BREAKING TRADITION

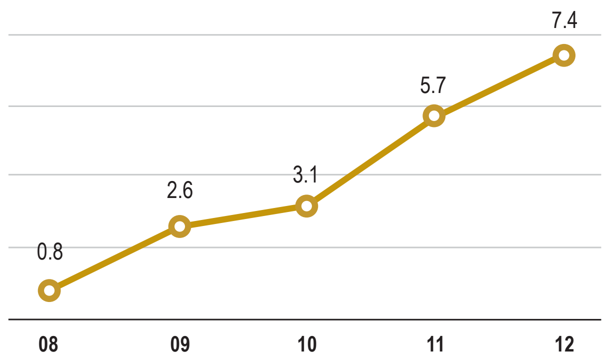
NEW PRODUCTS AND FEATURES. NEW TECHNOLOGIES AND MARKETS. NEW TOOLS FOR STRENGTHENING CUSTOMER RELATIONSHIPS. BY INNOVATING, DIVERSIFYING AND BREAKING TRADITION, LAST YEAR WE ACTIVELY PURSUED OUR VISION TO BE THE BEST MINT IN THE WORLD.

INNOVATION

WITH A REFINED MARKETING STRATEGY, NOVEL PROGRAMS LIKE "20 FOR 20", AND 136 NEW PRODUCTS, INNOVATION MADE 2012 A RECORD-BREAKING YEAR FOR NUMISMATIC SALES AT THE MINT.

Customers have more channels than ever before to connect with the Mint.

Research and development expenditures ($ in millions)

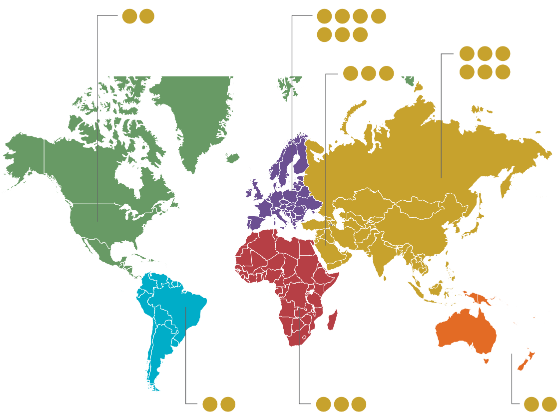


In the past five years, the Mint has invested $19.6 million in R&D.

DIVERSIFICATION

DIVERSIFICATION BROUGHT THE MINT BACK TO THE TORONTO STOCK EXCHANGE IN 2012—AND INTO NEW GEOGRAPHICAL MARKETS INCLUDING INDIA AND CHINA.

Our Canadian Silver Reserves ETR cemented the Mint's place as a provider of innovative investment products.

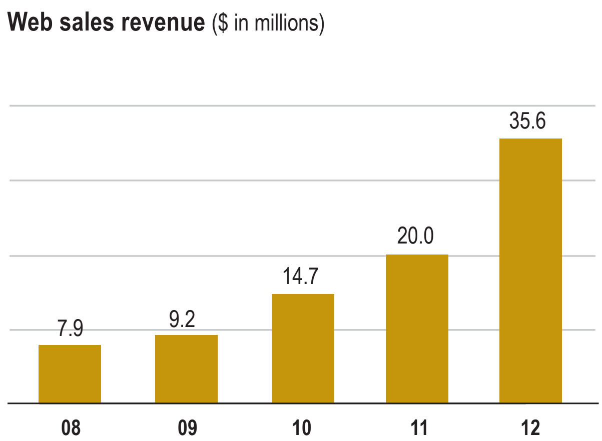


The Mint secured 25 new international contracts in 2012.

BREAKING TRADITION

IN 2012, WE SAID FAREWELL TO CANADA'S PENNY AND HELLO TO LEADING-EDGE SOFTWARE APPLICATIONS THAT WILL HELP DEFINE THE FUTURE OF MONEY.

Five hundred North American software developers took part in our MintChip™ Developer Challenge.



The Mint's marketing strategy has turned its website into a high-traffic storefront.

BREAKING RECORDS

In 2012, we reaped the rewards of having reinvented our traditional approach to numismatic sales. Thanks to a fresh focus on the customer, precisely targeted offers and 136 new products—the most ever introduced in a single year—revenues from our Numismatics and Collectibles business line broke $145 million for the first time in Mint history, outstripping 1987's previous record of $94 million.

Extensive new customer acquisition activities continued to help us identify new customers, growing our base over the course of the year. Our innovative "20 for 20" program—which creates repeat-purchase arrangements for fine silver coins such as 2012's *Farewell to the Penny*—helped generate interest in Mint products among new buyers, particularly new Canadians.

To retain these new customers, we are equipping our teams with the tools they need to convert first-time buyers into repeat purchasers. With focused marketing strategies and strong sales channel partnerships, we continue to reach out to collectors in Canada and around the world.

A BIGGER SHARE OF A SMALLER MARKET

We were once again a market leader of gold bullion sales in 2012. While the bullion market was softer last year than in 2011, Canada's Gold Maple Leaf continues to be a preferred choice: we sold 883,048 ounces in 2012, as well as over 18.1 million ounces of Silver Maple Leaf.

With 60 products selling out fully in 2012, the Mint doubled its previous sales record for numismatic coins and collectibles.

BUILDING OUR BRAND EQUITY

Using a brand equity model that measures consumer perceptions across six pillars, we conducted monthly surveys of Canadians throughout 2012 to identify strengths and opportunities for improvement in our marketing strategy. Learning that customers want to know more of the stories behind our coins, we focused on storytelling in the advertisements for the War of 1812 series.

We kicked off our prehistoric animals series with the first ever glow-in-the-dark coin, one of the year's quickest sellouts – featuring dinosaur *Pachyrhinosaurus lakustai*.

AN EASIER MINT TO BUY FROM

Productivity improvements enabled our inbound call centre to handle double the call volumes in 2012 while maintaining a strict focus on customer service. Further improvements were implemented due to a 2011 user experience enhancement study that identified areas for an improved customer experience on the web. Our aim is to allow consumers to interact with us however and wherever they choose: online, by phone, in store, or any combination of the three. We also began the process of converting our website to support mobile applications and tablets—providing a consistent, common customer experience regardless of channel.

SIXTY SELLOUTS

Sixty 2012 numismatic and collectibles products sold out completely last year, double the previous record. Among the most popular were a 99.99% pure silver coin commemorating the centennial of the sinking of the RMS *Titanic* and a fine silver coin celebrating 25 years of the Loonie. Sellouts are also important because they increase the secondary market value of our products and drive customers to our dealer and distributor partners thus supporting the business line aim of sustainable growth across all channels.

BREAKING INTO NEW MARKETS

Last year the Mint continued to explore new markets around the world, including China, Brazil, India and Singapore.

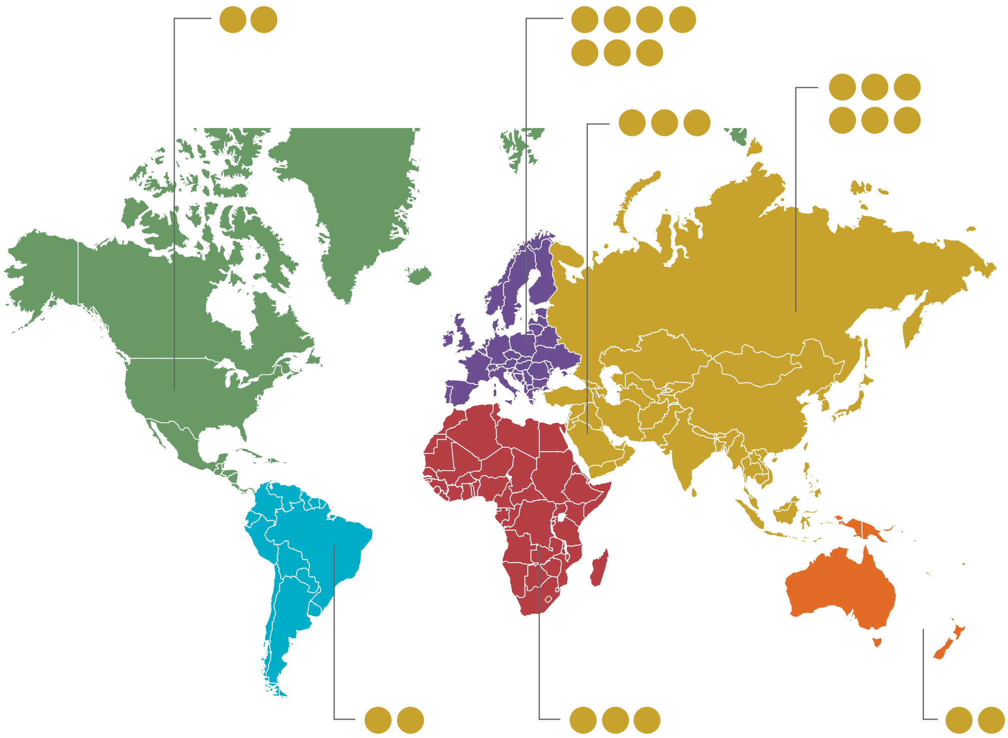
Last year, we were awarded a contract to produce multi-ply plated steel coins for Singapore which is issuing a new coin series. This deal marks a significant milestone in our ongoing pursuit of the Asian market, in support of our goal of 15% global market share in foreign circulation by 2020.

Technological innovation allowed us to meet Singapore's exacting standards and deliver the highest-quality multi-ply plated steel (MPPS) coins – with the added reassurance of state-of-the-art security features built in.

With this 5 Lekë coin for Albania, we delivered our first European order for nickel-plated steel circulation coins.

FRESH TERRITORY, FRESH APPROACHES

We also delivered our first-ever European nickel-plated steel circulation coin order to Albania. And we made numismatic inroads around the world as well, creating premium custom offerings for customers in Europe, Russia and Asia.



The Mint's business wrapped around the globe in 2012, with 25 new contracts in seven regional markets.

Our significantly expanded Winnipeg plant now has even more capacity to deliver on Canadian and international coin orders.

A NEW HOME FOR R&D EXCELLENCE

The newly expanded Winnipeg plant will house a full-time, state-of-the-art research and development centre. Activity here will further drive the diversification of our business.

In branching out, we explored new international sales strategies in emerging markets such as Brazil, India and China. In the latter case, for example, teams from each of our business lines worked together, sharing expertise and bringing the full strength of the Mint to bear. As well, to appeal to customers around the world seeking traditional mono-ply coinage solutions, we advanced development of a more durable and resistant mono-ply coin without compromising performance.

AN INVESTMENT IN OUR FUTURE

The expansion of our Winnipeg plating facility proceeded throughout the year, slated for official opening in June 2013. The massive project significantly increases our capacity for Canadian and foreign circulation coin production, adding 60,000 square feet to the facility. Since 1976, Winnipeg has produced coins and coin blanks for over 75 countries—with more than 20 billion of those coins and blanks using our MPPS technology. The expanded facility will nearly double our existing MPPS production capacity.

BREAKING NEW GROUND

If there was one tradition we upheld in 2012, it was the tradition of innovation. We not only introduced new products to further diversify our business but also, in the case of the MintChip™ Developer Challenge, took a novel approach in engaging the technology community—and earned a place in the emerging digital payment industry.

We have been exploring the implications of electronic and mobile commerce for several years. In 2012 we involved North American technology developers in that exploration, inviting 500 North American software developers to propose innovative applications for our MintChip™ digital currency platform. MintWallet took the award for Best Overall Application in the competition. Described as "instant messaging for your wallet," it uses a cloud-based network from mobile and other devices to send and receive virtual cash.

All entries in the Developer Challenge yielded unique ideas for enhancing MintChip™ technology. Through outreach to stakeholders, we will continue to explore its potential applications in the marketplace, and we will continue to refine the MintChip™ business plan. No decisions have been made as to the future of the technology, which is part of ongoing research and development at the Mint. We are discussing potential next steps with our shareholder, the Government of Canada.

Finance Minister, the Honourable Jim Flaherty, strikes Canada's last penny in Winnipeg.

LEADING THE WAY IN DENOMINATIONAL CHANGE

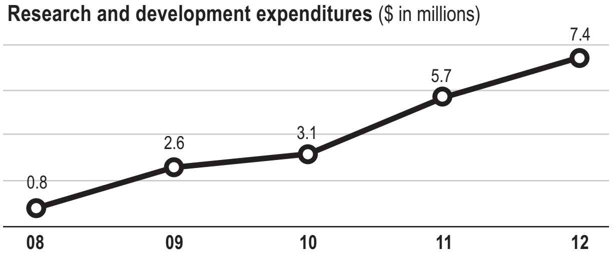
Finance Minister and Minister responsible for the Royal Canadian Mint Jim Flaherty struck the last penny on May 4, 2012 at our Winnipeg manufacturing facility. After more than a century, the cost of producing a penny had come to exceed the coin's face value, leading to the strategic decision to retire it.

The MintChip™ Developer Challenge saw software developers across North America propose innovative applications for virtual money. Get the full story at www.mintchipchallenge.com.

A DECISIVE COMMITMENT TO R&D

Testament to the Mint's overall commitment to innovation, our R&D budget grew from $800,000 in 2008 to more than $7 million in 2012.

Research and development expenditures ($ in millions)



RETURN TO THE TSX

While MintChip™ technology brings innovation to consumer transactions, our exchange traded receipt (ETR) products continue to deliver a unique investment opportunity through the Toronto Stock Exchange. Following the highly successful launch of our Canadian Gold Reserves ETR product in 2011, we brought a Silver ETR offering to the market in November 2012. In addition to the Silver launch, we issued additional ETRs of our Gold ETR last year.

SECURITY BUILT IN

Using digital non-destructive activation technology (DNA), we began embedding unique 'fingerprints' in Canada's highest-value one-dollar and two-dollar circulation coins along with virtual imaging and laser marking features. The fingerprinting allows individual coins to be traced and authenticated via a comprehensive database. To enhance our bullion products—specifically the Gold Maple Leaf bullion coin—we used lasers to add an intricately micro-engraved design on the reverse of all 2013-dated one-ounce gold coins.

For our facilities, we implemented a multi-layered series of security upgrades in 2012, continuing to leverage state-of-the-art technology to ensure the safety of our people and inventories.

END OF AN ERA

IN 2012 THE GOVERNMENT OF CANADA ANNOUNCED ITS PLAN TO PHASE OUT THE PENNY—AN ICONIC COIN THAT WE PRODUCED SINCE THE MINT FIRST OPENED IN 1908. TO MARK THIS HISTORIC ANNOUNCEMENT, WE ISSUED A NUMBER OF LIMITED-EDITION COLLECTIBLES INCLUDING A SELECTIVELY GOLD-PLATED SILVER COIN AND A FINELY CRAFTED 1/25th OUNCE PURE GOLD COIN.

HEADS AND TAILS

The design of the penny evolved several times over in the coin's history. The head side of the coin has always depicted the reigning monarch—today Her Majesty Queen Elizabeth II. The reverse has featured five different designs:

1858-1911
Serpentine vine with maple leaves

1911-1920
Serpentine vine with maple leaves and the word "Canada" by W.H.J. Blackmore

1920-1936
Two maple leaves by Fred Lewis

1937-2012
(with the exception of 1967)
Maple leaf twig by G.E. Kruger-Gray

1967
Rock dove in flight by Alex Colville commemorating Canada's Centennial

THE PENNY BY NUMBERS

1908

The year Canada's first domestic penny was struck (previously all pennies had been produced by the British Royal Mint).

12

The number of sides the penny sported between 1982 and 1996.

5

The number of reverse designs that have appeared on the penny since 1858.

16

The number of times all the pennies minted since 1908 would circle the earth if laid side by side.

35 billion

The number of pennies produced since 1908 – half of those in the last 20 years.

$400,000

The estimated worth of Canada's most valuable penny, the 1936 dot cent.

MESSAGE FROM THE PRESIDENT AND CEO

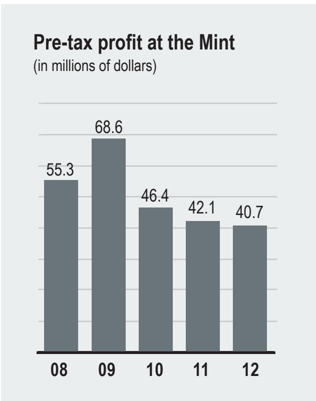
When innovation and diversification intersect, old traditions are broken—and the foundation for new ones is laid.

Our ongoing efforts to innovate and diversify contributed last year to the Mint's highest-ever numismatic sales. We shepherded the Canadian Gold Maple Leaf to the top of the world's bullion market, and posted the fifth largest profit in Mint history—$41 million before taxes. Our combined profits in the past six years have exceeded those of the previous three decades.

The Mint's strong results were achieved by following through on a number of established, winning strategies. We continued to launch new products and enhance existing ones: the initial public offering of our new Canadian Silver Reserves Exchange Traded Receipt (ETR) is a prime example, building on the success of 2011's Gold ETR. We also issued additional Gold ETRs in November.

We continued to reinvest our profits in assets that allow us to be more efficient and productive. 2012 was marked by the significant expansion of our Winnipeg facility and the construction of the new Hieu C. Truong Centre of Excellence. The first gives us unprecedented capacity to meet domestic and foreign production demand. The second provides a base for innovation that will help propel our evolution over time. That innovation was in evidence with last year's launch of one-dollar and two-dollar multi-ply plated steel (MPPS) Canadian circulation coins, which include security features such as laser marks, virtual images and 'DNA' signatures.

In our Foreign Coinage business line, economic uncertainty continued to exacerbate the challenges in the global circulation coinage marketplace. We continue to pursue the growth of that line of business, and to expand our offerings to foreign customers through technology licensing arrangements and consulting work.



Looking forward, we invited innovators across North America to propose applications for our MintChip™ digital currency platform through an application-development competition, the MintChip™ Developer Challenge. As the only mint to have initiated R&D related to the evolution of physical currency, we have been invited to speak at international conferences on MintChip™. It is an innovation that has established us uniquely as a player in the emerging payments industry.

Our leadership in developing innovative coinage solutions has led the Mint to be called on as an expert advisor to partners and jurisdictions around the world. Last year, as an example, Chief Operating Officer Beverley Lepine appeared before the U.S. Congress to speak about the Mint's innovations and experience in transitioning to the one-dollar coin and how Canadians accepted the new coin.

One notable tradition that came to an end last year was the production of Canada's penny. The Minister of Finance struck the last penny on May 4, 2012 at the Mint's Winnipeg plant and the Mint stopped distributing the coins on February 4, 2013.

Directing our innovative energies inward, we began to extend our well-established continuous improvement processes beyond manufacturing to support groups such as marketing, accounting and human resources. We also undertook enhancements to our Enterprise Resource Planning (ERP) systems to put more, better integrated information and intelligence about the business at the disposal of our talented employees.

Through innovation and diversification we will continue to renew our organization going forward, ensuring that the Mint is always in the position to embrace the opportunities presented by the dynamically changing global marketplace and currency environment.

Ian E. Bennett
President and Chief Executive Officer

MESSAGE FROM THE CHAIR

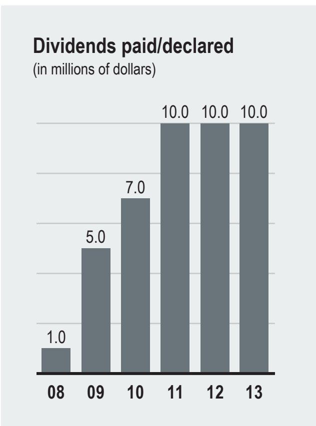
The Mint's ongoing pursuit of innovation has one ultimate driver: to support the continuity and diversification of the business.

That sense of purpose propelled the Mint's further investigation into the opportunities for virtual money through the MintChip™ Developer Challenge. The Board has strongly supported the MintChip™ initiative from the very beginning, and was impressed by the range and quality of applications proposed through last year's competition.

The Mint further diversified its offerings with the introduction of Canadian Silver Reserves ETRs on the Toronto Stock Exchange, another innovation the Board has enthusiastically endorsed that expands the ETR revenue stream established with the launch of Gold ETR in 2011.

MintChip™ and ETR are both forward-looking undertakings. So, too, were the succession planning efforts that continued last year. Demonstrating leadership among Crown corporations, the Mint developed a comprehensive succession plan—approved by the Board in November 2012—that extends succession strategies beyond the Board and executive to senior management positions as well. As for succession planning at the director level, we successfully renewed the terms of several Board members, staggering appointments in a way that will help avoid multiple simultaneous expirations going forward. Planning in this area will continue into 2014.

As proof of our commitment to strategic succession planning, we engaged emerging leaders in our joint Board-management corporate planning meeting last year. More than 60 people participated in the session, providing a broad, deep view into the organization and fostering buy-in for future endeavours.



Security was an area of particular focus last year. The Board approved two new security policies: one on information security and the other on physical security. Staff awareness-building sessions for the second of these commenced in 2012.

We continue to enjoy strong synergy between the Board and management of this organization. That complementarity continues to yield strong results for the Mint and the Government of Canada. I was proud to once again present an annual dividend of $10 million to our shareholder.

The members of the Mint's Board of Directors are proud ambassadors of the organization. Last year, members attended numerous events, launches and trade shows in Canada and abroad.

Interviews with Board members began in 2012 as part of a Special Examination by the Auditor General of Canada; we look forward to the results of that assessment next year.

As we plan for the future, we intend to conduct further offerings of ETRs from time to time, subject to market conditions and leverage our ongoing innovations. We will further explore the application of MintChip™ technology and continue to diversify and evolve our business—ever redefining what it means to be the Royal Canadian Mint.

James B. Love, Q.C.
Chair

CORPORATE SOCIAL RESPONSIBILITY

In 2012, we continued to advance our Corporate Social Responsibility (CSR) priorities—undertaking new activities and evolving our CSR framework.

Coin recycling

The Mint's coin recycling program makes it easy for Canadians to put unused coins back into circulation. It improves our efficiency and environmental performance by reducing the number of new coins required. In 2012, we recycled 1.3 billion pieces. That volume is expected to increase in 2013 due to greater availability of recycling kiosks across the country.

Environmental performance

Eliminating NO_x emissions

We implemented a new refining process last year to eliminate nitrous oxide (NO_x) emissions and improve employee health and safety. NO_x is an element that most silver refineries have to manage due to the nature of the silver refining process: our new cementation process replaced hydrolysis, which has helped us to reduce NO_x emissions by at least 10% since 2008.

Water conservation

Improvements to our numismatic burnishing process brought more efficiency which allows us to save nearly six million litres of water consumption a year. Also, energy saving retrofits in Winnipeg were completed, with plans to start measuring savings in 2013.

Establishment of an Environmental Management System

A committee was struck to establish a formal Environmental Management System (EMS) for the Mint based on ISO 14001 as a reference. The team is working to document the Corporation's 40-plus environmental processes and procedures, define key performance indicators (KPIs) for air, water, waste and recyclables.

Employee developments

Talent development pilot

As part of our succession planning activities, we continue with the successful program in which three employees shifted to new posts within the organization. The experience exceeded expectations and we are now capturing lessons learned and considering how the program will carry forward into 2013 and beyond.

Human Resource Management Information System

The Mint's HR section in collaboration with the IT section has completed planning and development of a new HR Management Information System that will automate HR processes, integrate multiple legacy systems and manual procedures. Employees will have access to their bi-weekly pay information via kiosks in the cafeteria or from their workplace computers. This new system will be launched in May 2013 and will enable the Mint to move to a paperless environment for all employees in Ottawa and Winnipeg.

On the 200th anniversary of the War of 1812, Canadians reflected on a historical turning point, recalling the heroic figures whose brave acts assured the defence of a future Canada including Major-General Sir Isaac Brock and Shawnee Chief Tecumseh. Their likenesses were featured on 25-cent circulation coins last year, both limited to a mintage of 12.5 million, with half featuring colour.

Five million of these one-dollar circulation coins commemorating the 100th Grey Cup® were produced in 2012, paying tribute to the lasting legacy of professional football in Canada.

The Mint announced in April a new generation of one-dollar and two-dollar circulation coins manufactured with the Mint's patented multi-ply plated steel technology. These coins incorporate visible new security features to further ensure the integrity of Canada's coinage system.

Respectful workplace

The Mint introduced a respectful workplace framework to raise awareness on harassment, workplace violence legislation, privacy and Mint policies on such matters. In 2012, 485 employees attended training sessions in Ottawa and another 420 employees in both Ottawa and Winnipeg will attend training sessions in 2013.

Health and safety

The Mint continued with educational and training efforts to embed health and safety awareness within the culture of the organization. Though lost time injuries were higher in 2012 than the previous year, the severity of most injuries were significantly reduced. Awareness and continuous improvement initiatives in the field of health and safety will continue in 2013.

CSR framework development

In 2012, we completed a comprehensive CSR framework development exercise, defining the Mint's core pillars for sustainability and related measures. The framework will be formally launched in 2013.

Community contributions

The Mint is committed to supporting charitable and community organizations across Canada. Last year we made product donations to 140 organizations.

CORPORATE GOVERNANCE

The Royal Canadian Mint's mandate is to produce and distribute Canadian circulation coins and advise the Minister of Finance, who is the Minister responsible for the Mint, on all matters related to coinage.

The Mint is a fully commercial and self-financing Crown corporation mandated to operate in anticipation of profit. Its legislative framework consists primarily of the *Royal Canadian Mint Act* and the *Financial Administration Act*. The Mint is also subject to other legislation such as the *Access to Information Act*, the *Privacy Act*, and the *Official Languages Act*.

The Board of Directors

The Board of Directors oversees the management of the Mint's business, activities and other affairs with a view to the best interests of the Corporation 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.

The Board exercises due diligence 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. To streamline processes and be more effective, the Board has granted its committees the authority to hire independent advisors as necessary, at the Corporation's expense, to discharge their powers and responsibilities.

Board composition

The Board consists of 9 to 11 directors including the Chair and the President and CEO. 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 standing committees with the exception of the Audit Committee, which he attends as an observer.

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 2012, the terms of two existing Board members were renewed; one vacancy remains.

All directors serve on at least one committee, with new directors typically attending one meeting of each committee before being appointed as a member of a committee.

Celebrating the Chinese lunar year, the beautiful design of this one-kilogram 99.99 % pure gold coin honoured the unique heritage and ancient culture of Chinese Canadians.

Board education and evaluations

The Mint orients new directors to the organization and its businesses through senior management briefings, comprehensive backgrounders, facility tours and regular business line updates at Board meetings.

Given the uniqueness of the Mint's business, it is important for directors to understand the Mint's role and global operating environment—which they do in part by attending select industry-related trade shows and conferences in Canada and abroad.

Continuing education ensures that the Board upholds its commitment to best governance practices. Directors and officers are encouraged to identify relevant training and educational opportunities, and to obtain their director accreditation. Since 2010, three directors have received their certification.

The Board self-evaluates its performance once a year and assesses the performance of its committees every second year. Evaluation results are discussed at committee and/or Board meetings, with action plans drawn up as required to address any issues. The Chair gives feedback to management on the Board's evaluation; a high-level summary is shared with the Minister responsible for the Mint.

The Grey Cup® is Canada's professional football championship game and the country's single largest annual sporting event. This collector coin is one of an eight-coin series dedicated to the teams of the Canadian Football League®. Each collectible set included two commemorative stamps and a commemorative coin.

Ethical conduct and corporate values

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 declare any potential or perceived conflicts of interest. They must also declare any conflicts that arise during the year and withdraw from any Board or committee discussions as appropriate.

As the Mint's reputation and future profitability depend on the actions and integrity of its employees, it introduced a one-day workshop in 2012 on Essentials of Business Ethics for employees who may encounter ethical dilemmas in the course of everyday work, such as international sales directors, lawyers, buyers and HR managers. The workshop supplements the Mint's Code of Conduct and Disclosure of Wrongdoing policy, and affirms its commitment to a corporate environment that fosters and demonstrates ethical behaviour at all levels.

Also last year, the Mint began holding focus groups with a cross-section of employees to review its corporate values, in support of its vision to be "the best mint in the world."

One of only two limited edition silver dollars in 2012, the 100th Grey Cup® coin is certified to be of 99.99% pure silver and was a sellout.

Communication with stakeholders and outreach activities

Last year, the Mint held its third annual public meeting. To encourage stakeholder participation, the meeting was held in Calgary during the Royal Canadian Numismatic Association conference.

Directors are encouraged to play active roles in their communities to raise awareness of the Mint and its products. Community organizers may contact the President and CEO's office if they wish to invite a Board member to speak at an event.

On an ongoing basis, the Mint engages in numerous activities to: promote transparency, accountability and accessibility; communicate its mandate, vision and activities; solicit feedback; and engage stakeholders in decision making. These include:

- Meeting annually with numismatic and bullion dealers and distributors—and with foreign representatives—to inform them about Mint products and activities and gather feedback to help shape marketing and product strategies.
- Chairing quarterly meetings of the National Coin Committee (comprised of representatives from Canadian financial institutions, armoured car carriers and the Canadian Bankers Association) to ensure economic demand for circulation coins is being met and that stakeholder concerns are considered when developing new technologies.

- Participating in the Canadian and American Numismatic Association trade shows, the World Money Fair, and the Mint Directors' Conference—all attended by many Mint customers, dealers and distributors.
- Inviting the public and customers to attend circulation coin launches.
- Seeking customer and public feedback through annual satisfaction surveys, focus group testing, public opinion research and regular market research.
- Providing general feedback mechanisms through its website, Facebook and Twitter and 1-800 call centre.

Board remuneration

In 2012, the total remuneration paid to the Mint's directors was $189,000. The Governor in Council sets the annual retainers and per diems of independent directors. The salary range for the Chair is $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 Mint-related 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 and officers are reviewed by the Chief Financial Officer, the Board Chair approves the expenses of the President and CEO and all directors; the Audit Committee Chair approves the expenses of the Board Chair.

Quarterly until 2011, and now annually, the Mint's Director of Internal Audit reviews a sample of travel and hospitality expenses of the Board, President and CEO and officers and reports the results to the Audit Committee.

In 2012, the total travel costs for Board and committee meeting attendance and other Mint-related business travel for directors, exclusive of the President and CEO, was $201,800. The total for the President and CEO's travel and hospitality expenses was $94,900.

Quarterly summaries of the travel and hospitality expenses of directors and senior management are posted on the Mint's website.

2012 marked the end of production of Canada's one-cent piece. Various numismatic coins paid homage to the penny's long history. The iconic maple twig design created by G.E. Kruger-Gray has appeared on all one-cent coins since 1937 (with the exception of a special Centennial one-cent coin released in 1967).

Board meetings

The Board of Directors, chaired by Mr. James B. Love, met 10 times in 2012, including four meetings held by teleconference.

The Mint's vice-presidents are invited to attend Board meetings to cultivate shared understanding and enhance decision making. The leaders of the Mint's business lines attend all strategic and corporate planning sessions of the Board, as do other managers on an as-needed basis and for succession planning purposes.

To reduce costs and travel time, Board meetings are held following committee meetings. 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 and outside the National Capital Region, occasionally associated with a coin launch or other event to provide an opportunity for the Board to meet with local coin collectors and other stakeholders. Once a year, the Board meets in Winnipeg, home of the Mint's high-speed manufacturing facility.

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. Following the meeting and as appropriate, the Board Chair debriefs the President and CEO and the Corporate Secretary if they were not in attendance.

On occasion and where appropriate, matters are elevated to the full Board for discussion rather than being dealt with at the committee level. For example, in 2012 regular updates were made to the Board on the MintChip™ R&D project and the success of the MintChip™ Developer Challenge.

Committee activities and mandates

The committees of the Board of Directors met a combined total of 14 times in 2012.

Terms of reference set out the roles and responsibilities of the Board and each of its committees, and of the chairs and individual directors. When required to examine particular issues of interest, the Board establishes *ad hoc* committees that are dissolved once they have fulfilled their mandates. Each year, committee workplans are developed to outline priorities and projects for the next three years. Committees make recommendations to the Board with respect to matters under their purview.

The Calgary Stampede—known as the 'Greatest Outdoor Show on Earth'—celebrated its centennial in 2012. In honour of the occasion, the Royal Canadian Mint issued a limited-edition, 99.99% pure silver dollar. Beautifully crafted, this collector coin is a sparkling tribute to a uniquely Canadian tradition, world-famous for its spectacular celebration of the culture and spirit of the old west.

Audit Committee

Chair: Susan Dujmovic
Members: Carman M. Joynt, John K. Bell, Claude F. Bennett, Bonnie Staples-Lyon and James B. Love

2012 activities: The Audit Committee reviewed the inclusion of the Hieu C. Truong Centre of Excellence within the expanded Winnipeg plant and the development of the Mint's Canadian Silver Reserves Exchange Traded Receipts (ETR) program. Silver ETRs began trading on November 5, 2012 on the Toronto Stock Exchange, following a successful initial public offering that raised $100 million. A year after its initial public offering, the Mint announced completion of the Canadian Gold Reserves Purchase Right on November 30, 2012 which raised more than $29.9 million.

Mandate: The Audit Committee helps the Board fulfill its mandate on financial matters. All members are independent of management and financially literate with two members having a professional accounting designation. The Audit Committee oversees and assesses the Mint's financial performance against its Corporate Plan and ensures the integrity, effectiveness and accuracy of its financial reporting and corporate control systems. The Committee also reviews and monitors project proposals and business cases, internal and external audits, and the Mint's risk management framework. The Director of Internal Audit reports directly to the committee and administratively to the President and CEO.

The Audit Committee holds an *in camera* discussion at all regular meetings, conferring privately with the internal auditor and the Auditor General of Canada, and then only the independent committee members.

Governance and Nominating Committee

Chair: Kirk MacRae
Members: Claude F. Bennett, John K. Bell, James B. Love and Ian E. Bennett

2012 activities: The Governance and Nominating Committee implemented a new annual declaration for all directors to confirm that they remained qualified as directors under the Conditions of Eligibility of the *Royal Canadian Mint Act*. This declaration is also signed by directors prior to their reappointment recommendation to the Minister responsible for the Mint. As well, the Committee received an update on, and endorsed the development and implementation of the Mint's Corporate Social Responsibility framework.

Mandate: The Governance and Nominating Committee provides guidance on matters of corporate governance and strives to adopt best practices with a view to achieving excellence in governance. It assesses elements that facilitate Board effectiveness: the performance evaluation of the Board and its other committees; the orientation and continuing education programs for directors; the regular review of corporate policies and other policy documents; and matters related to the Mint's compliance with the *Privacy Act*. It also reviews the Board's competency profile and selection criteria for new appointments and reappointments, and makes recommendations to the Board. The committee holds an *in camera* session, with the President and CEO in attendance, as required.

Human Resources and Workplace Health and Safety Committee

Chair: Ghislain Harvey
Members: Guy P. Dancosse, Carman M. Joynt, Bonnie Staples-Lyon, James B. Love and Ian E. Bennett

2012 activities: The Human Resources and Workplace Health and Safety Committee oversaw the conclusion of a four-year agreement with the Amalgamated Transit Union (ATU), reviewed and introduced policies and directives to improve the management of personnel, and reviewed the Mint's health and safety target rates to promote prevention-based indicators in 2013. The Committee continued to monitor implementation of the new Human Resources Management Information System, a project expected to launch in the second quarter of 2013 and conclude in the final quarter of 2014.

Mandate: This Committee advises the Board on human resources policies and practices, including recruitment, development and retention, 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 and performance. During the meetings, the Committee discusses sensitive matters *in camera* usually with the President and CEO in attendance, with the exception of topics related to his performance and compensation.

A beautiful memorial of a powerful event that continued to capture the world's imagination, this 50-cent silver-plated coin featured finely detailed engraving that brought spectacular details of the RMS *Titanic* to life. Selective painting brought vibrant colour to the image and enhanced dimensionality.

Created to commemorate the 200th anniversary of the War of 1812, this selectively gold-plated cameo in the top right hand corner of the coin featured the original figurehead from the HMS *Shannon*'s bow. This $10 coin bears an engraved image of the emblematic vessel produced by the Mint's exacting standards in 99.99% fine silver.

A large-leafed, long-lived tree that often tops 35 metres (114 feet), the sugar maple can live for 200 years. Its five-lobed leaf is recognizable around the world, with a stylized version at the centre of the Canadian flag. This 99.99% pure silver coin, engraved and further enhanced with a colourful leaf design and a Swarovski Element™ crystal drop, was another of 2012's sellouts.

The third coin in the Mint's painted wildflower series featured a stunning full-colour image by Canadian artist Claudio D'Angelo of three delicate five-lobed Pacific Rhododendron blooms. To render the image even more beautiful, three glittering Swarovski Element™ "dew drops" nestle among the delicate petals and leaves. This coin was a sellout in 2012.

Ad Hoc Committee on Succession Planning

Chair: Ian E. Bennett
Members: Claude F. Bennett, Carman M. Joynt, Ghislain Harvey and James B. Love

Established in 2010, this special committee's mandate is 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. In 2012, important matters with respect to the senior management succession plan were elevated to the Board for discussion and decision.

Corporate committees and employee communications

In addition to other corporate committees, the Mint's Executive Committee reviews corporate strategies, business cases and corporate policies, and assesses other operational matters. All matters going forward to the Board are presented at this management committee, which consists of the President and CEO, the vice-presidents and other executives.

The Mint holds an annual meeting with employees to review the past year's performance, celebrate achievements and recognize employees' contributions to the organization's success. A Town hall meeting will also be held during the year, with employees in Ottawa and Winnipeg alternating participation by videoconference.

Regular employee meetings with managers strengthen corporate communication and promote engagement, and a structured system of cascading corporate information from the director and manager levels was implemented to effectively disseminate information to all employees.

In 2012, the Mint did not participate in the Best Employers in Canada survey conducted by Hewitt Associates but continued to implement the action plans identified from the 2011 survey results.

2012 Board attendance

Meetings were held as follows: 10 Board; 7 Audit, 3 Governance and Nominating, 3 Human Resources and Workplace Health and Safety and 1 Ad Hoc Committee on Succession Planning.

Directors	Board meeting attendance	Committee meeting attendance
James B. Love	10 out of 10	14 out of 14
Ian E. Bennett	10 out of 10	14 out of 14
John K. Bell	10 out of 10	9 out of 10
Claude F. Bennett	9 out of 10	10 out of 11
Guy P. Dancosse	10 out of 10	3 out of 3
Susan Dujmovic	10 out of 10	7 out of 7
Ghislain Harvey	9 out of 10	4 out of 4
Carman M. Joynt	9 out of 10	11 out of 11
Kirk MacRae	9 out of 10	3 out of 3
Bonnie Staples-Lyon	9 out of 10	8 out of 10

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, Quebec
Chair, Human Resources and Workplace Health and Safety Committee

Susan Dujmovic
Vice-President,
and Head of Retail Risk,
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, FCPA, 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, ICD.D
Chair
Onbelay Investment
Corporation
Cambridge, Ontario

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

Executive Officers

Ian E. Bennett
President and
Chief Executive Officer

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

Beverley A. Lepine, CPA, CA
Chief Operating Officer

J. Marc Brûlé, CPA, CA
Chief Financial Officer

Patrick Hadsipantelis
Vice-President,
Marketing and
Communications

Michel Boucher
Vice-President,
Human Resources and
Quality Systems

Sean Byrne
Vice-President,
Operations

John Moore
Vice-President,
Sales

André Aubrey, CPA, CA
Acting Vice-President,
Finance and
Administration

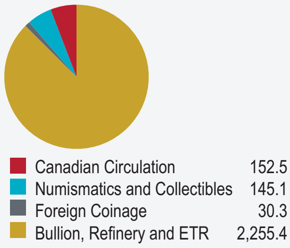
BUSINESS LINES

BUSINESS LINE	2012 PERFORMANCE	2012 RESULTS

Royal Canadian Mint

The Mint produces circulation and non-circulation coins for Canada and other countries, manages the domestic coinage system, and provides advice to the Government of Canada on all matters related to coinage. It also produces and markets bullion and operates full-service gold and silver refineries and storage facilities. The Mint conducts its business in anticipation of profit.

Revenue by segment ($ in millions)

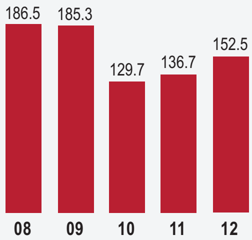


The Mint's consolidated revenue for 2012 declined 18.2% to $2.6 billion and net income declined 4.2% to $29.8 million. Although demand for numismatic coins climbed to an historic peak, the decline in gold prices early in 2012 into a narrow trading range around US$1,600 dampened demand for gold and silver investment bullion. At the same time, intense competition in the global bullion and circulation coinage markets squeezed margins. Operating costs, including cost of goods sold, declined 19.4% reflecting the substantial decline in bullion sales.

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)

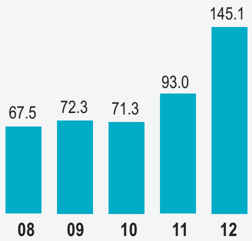


Canadian Circulation revenue increased to $152.5 million; 1.14 billion coins were produced. Demand was stable, but production volume was affected by two changes in the Canadian circulation coinage system: 1) the last penny was struck in May; and 2) a new generation of one-dollar and two-dollar coins was launched in April. Revenue from the Alloy Recovery Program continued to increase, partly due to the launch of a program to recover the first generation one-dollar and two-dollar coins.

Numismatics and Collectibles

The Mint produces numismatic coins 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.

Revenue ($ in millions)

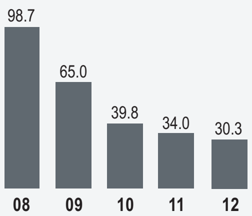


Numismatics and Collectibles revenue increased 56.0% to $145.1 million, the highest in the Mint's history. The volume of coins produced increased by 89.5% to 3.6 million pieces as the Mint issued a record 136 numismatic coins during the year, selling out 60 by the end of the year. The Mint won Best Silver Coin at the Krause Publication annual *Coin of the Year* awards as well as two awards at Coin Constellation-2012: Coin of the Year and Most Original Technology.

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)

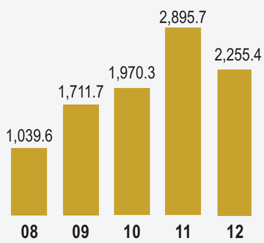


The Mint produced and shipped 903.3 million coins and blanks to 13 countries. Revenue declined 10.9% to $30.3 million. Despite the challenges created by the economic crisis in Europe and a relatively strong Canadian dollar, the Mint secured 25 contracts to produce circulation coins for 13 countries, winning 37% of the bids submitted. It also secured consulting contracts with India and other countries in Asia through its SM&RT platform.

Bullion, Refinery and ETR

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 (ETR) through which investors can buy and sell gold and silver 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.

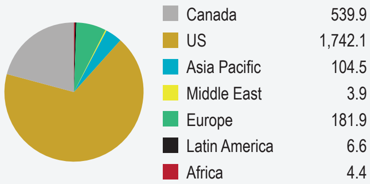
Revenue ($ in millions)



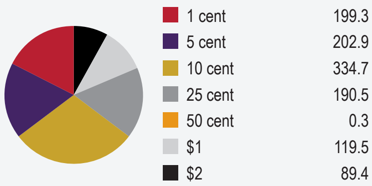
Bullion and Refinery revenues declined 22.1% to $2.3 billion. Although sales of Gold Maple Leaf coins declined 29.8% to 883,048 ounces and sales of Silver Maple Leaf coins declined 21.6% to 18.1 million ounces, the Mint remained a global market leader in investment bullion. The volume of precious metals refined declined 16.1% to 5.2 million ounces. Building on the success of the Gold ETR program launched in 2011, the Mint launched the Canadian Silver Reserves Program in November 2012.

2012 PERFORMANCE

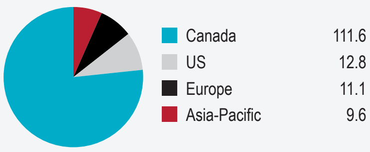
Revenue by region ($ in millions)



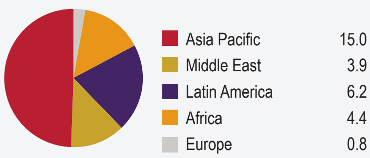
Production (millions of pieces by denomination)



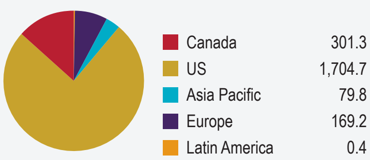
Revenue ($ in millions)



Revenue ($ in millions)



Revenue ($ in millions)



2013 OUTLOOK

The Mint anticipates a continuation of the economic environment that has persisted since 2008. To counter the short-term challenges and establish a foundation for long-term growth, the Mint's strategies are focused on expanding existing markets, diversifying products and services, penetrating new markets and improving operations. To support this growth, the plating facility expansion and the Hieu C. Truong Centre of Excellence will be commissioned in mid 2013. The Mint will continue to fulfill its mandate to produce and manage Canada's circulation coinage system, but the changing nature of its business has become apparent with the launch of Gold and Silver ETRs, the expansion of recycling and the development of digital payment technology.

Demand for circulation coins in Canada in 2013 is expected to remain stable. The most significant impact on performance of the Canadian Circulation business line in 2013 could be driven by the anticipated expansion of coin recycling kiosks within existing markets and into every province in Canada. This could reduce requirements to produce new coins to meet demand, which is expected to gradually decline as digital commerce becomes more prevalent. The contribution from ARP will be supported by the recovery of first-generation one-dollar and two-dollar coins, partially offset by the declining volume of pre-2001 coins recovered and weakness in base metal prices.

Record precious metal prices are the most serious challenge to continued numismatics growth, but the Mint is committed to building the market for numismatic products by offering themes and designs with wider commercial appeal at affordable price points. It plans to issue over 200 new products in 2013, including coins made with niobium and holograms. The Mint also remains committed to supporting secondary markets by balancing pricing and mintages to sellout about one-third of the numismatic coins issued. It is also refining its understanding of the buying habits of its customer base and matching product to customer preferences.

The Mint remains committed to increasing its share of the foreign circulation coinage market to 15% by 2020. To establish the capacity to meet the anticipated increase in foreign volume, the Mint is expanding capacity in Winnipeg, although market conditions could suppress the revenue and profit margin from incremental market share. Revenue from Foreign Coinage will be supported and diversified through cross-functional strategic initiatives, including a more targeted approach to foreign numismatic contracts, technology licensing, consulting services and further expansion of the Mint's competitive advantages through research and development at the newly-established Hieu C. Truong Centre of Excellence.

Demand for bullion coins will be determined by volatility – or stability – in the gold price, driven by many factors beyond the Mint's control. To ensure it continues to secure a leading share of the bullion market, the Mint has developed six strategies: 1) continuously enhance operating efficiencies and capacity; 2) develop new products; 3) increase the volume of precious metals stored; 4) further enhance security features on bullion products; 5) grow the custom bullion customer base; and 6) penetrate new markets. The Mint intends to issue further offerings of ETRs subject to market conditions.

PERFORMANCE AGAINST OBJECTIVES

	STRATEGIC GOALS	2012 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.**	• Intense competition in the global bullion and foreign circulation markets caused consolidated revenues to decline 18.2% to $2.6 billion compared to $3.2 billion in 2011. • Income before tax declined 3.3% to $40.7 million from $42.1 million in 2011. Net income declined 4.2% to $29.8 million from $31.1 million in 2011. • The decline in income reflects the intense competition in global markets which squeezed operating margins. • The increase in operating costs reflects the substantial increase in the volume of numismatic coins sold and an increase in employment to meet demand and prepare for the commissioning of the expansion in Winnipeg. • Continuous improvement activities in Ottawa and Winnipeg achieved $2.1 million in savings and profit improvement. • Investment in research and development increased to $7.4 million from $5.7 million in 2011. Research and development staff expanded to 14 engineers and technologists from 12 at the end of 2011.
CUSTOMER SATISFACTION	**To meet or exceed customers' expectations for quality, service and value.**	• In a virtuous cycle of innovation and record demand, the Mint issued 136 numismatic coins during 2012, selling out 60 by year-end. • Productivity improvements enabled the inbound call centre to handle double the call volumes in 2011 while maintaining customer service. • The "20 for 20" program captured approximately 67,000 new customers while the quality of product and service encouraged 49.1% of those first-time buyers to make a second purchase. • Using a new methodology to measure brand equity, the Mint interviewed about 400 Canadians every month, documenting consistently good improvement throughout 2012. • Connections on Facebook increased 550% to 32,500 followers at the end of 2012 from 5,000 at the end of 2011 while followers on Twitter increased by 56.1% to 6,400 from 4,100. • The Mint was nominated for seven awards at the Krause Publications annual *Coin of the Year* awards, winning Best Silver Coin. The Mint also won two awards at Coin Constellation-2012: Coin of the Year and Most Original Technology.
PEOPLE	**To achieve or enhance employee satisfaction, engagement and well-being.**	• Employment at the Mint increased steadily throughout the year to 1,140 permanent and temporary employees at the end of 2012. Wages and benefits increased to $77.5 million from $71.7 million in 2011. • Spending on training declined to $1.5 million in 2012 from $2.0 million in 2011, reflecting the focus during 2012 on creating a more effective training and professional development infrastructure. • In Ottawa, management spent "a-day-in-your-shoes" by stepping into front-line jobs for a day to develop a better appreciation of the challenges, improve communication and participate in the development of fresh continuous improvement (CI) ideas. • A four-year collective bargaining agreement was ratified with the Amalgamated Transit Union (ATU). • In Winnipeg, the lost-time injuries frequency rate increased to 5.50 from 2.65 in 2011. The severity rate increased to 18.71 from 15.58 in 2011. In Ottawa, the lost-time injuries frequency rate increased to 1.38 from 1.20 in 2011 while the severity rate increased to 5.06 from 3.48 in the previous year.
CORPORATE SOCIAL RESPONSIBILITY (CSR)	**To apply best practices in corporate social responsibility by balancing economic, environmental and social factors while addressing shareholder and stakeholder expectations.**	• The environmental engineering team was expanded and a comprehensive Environmental Management System (EMS) developed to consolidate existing systems and ensure consistency across the Mint's operations in Ottawa. • The structure of the EMS was based on ISO 14001, an international standard that addresses environmental management and provides tools for identifying and controlling environmental impact. A preliminary environmental aspects and impacts analysis (EAIA) was completed. • The EMS builds upon an existing program to protect the environment. Initiatives in 2012 included a reduction in the consumption of chemicals in the burnishing processes in Ottawa and steps to reduce the consumption of water by six million litres per year. In Winnipeg, the $5 million energy retrofit program launched in 2011 was completed. • 1.3 billion coins were recycled in 2012, enhancing the efficiency of Canada's coinage system and reducing the consumption of materials required to produce new coins. • The Mint continued to build upon the CSR foundation established in 2011. A vision statement has been written and the pillars of the Mint's CSR program have been identified.

2013 INITIATIVES

The Mint's strategies are focused on expanding existing markets, diversifying products and services, penetrating new markets and continuously improving operations. Strategies include:

1. Expand the Mint's international presence to capture 15% of the global foreign circulation coinage market by 2020. To diversify revenue in Foreign Coinage, it will also seek consulting and licensing contracts by leveraging its expertise, proprietary technology and the capabilities inherent in the new Hieu C. Truong Centre of Excellence.
2. Grow established markets and develop new niche markets for numismatics by developing custom products.
3. Balance the volatility in the Bullion, Refinery and ETR business line with new offerings of ETRs (subject to market conditions), by expanding sales in emerging markets, and by expanding storage services.
4. Invest in research and development in order to develop products and technologies that enhance offerings to customers across business lines, improve productivity and enhance product quality.
5. Commission the expansion of the Mint's facility in Winnipeg, expanding production capacity by an additional two billion pieces.

1. Despite record precious metal prices, the Mint will continue to grow the market for numismatics and its customer base by offering designs with wider commercial appeal at affordable price points. During 2013, it plans to issue more than 200 new products.
2. It will further refine its understanding of buying habits of its customers and manage the design and production of products to better match customer preferences.
3. Applications for smart phones and tablets are being developed to provide a consistent, common customer experience regardless of channel.
4. The Mint will continue to support secondary markets by balancing pricing and mintages to sellout about one-third of the numismatic coins issued.
5. To expand exports, the Mint will focus on developing more products tailored to individual foreign markets through design and leading-edge technologies. It will also expand the visibility of its sales team in the U.S., Europe, Asia and emerging markets.
6. Beginning in November 2012, all 2013-dated one-ounce GMLs featured a laser mark to discourage counterfeiting. The Mint is examining additional security features on the coins in 2013.
7. During 2012, the Mint worked with several universities on specific research projects. Discussions are under way with other institutions that could lead to additional collaborative work in 2013.

Strategies for 2013 include:

1. Implement the training and development framework prepared during 2012 to ensure the Mint continues to benefit from a motivated, competent and forward-looking workforce.
2. Continue to engage with employees to address the four priorities identified in an employee satisfaction survey completed in 2011: 1) expand face-to-face engagement between employees and senior leaders; 2) enhance the sense of employee empowerment within the organization; 3) improve the communication of strategic priorities across the enterprise and within operating units; 4) seek employee insights on enhancing performance management processes.
3. Develop a leading indicator that can be used to help prevent incidents as part of a dedicated series of initiatives to reverse the trend in lost-time injuries frequency and severity.
4. Reinforce the merits and the importance of following health and safety best practices and policies at the Town hall meeting and the Annual employee meeting attended by the President and CEO and members of the executive team.
5. Complete the implementation of a dedicated Human Resources Management Information System (HRMIS) in May 2013. This system will replace three legacy systems and provide a more robust employee management, time and attendance tracking and payroll system.

1. A detailed EAIA is being performed under which every process and procedure at the Mint will be reviewed for potential environmental impact. The next step will be to identify and act upon opportunities to reduce the Mint's impact on the environment. Key performance indicators will be identified, controls around the processes will be established and performance tracking will begin.
2. Among the potential priorities are water consumption, production of waste and consumption of deleterious elements such as chlorine, glues and solvents.
3. The Mint continues to evaluate a wastewater treatment process that could reduce water consumption in burnishing in Ottawa by another 110,000 litres a day.
4. The Mint will begin recyling solvents for re-use internally.
5. An employee CSR steering committee will be established with representatives from across the corporation. This committee will be responsible for finalizing the CSR framework, building the guidelines for CSR initiatives and determining the benchmarks against which the Mint will measure its CSR performance. Once the framework has been launched, the committee will be responsible for ensuring initiatives proposed by the various departments at the Mint align with its CSR vision and priorities.

MANAGEMENT DISCUSSION AND ANALYSIS

International Financial Reporting Standards (IFRS)

As a publicly accountable enterprise, the Royal Canadian Mint follows IFRS according to the requirements of the Canadian Accounting Standards Board.

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 Government of Canada on all matters related to coinage. It also extends to the production and marketing of bullion, related refinery products and services. Legislation that establishes the Mint is clear, 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 customer's 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 Canadians 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 the minting 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.

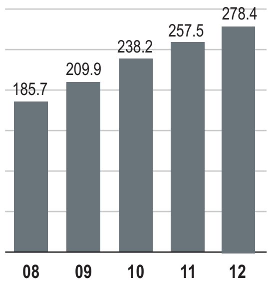
- A vertically integrated bullion operation from refining and assaying to blanking and minting as well as the ability to produce grains, wafers, bars and coins in a variety of sizes and of the highest purity. The Mint also provides secure storage for private individuals, institutions, precious metal producers and holders of its Gold and Silver Exchange Traded Receipts.
- An engaged workforce that shares in the Mint's profits through incentive-based compensation introduced within collective agreements.
- A robust research and development program, including a significant investment in 2012 and 2013 to establish the Hieu C. Truong Centre of Excellence in Winnipeg, ensures the Mint remains at the leading edge of minting technology and solutions.
- Continued capital investment in equipment and processes consistent with the Corporation's vision 'to be the best mint in the world'.
- As the Mint's business involves the handling of currency and precious metals, it has implemented best-in-class practices to protect its premises, employees and information.

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

Shareholder's equity
($ in millions)



2012 Consolidated Performance

Consolidated results and financial performance

(in $ million)

	2012	2011 (Restated)	% change
Revenue	**2,583.3**	3,159.4	(18.2)
Profit before income taxes	**40.7**	42.1	(3.3)
Profit for the year	**29.8**	31.1	(4.2)
Total assets	**408.7**	372.5	9.7
Working capital	**113.2**	119.7	(5.4)
Return on equity	**10.7%**	12.1%	(1.4)
Return on assets	**7.3%**	8.3%	(1.0)

Consolidated financial performance

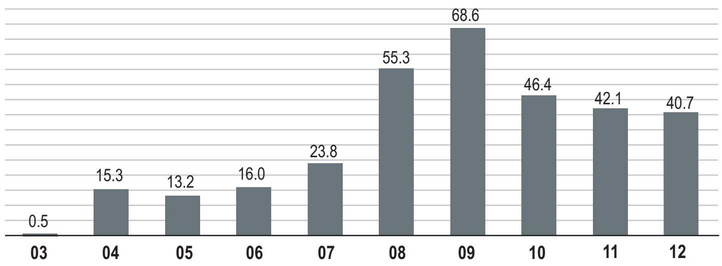
The Mint achieved another remarkable year in 2012 with revenues of $2.6 billion compared to $3.2 billion in 2011. Income before taxes was $40.7 million, a decline of 3.3% from $42.1 million in 2011. Net income decreased 4.2% to $29.8 million from $31.1 million in 2011.

Sales of Gold Maple Leaf (GMLs) coins declined to 833,048 ounces compared to 1.2 million ounces in 2011 while sales of Silver Maple Leafs (SMLs) coins declined to 18.1 million ounces from 23.1 million ounces in 2011. Despite this decline, the Mint maintained a leading market share of the global investment bullion market.

The Mint produced 22.4 million coins in Ottawa to meet demand for both numismatic and bullion investment coins compared to 27.0 million coins in 2011. Production volumes in Winnipeg were 2.0 billion coins and blanks, a 25.9% decline from 2.7 billion coins and blanks in 2011. Numismatics and Collectibles continued to enjoy unprecedented demand from collectors in Canada and around the world; revenue increased 56.0% to $145.1 million, another historic record. The relatively strong

Canadian dollar and economic turmoil in Europe continue to impact the demand for foreign circulation coins.

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

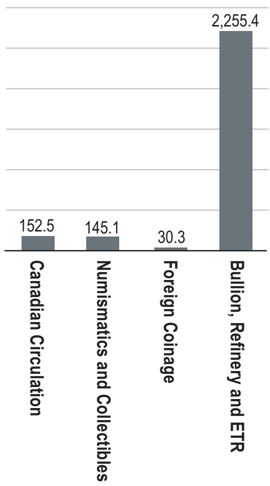


Operating costs, including the cost of goods sold, decreased 19.4% to $2.5 billion from $3.1 billion in 2011. The decline in operating costs reflects the decline in GML and SML sales, which reduced the volume of precious metals required to produce the Mint's bullion coins, compounded by lower precious metal prices. This was partially offset by the increase in numismatics sales volume. Demand 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.

There were several significant corporate events during the year:

- The last penny for Canadian circulation was struck on May 4, 2012 with the decision to phase out the coin from Canada's coinage system. The Mint stopped distributing the coins on February 4, 2013.
- A new generation of multi-ply plated steel one-dollar and two-dollar circulation coins launched in April 2012 introduced advanced features that changed the face and the security of high-value circulation coinage in Canada.
- In April 2012, 500 software developers responded to the Mint's MintChip™ Developer Challenge and 57 qualifying submissions were received depicting innovative ways the MintChip™ app could be used in everyday trade and commerce.
- In November 2012, five million Silver Exchange Traded Receipts (ETR) were issued at a unit price of $20 to raise gross proceeds of $100 million.

Gross operating revenue by business segment
($ in millions)



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 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 Canadian financial institutions, armoured car companies and the Canadian Bankers Association. The effective management of inventories and distribution ensures efficient trade and commerce across Canada.

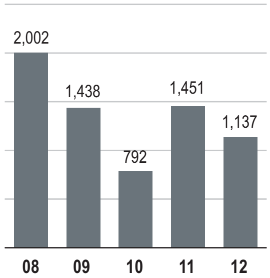
By constantly monitoring and adjusting coin inventories across the country, the Mint ensured that no coin shortage was experienced in any region of Canada in 2012. The ability to meet trade and commerce requirements while maintaining optimal levels of inventory is a significant measure of the efficiency with which the Mint manages the nation's coin distribution network.

Revenue generated by 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.

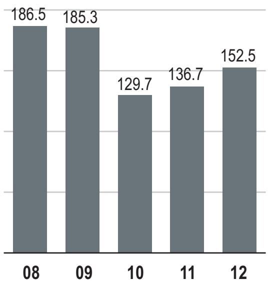
The Mint also recycles circulation coins, which enhances the efficiency of Canada's coinage system, extends the life of existing coins, and reduces the consumption of materials required to produce new coins. Recycling also creates capacity that will be required to produce coins for the Foreign Coinage business line as the Mint captures an increasing share of the global market. The portion of the coins captured by the recycling program that were produced prior to the introduction of multi-ply coins in 2001 are diverted to the Mint's Alloy Recovery Program (ARP), which recovers the nickel from the coins. The amount of ARP revenue is affected by the commodity price of nickel, moderated by hedges, and the volume of pre-2001 coins recovered from the market.

Explanation of results

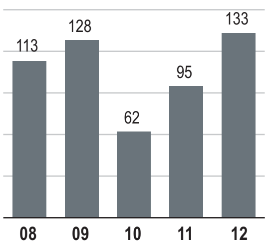
Canadian Circulation coin production
(millions of pieces)



Canadian Circulation coin revenue
($ in millions)



Seigniorage
($ in millions)



Revenue from the Canadian Circulation business line increased 11.6% to $152.5 million in 2012 compared to $136.7 million in 2011. The Mint produced 1.14 billion coins at the manufacturing facility in Winnipeg, a 21.7% decline from 1.5 billion pieces in 2011. The increase in revenue hand-in-hand with the decline in production volume reflects the mix of coins produced; more higher value coins and fewer pennies.

While demand for circulation coins is relatively stable, several changes in the Canadian coinage system along with continuing growth in recycling volumes had a significant impact on the quantity of coins produced and revenue. The increase in revenue hand-in-hand with the decline in production volume reflects the mix of coins produced; more higher value coins and fewer pennies.

In March, 2012, the Government of Canada announced the phasing out of the penny from the Canadian coinage system. While the coins will remain legal tender, the last penny was struck on May 4, 2012 and the Mint stopped distributing the coins on February 4, 2013. This decision was taken primarily to reduce costs; rising labour, metal and other manufacturing and distribution expenses had pushed the cost to produce each penny to 1.6 cents.

In April, 2012, a new generation of one-dollar and two-dollar coins began circulating. The new coins incorporate advanced security features and are manufactured with the Mint's multi-ply plated steel (MPPS) technology. Unprecedented in their security, these new coins retain the "Common Loon" and "Polar Bear" designs and physical appearance familiar to millions of Canadian consumers and businesses.

The coins incorporate new, visible features that further enhance the security and integrity of Canada's coinage system. The reverse (or tails side) of both coins features a laser mark micro-engraving; the two-dollar coin also features a virtual image and edge-lettering. Each coin is also mapped using a sophisticated security technology. Mapping captures the unique surface morphology of individual coins to discourage counterfeiting. The Mint's ability to control the plating thickness of each metal layer also provides greater flexibility in controlling electromagnetic signatures, which ensured the coins could be seamlessly incorporated into the coinage system. This makes the security of MPPS coins superior to non-plated alloy coins of the same dimensions. Existing one-dollar and two-dollar coins remain legal tender and will continue to circulate along with this new generation of circulation coins.

The volume of circulation coins produced by the Mint is also affected by demand for special circulation coins issued during the year. In 2012, the Mint launched three 25-cent coins under the theme of "Our legendary nature": the Wood Bison, Peregrine Falcon and Orca. The Mint also launched the first three of five commemorative circulation coins celebrating the 200th anniversary of the War of 1812.In addition, the 2012 Lucky Loonie circulation coin featured the iconic loon as well as the Canadian Olympic Team logo, in celebration and support of Canada's athletes. It was released prior to the London 2012 Olympic and Paralympic Games. Another one-dollar circulation coin was produced to commemorate the 100th playing of the Grey Cup® game.The excitement generated by the program encouraged Canadians to exchange more than 50,000 one-dollar coins during the first month after the coin was issued in August.

The volume of coins recovered through the Mint's recycling program continues to increase. During 2012, the volume of coins collected by coin recycling companies increased by 24.3% to 1.274 billion pieces from 1.025 billion pieces in 2011. From the pre-2001 coins swept up in the recycling program, the Mint recovered and sold 1,326.5 metric tonnes of nickel and 286.0 metric tonnes of cupronickel compared to 634.2 metric tonnes of nickel and 243.4 metric tonnes of cupronickel in the same period in 2011. Revenue from the program increased to $35.6 million from $22.9 million in 2011. The increase in tonnage recovered was driven primarily by the launch of a program to recover the first generation one-dollar and two-dollar coins as they are replaced with the new coins, a process that could take two to three years. The variance in revenue reflects the increase in volume offset by the drop in the average nickel price from an average US$25.7 per tonne in 2011 to an average US$18.3 in 2012. Although the Mint hedges a portion of the sales, 57.9% was unhedged and exposed to base metal price volatility.

During the first quarter of 2012, approval was received to increase the scope of the Winnipeg plating facility expansion from 60,000 to 70,000 square feet with 5,000 square feet of the additional space to be used for the Mint's Hieu C. Truong Centre of Excellence. At the end of 2012, construction of the building was progressing on time and on budget and the new plating line was being installed. Commissioning of the equipment is anticipated by June 2013. The expansion and renewal of the facility will accommodate the production of an additional two billion pieces of capacity and more efficient storage. The expansion and equipment upgrade will ensure sufficient capacity to meet both domestic and foreign demand.

In early 2012, the Mint launched a competition for developers from across North America to test and challenge a digital currency technology and to determine its applicability in the current marketplace. The MintChip™ Developer Challenge (www.mintchipchallenge.com) could be characterized as an evolution of physical currency and is part of the Mint's ongoing research and development efforts.

MintChip™ uses innovative technology for which the Mint has prototypes and eight patents pending. It uses a secure chip to hold electronic value and a secure protocol to transfer electronic value from one chip to another. The Mint received 57 submissions from developers who submitted innovative mobile payment applications using the MintChip™ technology that could run on *Android*™, *BlackBerry*®, *Apple iOS, Windows*™ or desktop and mobile browsers. A distinguished panel of judges selected winners in a number of categories, such as Best Person-to-Person app, Best Business-to-Consumer app and Best Micropayment app while members of the public voted for the Popular Choice Award. The knowledge acquired through the MintChip™ Developer Challenge has allowed the Mint to identify potential refinements to its technology and to broaden the scope of potential applications.

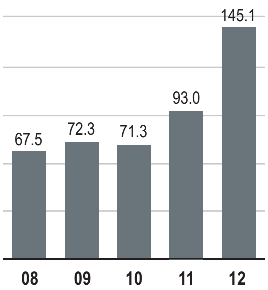
Outlook

As a processor of coins collected by recycling companies across Canada, the most significant impact on performance of the Canadian Circulation business line in 2013 could be driven by the anticipated expansion of coin recycling kiosks within existing markets and into every province in Canada. At the same time the first generation one-dollar and two-dollar nickel-based coins will be removed from circulation and replaced with the new MPPS coins. These trends in recycling could reduce requirements to produce new coins to meet demand, which is expected to gradually decline as digital commerce becomes more prevalent.

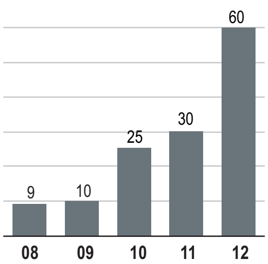
At the same time, revenue and income from the ARP program is expected to decline as the volume of pre-2001 coins remaining in the market place and the nickel price continue to decline.

Numismatic and Collectibles

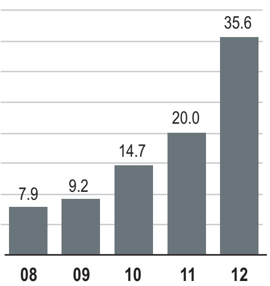
Numismatic and Collectibles revenues
($ in millions)



Numismatic sellouts
(number of coins)



Web sales revenue
($ in millions)



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 and diamonds, holograms and enamel. The Mint also produces medals, medallions and tokens.

Numismatics and Collectibles revenue increased 56.0% to $145.1 million from $93.0 million in 2011, the highest in the Mint's history. The volume of coins produced increased by 89.5% to 3.6 million pieces from 1.9 million pieces in 2011. The number of transactions increased 75.7% to 599,000 in 2012 from 341,000 in 2011 reflecting the substantial growth in the Mint's customer base across all channels.

Explanation of results

In a virtuous cycle of unprecedented innovation and record demand, the Mint issued 136 numismatic coins during 2012; 60 were sold out by the end of the year. In 2011, 30 of 110 new coins released sold out.

Despite record precious metal prices, the Mint remains committed to increasing the number of numismatic collectors by offering themes and designs with wider commercial appeal at affordable price points. Management also remains committed to supporting secondary markets by balancing pricing and mintages to sellout about one-third of the numismatic coins issued.

One of the most notable products issued during the year included a 99.999% pure gold Queen's Diamond Jubilee coin inset with a brilliant-cut Canadian diamond. This coin was one of an extensive collection of coins issued throughout the year to mark the 60th anniversary of Her Majesty's accession to the throne in 1952. The Mint also handcrafted the 60,000 Queen Elizabeth II Diamond Jubilee Medals awarded to Canadians through the year in honour of their extraordinary achievements.

Other notable products released in 2012 included:

- The Mint's first five-kilogram 99.99% fine silver coin, which featured the Spirit of Haida Gwaii design from the masterpiece by Bill Reid;
- The Mint's first glow-in-the-dark coloured coin in a new 25-cent dinosaur series;
- Six gold coins commemorating the 100th anniversary of Canada's first gold coins;
- Three 99.99% fine silver coins honouring Canada's famed Group of Seven (four more will be issued in 2013);
- A fine 99.99% silver coin celebrating the 25th anniversary of Rick Hansen's Man in Motion world tour;
- A painted 99.99% fine silver and Venetian glass coin featuring a mauve Aster and bumblebee;
- A 99.99% fine silver coin featuring the work of Robert Ganz, the grand prize winner in the Canadian Wildlife Photography of the Year contest;
- Three coins – a 99.99% fine silver collector coin and two coins with colour – respectfully remembering the sinking of the RMS *Titanic* near Canada's shores in 1912.

Building on the demand for the "20 for 20" pure silver commemorative coins in 2011, four "20 for 20" coins were produced, selling out mintages of 250,000 each on average in four weeks.

To honor the iconic penny, an array of fine silver and gold collectibles and gift products were issued including a miniature pure gold coin, a selectively gold-plated silver coin, a five-ounce silver coin, and a five-coin set of fine silver penny-sized coins showcasing the evolution of one-cent circulation coin designs since the Mint first opened for business in 1908. All commemorative penny numismatic products were sellouts.

As in previous years, the Mint's artistic and technical capabilities were acknowledged internationally in 2012. At the Krause Publications annual *Coin of the Year* awards the Mint was honoured with seven nominations, and won the award for Best Silver Coin for a $20 pure silver commemorative coin known as "The Canoe." At Coin Constellation-2012, an international commemorative coins contest, the Mint won two awards: Coin of the Year for the 99.999% pure gold and diamond Queen's Diamond Jubilee coin, and third place in the Most Original Technology category for a fine silver coin that featured a painted tulip and a ladybug crafted in Venetian glass. Both coins were world firsts.

The Mint's customer acquisition program continues to grow the Mint's customer base while demand from collectors in Europe and Asia remains strong driving increased sales in all channels: direct to consumers through an inbound call centre and website (representing approximately 60% of numismatic sales), as well as through dealers in North America, distributors around the world and Canada Post Corporation. In direct sales, the "20 for 20" program attracted approximately 67,000 new customers in 2012 while quality of product and service encouraged close to 49.1% of those first-time buyers to make a second purchase. International growth is due in part to the development of custom product for niche markets and greater international visibility of the sales team in the U.S., Europe, Asia and emerging markets.

Outlook

During 2013, the Mint plans to issue over 200 new products, celebrating Canada's people, places and passions including a series of half-ounce coins and coins made with niobium and holograms.

Record precious metal prices remain the biggest challenge for the business line. While the Mint hedges its costs, it is aware that the increased cost of collector coins and products threaten to reduce demand. 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.

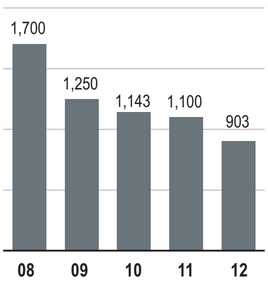
During the coming year, the Mint plans to grow within existing markets by creating themes and designs that meet our customer buying habits. To expand exports, it will focus on developing more products tailored to individual foreign markets through design and the use of leading-edge technologies and special applications.

Foreign Coinage

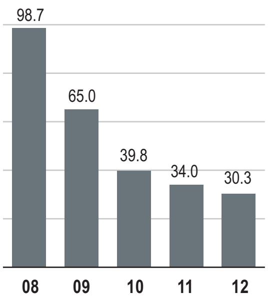
The Mint produces circulation coins, ready-to-strike blanks, numismatic coins, medals, medallions and tokens for customers around the world. It also manages the Mint's foreign partnerships, opens new markets to the Mint's products and offers services covering all facets of circulation and numismatic coin design, production, innovation and management.

In 2012, the Mint produced and shipped 903.3 million coins and blanks to 13 countries, while in 2011, the Mint produced and shipped 1.1 billion coins and blanks to 13 countries. Revenue declined 10.9% to $30.3 million from $34.0 million in 2011. Revenue from foreign numismatic sales, services, licensing and royalties increased to $2.2 million in 2012 from $490,000 in 2011.

Foreign Circulation coins sold
(millions of pieces)



Foreign Coinage revenue
($ in millions)



Explanation of results

The economic crisis in Europe continues to have a significant impact on the performance of the Mint's Foreign Coinage business line. The demand for circulation coinage is linked to the economic health of a region and the consequent volume of commercial transactions. The continuing turmoil in Europe has reduced demand for coinage to historic lows, creating a surplus in minting capacity in Europe. As this malaise lingers, the competition for foreign contracts is becoming increasingly intense as mints that have historically focused on fulfilling domestic requirements, decide to enter or to compete more aggressively in the global market. This resulted in a perfect storm: a decline in the volumes being tendered, more competitors and intensely competitive pricing combining to reduced revenue and profit margins.

Despite these challenges exacerbated by a relatively strong Canadian dollar, the Mint continued to compete aggressively. During the year, the Mint secured 25 contracts with a contract value of $22.2 million to produce circulation and numismatic coins for 13 countries, winning 37% of the bids submitted compared to 11 contracts and a 22% win rate in 2011.

The Mint also secured consulting contracts with India and other countries in Asia through its SM&RT platform (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. These contracts can include the custom development of products and processes that can be licensed, such as a cyanide-free yellow coining material.

The Mint continues to generate revenue from the sale of equipment and technology through partnerships with various companies including SECO/WARWICK Group, ECONOMA Automation Technology and Teca-Print USA. Over the past two years, the Mint worked to develop a sophisticated security technology with Signoptic Technologies SAS that captures the unique surface morphology of individual coins to discourage counterfeiting.

Outlook

The global financial crisis that began in 2008 continues to depress performance in the business line, but the Mint remains committed to increasing its share of the foreign circulation coinage market to 15% by 2020. Due to market conditions, however, the revenue and profit margin from incremental market share could be suppressed.

To diversify its stream of revenue, the Mint will continue to leverage its marketing, distribution and technological expertise through SM&RT and develop new strategic initiatives through cross-functional cooperation with the Bullion, Refinery and ETR as well as the Numismatics and Collectibles business lines. For example, in 2012 a more targeted approach to securing foreign numismatic manufacturing and consulting contracts was developed to leverage the Mint's acknowledged skill in producing artistically and technically unique numismatic coins.

The Mint's ability to secure foreign business will be further supported through the investment in research and development, including the establishment of the Hieu C. Truong Centre of Excellence. R&D is critical to expanding the Mint's competitive advantages by refining the Mint's proprietary MPPS technology, enhancing the quality and security features of circulation and numismatic coinage and developing new and more efficient processes. Equally important, the business line will work with the Centre of Excellence to deliver consulting, training and other services.

Bullion, Refinery and ETR

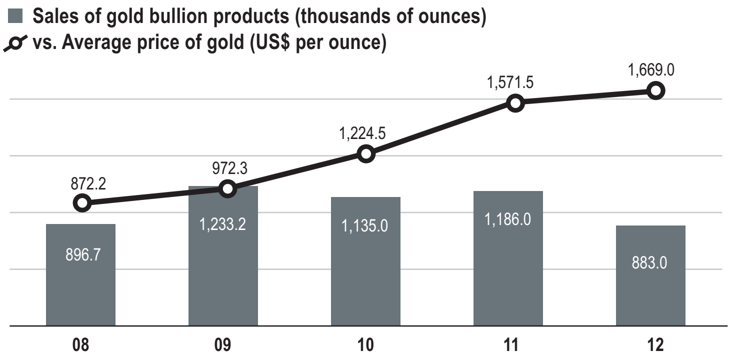
The Mint produces and markets a family of high purity gold, silver, and platinum Maple Leaf bullion coins, wafers and bars for the investment market as well as gold and silver granules for the jewellery industry and industrial applications. The Mint also operates gold and silver refineries that offer 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 Canadian Gold Reserves Exchange Traded Receipts (ETR) program launched in the fall of 2011 and Silver ETR in 2012, the Mint has made it possible for investors to buy and sell gold and silver through ETRs listed on the Toronto Stock Exchange. The gold and silver is stored at the Mint.

Bullion and Refinery revenues declined 22.1% to $2.3 billion from record sales of $2.9 billion in 2011. Sales of Gold Maple Leaf (GML) coins declined 29.8% to 883,048 ounces from 1.2 million ounces in 2011. Sales of Silver Maple Leaf (SML) coins declined by 21.6% to 18.1 million ounces from 23.1 million ounces in 2011. The Mint also sold 34,650 ounces of platinum bullion coins in 2012 compared to 5,000 ounces in 2011.

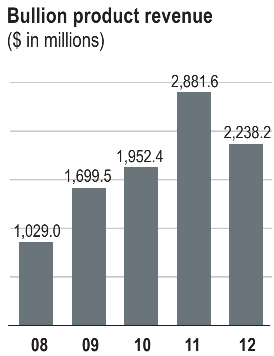
The Mint's refinery supports the production of the Mint's bullion and numismatic coins with refined precious metals. In 2012, the volume of precious metals refined declined 16.1% to 5.2 million ounces from 6.2 million ounces in 2011.

The volume of precious metals stored at the Mint in 2012 by institutional customers, private individuals, refining customers and financial institutions continued to increase.



Explanation of results

The price of gold spiked during the first few months of 2012 before declining into a narrow trading range around US$1,600 for most of the rest of the year. It was a pattern that did not stimulate demand. The decline from the peak price of US$1,895 in 2011 amplified the impact on revenue. Despite the decline in demand and an intensely competitive market, the Mint maintained a leading market share of the global market for bullion through its extensive distributor relationships, high quality products and services and competitive pricing. The silver price collapsed from a peak price of US$48.70 per ounce in early 2011 to trade below US$35 for most of 2012.



The Mint re-introduced a platinum bullion coin in late 2011 to sell 34,650 ounces of Platinum Maple Leaf coins in 2012 compared to 5,000 ounces in 2011. The price of platinum is historically higher than the price of gold; when it dropped below the price of gold in late 2011 many investors perceived it to be a buying opportunity.

To support sales, the Mint introduced five custom bullion coins including fine silver and gold coins commemorating the War of 1812, a fine silver Polar Bear coin and two coins in the Wildlife bullion series, the Moose and the Pronghorn.

Beginning in November 2012, all 2013-dated one-ounce GMLs featured a new laser mark to protect against counterfeiting. The Mint is examining additional security features on the coins in 2013.

Volumes of gold and silver refined decreased to 5.2 million ounces from 6.2 million ounces in 2011. There was a decline in rough deposits sent to the refinery by producers, but refining to meet internal demand increased, particularly by the Numismatics and Collectibles business line.

During 2012, initiatives were undertaken to maximize the capacity of the silver refinery, and expand silver storage capacity.

The volume of precious metals stored at the Mint increased significantly, partially due to the success of the ETR programs supplemented by growing demand from domestic and foreign non-bank institutions, private trusts and high net worth individuals.

Building upon the success of the Gold ETR program launched in November 2011, the Mint launched a Canadian Silver Reserves Program in November 2012. Five million Silver ETRs were issued at a unit price of $20 to raise gross proceeds of $100 million. The Silver ETRs trade on the Toronto Stock Exchange under the symbols MNS and MNS.U along with the Mint's Gold ETRs under the symbols MNT and MNT.U. The Mint also issued approximately 1.6 million Gold ETRs upon the completion of the exercise of purchase rights available to holders of the ETRs issued in 2011, generating gross proceeds of $29.9 million.

Outlook

The Mint's Bullion, Refinery and ETR business line is heavily dependent on a host of factors, many of which are beyond the Mint's control and the effects of which can be difficult to predict, including, but not limited to sentiments in the marketplace and fluctuations in precious metal prices. While the Mint has little control over many of such factors and cannot predict when a reversal from the global anxiety of the past four years might occur, it has developed six key strategies that will ensure it continues to capture as large a share of the bullion market as possible:

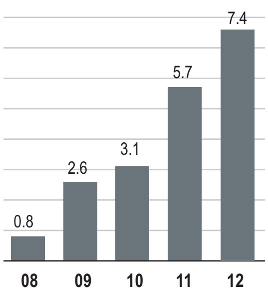
- Continuously enhance efficiencies and capacity. This is critical in an environment that has become intensely competitive and volatile;
- Extend the business line through the development of new products and services;
- Increase the volume of precious metals stored;
- Further enhance and leverage the security features on bullion products;
- Grow the custom bullion customer base; and
- Explore the opportunities to penetrate new markets, particularly Asia.

The Mint intends to conduct further offerings of ETRs, from time to time, subject to market conditions.

In Support of the Business Strategies

Research and Development: Hieu C. Truong Centre of Excellence

Research and development expenditures
($ in millions)



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. In 2012, investment in R&D increased to $7.4 million from $5.7 million in 2011. This represents 2.1% of revenue excluding bullion. The Centre of Excellence's staff expanded to 14 engineers and technologists by the end of the year from 12 at the end of 2011.

R&D activities are guided by a steering committee that establishes priorities based on the needs of the four business lines. As a result, much of the Centre of Excellence's work is structured around two types of technology:

- In Ottawa, advanced minting technology with a focus on surface engineering, specialized engraving for numismatics, bullion and refinery;
- In Winnipeg, advanced circulation coinage technologies with a focus on new multi-ply plating technology, new materials and high security technologies for circulation coins.

In 2012, the research was focused on improving the performance and durability of coins, exploring alternative coining materials to reduce manufacturing costs, developing advanced security features for high denomination coins, and establishing a competitive edge through projects such as the development of tarnish resistant properties and composite material to increase durability. The second generation one-dollar and two-dollar Canadian coins released in April 2012 incorporate developments made possible by years of research including sophisticated security features such as 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 R&D team also uses its special expertise to develop improvements in process and reduce the Mint's environmental footprint. For example, one project enhanced the recovery of platinum and palladium from the refinery operations. Another project reduced the manufacturing cost of bullion products by reducing the giveaway of excess precious metal material above the product's guaranteed weight.

The Centre of Excellence is also forming partnerships with universities, research institutes and industry. During 2012, the Mint worked with several universities on specific R&D projects including an atomic layer deposition project with Carleton University, laser graphics with the University of Ottawa, and the use of ion beam technology with Trinity College in Dublin, Ireland. Discussions are under way with other institutions that could lead to additional collaborative work in 2013.

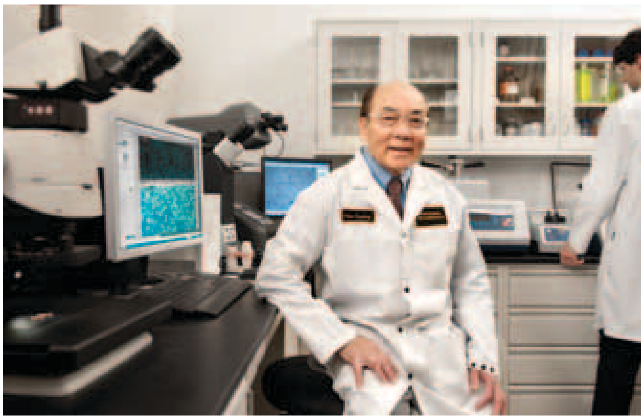
The Centre of Excellence has formed partnerships with many of the Mint's equipment suppliers including SECO/WARWICK Group to improve die production,Teca-Print USA to develop advanced painting techniques, Signoptic Technologies SAS to develop a sophisticated security technology that captures the unique surface morphology of individual coins and ECONOMA Automation Technology to develop precious metal shaving technology. These partnerships create an opportunity for the suppliers to showcase their products on the Mint's coins while the Mint augments revenue through royalties from the sale of the technology and equipment.

The Centre of Excellence also develops numismatic applications that can be commercialized. During 2012, sales from 14 R&D-supported numismatic products contributed to the generation of $6.5 million in revenue and approximately $3.0 million in profit. These products included the advanced paint for the glow-in-the-dark dinosaur coin, the Queen's Diamond Jubilee pure gold coin with diamond, and the ultra high relief pure gold and silver Queen's Jubilee coins. The Mint's Spirit of Haida Gwaii coins released in 2012 are not only the highest proof quality five- and 10-kilogram coins in the world, they have ultra-high relief engraving on a background polished to a mirror finish. The engineering of the coins also elevated the science of coin-making through a unique process that combined digital pre-engraving and hydraulic pressing. These products created a buzz in international coin markets building awareness of the Mint's technological and innovative expertise.

Another important indicator of the performance of the team is the number of patent applications. In 2012, the team filed four patent applications related to new plated material for circulation coinage and to MintChip™ technology.

The Centre of Excellence is 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. A pilot project was established in 2012 and is now underway.

Investment in R&D will continue in 2013. A significant portion of the increase will be focused on research related to MintChip™ and the commissioning of the 5,000 square foot facility now nearing completion in Winnipeg. By the end of 2013, we expect to expand the R&D team with additional scientists, engineers and technicians as the Centre of Excellence becomes operational.



Dr. Truong, the Mint's Executive Director of Advanced Engineering Research, is featured here in a research and development laboratory at the Mint.

Dr. Hieu C. Truong

The name of the Mint's new Centre of Excellence recognizes the many diverse contributions made by Dr. Hieu C. Truong during his 35 year career at the Mint. He is the inventor of the multi-ply plating process of copper and nickel on steel and has directed various teams of engineers to develop hologram technology in minting, 99.999% gold refining, laser virtual imaging, and many other technologies which have established the Mint's reputation for engineering excellence in minting. Today he is the Mint's Executive Director, Advanced Engineering Research in charge of special projects and technical support to marketing and sales. Dr. Truong is an inventor to several patents held by the Mint related to plating, coining and precious metal refining.

Information Technology (IT)

The operational demands of processing the volumes in the Bullion, Refinery and ETR business line, the velocity of growth in Numismatics and Collectibles and the significant increase of e-commerce activity pushed the go-live date for the upgrade to the Microsoft Dynamics AX 2012 ERP platform from late 2012 to 2013. IT also remained involved in supporting the development of new security features across a broader range of the Mint's products and MintChip™. Data storage capabilities in Winnipeg were enhanced and the preparatory work completed to increase the network capacity between Winnipeg and Ottawa as part of the enhancements to the Mint's business continuity plans.

During 2013, ERP is to be implemented in the refinery to 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 IT section worked with Human Resources to develop a consolidated human resources management system for implementation in 2013.

Continuous Improvement (CI)

In addition to ongoing capital investments aimed at increasing capacity, expanding the capacity to innovate, improving health and safety, reducing costs and enhancing productivity, customer satisfaction and lead time, the Mint also pursued continuous improvement (CI) activities in Ottawa and Winnipeg to achieve $2.1 million in savings and profit improvement.

In Ottawa, management from other areas spent "a-day-in-your-shoes", stepping into front-line jobs for a day to develop a better appreciation of the challenges, improve communication and participate in the development of fresh CI ideas. Under the 5S program, dedicated staff ensured that visual management practices are maintained and enhanced. New high-efficiency vertical storage units were installed in multiple locations to alleviate space constraints exacerbated by the exceptional growth in sales and products in the Numismatic and Collectibles as well as the Bullion, Refinery and ETR business lines. The installation of new equipment, a high-speed press and an automated packaging line along with improvements in flow have increased production capacity and reduced the amount of time required to fulfill customer orders. In the refinery, a multitude of CI projects has culminated in improving flow and reducing the amount of time from receipt of materials to finished product by more than 50%, significantly reducing leasing costs. Employee-generated ideas such as cleaning and re-using cathode plates in gemstone reduced both labour and costs.

In Ottawa, some of the major CI projects completed in 2012 included:

- The optimization of the SML manufacturing process resulted in labour and water savings of $380,000;
- The replacement of wooden pallets with metal pallets in the Mint office improved safety, increased internal storage capacity and achieved annual savings of $166,000;
- Efficiency, labour and uptime improvements in the high speed silver electrolysis scraper redesign project netted annual savings of $534,000;
- An innovative change to the anode basket design in the high-speed silver electrolysis equipment will create annual savings of $204,000.

The Winnipeg facility has adopted a more robust approach to lean manufacturing and Six Sigma methodologies by establishing a dedicated CI team focused on streamlining the process for detecting and resolving problems. Two customized packaging cells were designed and installed and challenges encountered in edge-lettering were not only overcome, but the depth and appearance of the lettering was improved and the equipment set-up standardized. Changes in the use of huddle boards along with 5S efforts continued to drive benefits in health and safety, product quality and operating margins. The Winnipeg facility received national attention when it was selected to be one of the tours offered during the Canadian Manufacturers & Exporters National LEAN Conference.

During 2012 CI projects in Winnipeg included:

- The development of a secure method to destroy coin pieces, such as the core of the two-dollar Canadian coin, by crushing rather than melting has resulted in savings of approximately $450,000;
- The safe anode bag replacement project on the plating line improved employee safety by eliminating pinch points, reducing wear and tear on the equipment and achieving savings of $91,000;
- Scanning equipment optimization allowed increased rates of inspection of plating parameters of struck coins, boosting throughput and achieving savings of more than $23,000;
- Setup reduction and standardization of the edge-lettering machines reduced setup times by 87.5% and improved the quality of the product;
- Optimization of wet-burr recipes lead to a 24.0% increase in hourly throughput for our foreign coinage production.

A *Lean* Steering Committee was created to ensure that manufacturing facilities maintain their momentum on lean and continuous improvement, and to stimulate the streamlining of non-manufacturing or corporate business processes. The committee identified two corporate business processes for review and improvement in 2013.

Marketing and Communications

The Marketing and Communications division is responsible for conducting market research, mining customer intelligence, creating rich customer experiences through products, brand strategy and awareness, advertising campaigns, direct marketing, as well as corporate communications strategies to serve the business and corporate needs of the organization. The division continuously monitors the success of the Mint's programs through monthly circulating coin sampling, and tracks the perception of brand attributes such as quality and innovation. The Mint continues to celebrate Canada's people, places and passions with a variety of themes that resonate with customers, many inspired by conversations with coin dealers and distributors who share their insight into the buying habits and preferences of their customers. The most popular themes in 2012 included the War of 1812, and the 100th Grey Cup® game; the 100th anniversary of the sinking of the RMS *Titanic*; the centennial of the Calgary Stampede and numismatic coins to commemorate the phasing out of the penny from Canadian circulation.

The success of the Mint's marketing strategy is measured in brand awareness and growth in its customer base and sales revenue. Using a new methodology to measure brand equity, the Mint interviewed about 400 Canadians every month, documenting consistently good improvement throughout 2012. Brand equity is measured on six characteristics, which allows the Mint to gather very precise insight into how it is perceived and identify specific opportunities for improvement. Additional Market Research has also revealed that the Mint's customers want to know more about the story behind the images on the coins, and about coin making, and coins in general. In response, the Mint has altered its approach to advertising the features of coins, to using the coins to tell stories, such as the Battle of Queenston Heights to market the War of 1812 series.

Growth in the Mint's customer base is measured by the number active customers and their frequency of purchase. Historically, the Mint targets a 10% incremental annual growth rate in the number of active customers, and in 2012, the "20 for 20" face-value offer program and commemorative circulation coins continued to be effective new customer acquisition vehicles. They contributed significantly to the Mint exceeding the target with 49% growth in the number of active customers. In 2012, the Mint was also successful at converting new customers to place additional orders during the year, with 38% of new customers making two or more purchases – surpassing the annual target by a full eight percent. Two of the Mint's half-ounce fine silver coins, the Lunar Year of the Dragon and the annual Maple Leaf Forever, proved to be very popular conversion products – as did the "20 for 20" coins as the year progressed.

Numismatic growth was fueled by the rapid development of additional products in response to strong customer demand for more lower-mintage numismatic coins. Bullion sales were buoyed by the development of product innovations such, the ¼ ounce gold War of 1812 themed investment product. The Mint continued to expand e-marketing through social media, on-line banner advertising on partner websites and the purchase of key words (SEO, or Search Engine Marketing) that potential customers will use to research coins. The number of unique visitors to www.mint.ca increased 65.7% in 2012 over 2011. The Mint has also steadily increased its followers on its Facebook and Twitter properties. Social media at the Mint has become a constant component of every marketing campaign echoing the messages being delivered through other channels. For example, the Mint invited Facebook fans to participate in the Great Canadian Coin Toss, a game in which fans could guess the outcome of a virtual coin toss for a chance to win two tickets to the 100th Grey Cup®. More than 24,000 coin toss games were played, expanding the Mint's reach and capturing more than 20,000 new likes. The Facebook game promoted the Mints' special issue one-dollar circulation coin used during the coin toss prior to many CFL® games and at the Grey Cup®.

Key initiatives in 2013 will include acting upon a customer segmentation study completed in 2012 that examined the motivation, behaviour and interests of coin buyers. In addition to focusing on making coins for those segments of the population most interested in purchasing coins, the Mint will endeavour to enhance the experience of coin collecting overall—from researching coins, acquiring and receiving them, and to the post-purchase experience. During 2013, the Mint will continue to build awareness of its new visual identity, which builds upon the brand pillars of pride, trust and innovation. Work is also underway to develop a series of coins under the theme "Road to 2017" depicting moments in Canadian history—developed with the benefit of both expert and public input—that inform an inclusive national identity leading up to the 150th anniversary of the *British North America Act* and the establishment of Canada.

Human Resources

Employment at the Mint increased steadily throughout 2012 to 1,140 permanent and temporary employees. Wages and benefits increased to $77.5 million from $71.7 million in 2011.

Production and support services employment increased in Ottawa to produce the record number of numismatic product launches and fulfill the record numismatics sales volume. In Winnipeg, additional employees were hired to prepare for the commissioning of the plating plant expansion in mid 2013.

Spending on training declined to $1.5 million in 2012 from $2.0 million in 2011. While this represents a decline, it reflects the focus during the year on creating a more effective training and professional development infrastructure. This new framework is aimed at providing coherent and relevant development activities to ensure that the Mint continues to benefit from a motivated, competent and forward-looking workforce. The Mint also launched four Engagement Action Teams which are each championed by a vice-president. This initiative addressed four priorities identified in an employee satisfaction survey completed in 2011:

- Expand face-to-face engagement between employees and senior leaders;
- Enhance the sense of employee empowerment within the organization;
- Improve the communication of strategic priorities across the enterprise and within operating units;
- Seek employee insights on enhancing performance management processes.

In May 2012, the Mint ratified a four-year collective bargaining agreement with the Amalgamated Transit Union (ATU) which represents the Protective Services Officers at the Ottawa facility.

The implementation of a dedicated Human Resources Management Information System (HRMIS) continued throughout 2012. Completion is expected in May 2013. This system will replace three legacy systems and provide a more robust and state-of-the-art payroll and employee information management system.

In 2013, the Mint will continue to strive to enhance the employee experience by focusing on the deployment of its training and professional development strategy, employee engagement initiatives and the development of a comprehensive wellness strategy to facilitate the adoption of a healthy life style.

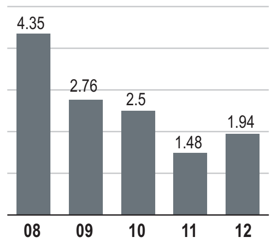
Occupational Health and Safety (OHS)

Protection of people and the environment is a core value of the Mint and the responsibility of every employee. The Occupational Health and Safety section 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.

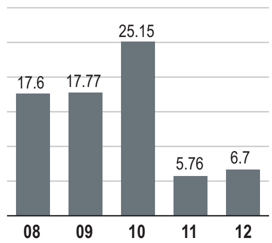
In Winnipeg, the lost-time injuries frequency rate increased to 5.50 from 2.65 in 2011. The severity rate increased to 18.71 from 15.58 in 2011. In Ottawa, the lost-time injuries frequency rate increased to 1.38 from 1.20 in 2011 while the severity rate increased to 5.06 from 3.48 in the previous year.

To reverse this trend the Mint analyzed the cause of incidents and determined that many were related to hand and eye injuries. Work procedures were reviewed and new personal protective equipment options were proposed along with continuous education and the promotion of safety awareness. The Mint also initiated a complete review and overhaul of the paper based inventory system used to document the chemicals present in both the Ottawa and Winnipeg facilities. Material safety data sheets for the 1,000+ chemicals used in the Mint's processes are now stored online where they can be continually updated and accessed quickly by any employee. The Mint is also developing leading indicators that can be used to help prevent incidents, for example, near misses and minor incidents that did not result in lost time.

Lost time injury frequency rate
(Number of accidents with lost time x hours worked)/200,000 hours



Lost time injury severity rate
(Number of days lost x hours worked) /200,000 hours



Management discussion and analysis

Other initiatives included:

- At the Town hall meeting and Annual employee meeting, the President and CEO and members of the Executive team reinforced the merits and the importance of following health and safety best practices and policies;
- An award for contribution to health and safety was presented to one employee at each facility at the annual Health & Safety barbecues in Ottawa and Winnipeg;
- The Workplace Health and Safety Committee (WHSC) meets nine times per year and the Corporate Policy Health and Safety Committee (CPHSC) meets every quarter. Both committees are comprised of Management and Union representatives to encourage adoption of best practices and make proactive adjustments when necessary;
- Daily huddle board discussions in each department always began with a review of any health and safety issues or initiatives that arose or took place during the previous day.

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.

In Ottawa, the expansion of the environmental engineering team was key to building a comprehensive Environmental Management System (EMS) to consolidate existing systems and ensure consistency across the Mint's operations in Ottawa. The structure of the EMS was completed based on the ISO 14001 Standard, an international standard that addresses various aspects of environmental management and provides practical tools for identifying and controlling environmental impact as well as improving environmental performance.

The preliminary environmental aspects and impacts analysis (EAIA) has been completed and the detailed EAIA is now being performed under which every process and procedure at the Mint is reviewed for its potential environmental impact. The next step will be to identify opportunities to reduce the Mint's impact on the environment and act upon those opportunities. Key performance indicators will be identified, controls around the processes will be established and performance tracking will begin.

Among the potential priorities are water consumption, production of waste and consumption of deleterious elements such as chlorine, glues and solvents.

The EMS builds upon an already comprehensive program to protect the environment. In Ottawa, during 2012 the consumption of chemicals in the burnishing processes was reduced and steps were taken to reduce the consumption of water in the same process by six million litres per year. The Mint continues to evaluate a wastewater treatment process that would reduce water consumption in burnishing by another 110,000 litres a day. Equipment used in the hydrolysis process that had the potential to generate nitric oxide was replaced with a process that is more efficient and does not have any emissions. In 2013, the Mint will begin recyling solvents for re-use internally.

In Winnipeg, the $5 million energy retrofit program launched in 2011 was completed. This comprised of improving indoor air quality, rejuvenating old building systems and upgrading the lighting. This two-year program is scheduled for completion in mid-2013 when the facility's windows are replaced. As the expansion is commissioned additional environmental controls will be implemented where appropriate.

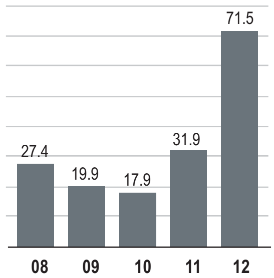
Corporate Social Responsibility (CSR)

The Mint continued to build upon the CSR foundation established in 2011. A vision statement has been written and the pillars of the Mint's CSR program have been identified.

In 2013, an employee steering committee will be established with representatives from across the corporation including: corporate health and safety, legal affairs, security, corporate engineering and environment, research and development, materials management, corporate affairs, marketing and communications, human resources, corporate purchasing, continuous improvement, operations and enterprise risk management.

This committee will be responsible for finalizing the CSR framework, building the guidelines for CSR initiatives and determining the benchmarks against which the Mint will measure its CSR performance. Once the framework has been launched, the committee will be responsible for ensuring initiatives proposed by the various departments at the Mint align with its CSR vision and priorities.

Capital expenditures
($ in millions)



Liquidity and Capital Resources

Since 2008, the Mint has made significant investments in asset renewal in order to increase capacity and refine its capabilities to meet the rapid increase in demand and the complexity of its products. During this time, the increase in cash flows along with aggressive management of working capital and inventory has allowed the Mint to fund these expenditures without increasing debt. In December, the Mint entered into a swap arrangement to secure $30 million to fund pending capital requirements, particularly the expansion of the plating facility in Winnipeg. The interest rate is fixed at 2.06% to be renegotiated in 2017. By December 31, 2012, total outstanding long-term loans increased to $39.0 million compared to $10.5 million at the end of 2011 increasing the Mint's long-term loan to equity ratio to 0.14:1 from 0.04:1 at the end of 2011.

Inventory turns have declined from 32.2 to 25.6 mainly due to slowing bullion sales and resulting lower cost of goods sold, this is offset by a dramatic increase in Numismatic and Collectibles sales and lower precious metal inventory at year-end; as a result, inventory balances declined to $86.6 million at the end of 2012 from $102.6 million at the end of 2011. The Mint's current ratio has improved to 2.58:1 from 2.43:1 at the end of 2011. Timely accounts receivable collections and practical credit policies ensure working capital management continues to support the financial requirements of the Mint.

The Mint's financial performance led to the declaration and payment of a $10.0 million dividend to the Government of Canada, the same amount paid in 2011.

Capital expenditures

Net capital expenditures increased to $71.5 million from $31.9 million in 2011. The most significant projects included:

- The ongoing construction of 70,000 square feet to expand plating capacity in Winnipeg and establish the Hieu C. Truong Centre of Excellence;
- An upgrade to the ERP platform;
- More than 60 capital projects were undertaken in Ottawa to enhance capacity and efficiency including the purchase and installation of a new striking press, bullion recovery equipment and a fully automated packaging line. To accommodate expanding human resources, additional office space in a building close to the Mint's facility was secured. To accommodate demand for storage, new vaults were installed;
- In the refinery, more than 20 projects were completed or launched in 2012 including the first phase of a space optimization project and projects to maximize the capacity of the silver refinery and to expand silver storage capacity;
- Replacement of the windows in Winnipeg is the final phase of an energy savings program.

Major expenditures planned for 2013 could approach $60 million, including $36 million to complete and commission the plant expansion in Winnipeg and close to $6 million for information technology upgrades related to a variety of projects including the extension of ERP into the refinery, implementation of a human resources management system and refinement of e-commerce capabilities.

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. 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 are communicated to and discussed with the Board of Directors.

During 2012 there were several changes to the Mint's risk profile and processes for managing risk:

- Debt has increased to $39.0 million, largely to finance the expansion of the plating facility in Winnipeg. Financing is chosen to ensure favourable terms and ongoing financial flexibility;
- Quarterly executive meetings have been implemented to review performance by business lines, to assess opportunities and risks to achieving plan objectives, and to identify necessary adjustments;
- Each business line identified critical products and services in a comprehensive review of the Mint's business continuity plans. Continuity strategies will be revised as necessary during 2013 as we continue to strengthen ERM at the Mint.

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.

The Mint also sells base metal collected through ARP. While a portion of ARP sales is hedged, variability in metal prices may reduce revenue on the unhedged portion of sales in the short term and the performance of the overall program over the longer term.

Competition

The Bullion, Refinery and ETR, Numismatics and Collectibles, and Foreign Coinage business lines operate in competitive environments. There is a risk that competitor actions will 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.

During 2012, the competitive threat was amplified in the Foreign Coinage business line. Excess global circulation coinage capacity compounded by the entrance of new competitors in the global market place further intensified an already aggressive competitive landscape, exacerbating the pressure on margins and challenging the Mint's long-term market share objectives.

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 continually monitoring domestic demand and adjusting production and capacity as required; ensuring coin production and distribution is efficient and cost effective; consistently improving quality; delivering compelling commemorative coin programs; and developing a digital coinage product through MintChip™. 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, which remained volatile throughout 2012, will limit the execution of the Mint's strategy and/or present opportunities that could be exploited in the Foreign Coinage, Numismatics and Collectibles and Bullion, Refinery and ETR business lines. 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, which will be commissioned during 2013. Foreign coin demand is constrained by global economic conditions, a circumstance exacerbated by excess global capacity. The risk created by the intense competition for contracts is being managed through expanded sales resources, continuing technology and product improvements, and investment in the Hieu C. Truong 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. A stronger Canadian dollar can exacerbate the pricing challenges on products that are exported and reduce revenues from bullion products, which are priced in US dollars.

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, best-in-class practices related to security of physical and information assets are critical. During 2012, every policy and procedure related to the security of the premises, employees and information was reviewed and new policy documents created. During 2013 every employee at the Mint will be required to take and pass an online course to ensure they understand the new information security policies; meetings will be held to explain the new policies related to the physical security of the facilities and employees. 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 and Canadian Silver Reserves ETRs in 2012; expanding 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, increased capacity, process refinements create the risk that the Mint will encounter challenges with technologies, processes, or access to required resources. This risk is reduced through capacity management in Winnipeg and Ottawa supported by prudent capital improvements, the alignment and training of the workforce, and a culture of continuous improvement. The Mint also leverages relationships with suppliers to manage risk. Additional resources have been dedicated to managing the increased complexity within the Mint's supply chain and risks to quality related to the significant growth in the number and variety of numismatic products produced and sold by the Mint.

Outlook

With the striking of Canada's last penny for Canadian circulation in May, the launch of Gold and Silver ETRs and the MintChip™ Developer Challenge, the Mint is entering a new era. It will continue to fulfill its mandate to produce circulation and non-circulation coins, manage the domestic coinage system, and provide advice to the Government of Canada on all matters related to coinage. This will continue to be done in anticipation of profit, but it has become increasingly apparent that the Mint is changing.

In the short term, the Mint cautiously anticipates a continuation of the economic environment that has persisted since 2008. Demand for bullion coins will be determined by volatility – or stability – in the gold price, which will also guide the decision to conduct further offerings of ETRs. Contribution derived from ARP will be supported by the recovery of first-generation one-dollar and two-dollar coins, but this will be more than offset by the declining volume of pre-2001 coins recovered and weakness in base metal prices. As fulfillment of Canadian demand for circulation coinage is met by recycled coins approaches 50% and mints around the world increasingly turn to the Mint for guidance and technology, capitalizing on its expertise will represent an increasingly important component of the Mint's operating and financial performance. The recovery of the Numismatics and Collectibles business is expected to continue, building upon the success of the past few years as the Mint refines its ability to develop and market products that resonate with collectors in Canada and around the world.

To counter the short-term challenges and establish a foundation for long-term growth, the Mint's strategies are focused on expanding existing markets, diversifying products and services, penetrating new markets and constantly improving operations. Specifically, the Mint will:

- Expand its presence in the foreign circulation coinage market on the strength of a superior product and customer service. The Mint remains committed to capturing 15% of the global market by 2020;
- Aggressively seek international consulting and licensing contracts by capitalizing on its expertise, proprietary technology and the capabilities inherent in the new Hieu C. Truong Centre of Excellence;
- Collaborate with suppliers of equipment and services to increase capacity, develop new products and launch partnerships to market innovations internationally;

- Grow its established markets and develop new niche markets for numismatics by developing custom products;
- Balance the volatility in the Bullion, Refinery and ETR business line by conducting further offerings of ETRs from time to time, subject to market conditions, expanding sales of bullion products into emerging markets such as China and India, and expanding storage services;
- Invest in research and development in order to develop products and technologies that enhance its offerings to customers across its business lines. R&D at the Mint is also focused on constantly refining operating processes to improve productivity and product quality;
- Invest in its infrastructure and equipment to expand capacity, improve productivity, reduce its environmental footprint and secure the health and safety of its employees.

The Mint will continue to be a leader in the development of digital currency and an active participant at the Mint Directors Conference (MDC) Future of Money Committee. As issues of efficiency, economy, innovation and security come to the forefront in e-payments, the Mint is leveraging its 104 years of trusted expertise in providing physical currency to help the industry address the 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.

Bennett

Ian E. Bennett
President and
Chief Executive Officer

J. Marc Brûlé

J. Marc Brûlé, CA, CPA
Chief Financial Officer

Ottawa, Canada
March 22, 2013

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 2012, 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 seven (7) 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 were also 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 which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 audit. I conducted my audit 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 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 as at 31 December 2012, and its financial performance and its cash flows for the year then ended 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 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 audit 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* and regulations and the charter and by-laws of the Royal Canadian Mint and its wholly-owned subsidiary.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

22 March 2013
Ottawa, Canada

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 ***(audited)*** *(CAD$ thousands)*

	Notes	2012	2011 Restated (Note 5)
Assets			
Cash	6	**$ 64,514**	$ 78,930
Accounts receivable	7	**28,090**	13,234
Prepaid expenses		**1,321**	2,825
Income taxes receivable	16	**1,199**	3,943
Inventories	8	**86,583**	102,645
Derivative financial assets	9	**2,975**	1,697
Current assets		**184,682**	203,274
Derivative financial assets	9	**14**	-
Property, plant and equipment	10	**211,891**	161,464
Investment property	11	**236**	236
Intangible assets	12	**11,885**	7,514
Total assets		**$ 408,708**	$ 372,488
Liabilities			
Accounts payable and accrued liabilities	13, 21	**$ 56,317**	$ 71,369
Loans payable	14	**4,514**	1,504
Deferred revenue	15	**6,789**	6,183
Employee benefits	17	**2,071**	2,002
Derivative financial liabilities	9	**1,776**	2,564
Current liabilities		**71,467**	83,622
Derivative financial liabilities	9	**309**	387
Loans payable	14	**34,466**	8,971
Deferred tax liabilities	16	**13,657**	13,040
Employee benefits	17	**10,455**	8,970
Total liabilities		**130,354**	114,990
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**238,600**	219,775
Accumulated other comprehensive income		**(246)**	(2,277)
Total shareholder's equity		**278,354**	257,498
Total liabilities and shareholder's equity		**$ 408,708**	$ 372,488

Commitments, Contingencies and Guarantees (note 22)
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
Chief Executive Officer

J. Marc Brûlé, CPA, CA
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31 ***(audited)*** *(CAD$ thousands)*

	Notes	**2012**	2011 Restated (Note 5)
Revenues	18, 21	**$ 2,583,284**	$ 3,159,351
Cost of goods sold		**2,426,002**	3,018,049
Gross profit		**157,282**	141,302
Other operating expenses			
Marketing and sales expenses		**68,564**	50,564
Administration expenses	20	**47,905**	48,161
Other operating expenses		**116,469**	98,725
Operating profit		**40,813**	42,577
Net foreign exchange losses		**(212)**	(681)
Finance income (costs), net			
Finance income		**416**	500
Finance costs		**(325)**	(343)
Finance income, net		**91**	157
Profit before income tax		**40,692**	42,053
Income tax expense	16	**10,871**	10,952
Profit for the period		**29,821**	31,101
Other comprehensive income			
Net unrealized gains (losses) on cash flow hedges		**760**	(2,602)
Net realized losses on cash flow hedges transferred out of other comprehensive income		**1,271**	35
Net actuarial gains (losses) on defined benefit plans		**(996)**	755
Other comprehensive income (losses), net of tax		**1,035**	(1,812)
Total comprehensive income		**$ 30,856**	$ 29,289

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31 ***(audited)*** *(CAD$ thousands)*

	Share Capital	Retained earnings	Accumulated other comprehensive income ("AOCI") (Net gains (losses) on cash flow hedges)	Total
Balance as at December 31, 2010	$ 40,000	$ 197,919	$ 290	$ 238,209
Profit for the period	-	31,101	-	31,101
Other comprehensive income (losses)	-	755	(2,567)	(1,812)
Dividend paid	-	(10,000)	-	(10,000)
Balance as at December 31, 2011 (Restated, Note 5)	40,000	219,775	(2,277)	257,498
Profit for the period	**-**	**29,821**	**-**	**29,821**
Other comprehensive income (losses)	**-**	**(996)**	**2,031**	**1,035**
Dividend paid	**-**	**(10,000)**	**-**	**(10,000)**
Balance as at December 31, 2012	**$ 40,000**	**$ 238,600**	**$ (246)**	**$ 278,354**

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)*

	2012	2011
Cash flows from operating activities		
Receipts from customers	**$ 2,567,909**	$ 3,157,180
Payments to suppliers and employees	**(2,552,839)**	(3,185,774)
Interest paid	**(325)**	(345)
Cash receipts on derivative contracts	**1,194,237**	538,821
Cash payments on derivative contracts	**(1,163,252)**	(463,407)
Income taxes paid	**(7,510)**	(10,817)
Net cash generated by operating activities	**38,220**	35,658
Cash flows from investing activities		
Interest received	**416**	500
Payments to acquire property, plant and equipment and intangible assets	**(71,501)**	(31,895)
Net cash used by investing activities	**(71,085)**	(31,395)
Cash flows from financing activities		
Dividend paid	**(10,000)**	(10,000)
Proceeds from loans	**30,000**	-
Repayment of loans and other payables	**(1,495)**	(1,497)
Net cash generated (used) by financing activities	**18,505**	(11,497)
Net decrease in cash	**(14,360)**	(7,234)
Cash at the beginning of the period	**78,930**	86,045
Effects of exchange rate changes on cash held in foreign currencies	**(56)**	119
Cash at the end of the year	**$ 64,514**	$ 78,930

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The policies set out below have been consistently applied to all the periods presented.

These consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on March 22, 2013.

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 asset or liability and of allocating interest income and 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.

All derivative financial assets fall into the FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements apply (see Note 2.11.2).

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 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 9.5.

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 amortized 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 recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

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".

All derivative financial liabilities fall into the FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements apply (see Note 2.11.2).

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 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 9.5.

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 amortized 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.

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 expenditures that are 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.

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	5-30 years

Capital projects in process for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized 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. 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 11. 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

2.14.1 Software

The Corporation's intangible assets 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.

2.14.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. There are no development costs capitalized at the end of the period.

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 prepare 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.

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 and presented as current liabilities in the consolidated statement of financial position as the Corporation does not have the right to defer settlement of these liabilities. 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 payable 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 provided 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, inventory valuation allowance and income taxes 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 reviewed annually 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 10 and 12.

3.1.2 Employee benefits liabilities

The present value of the other 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 other 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 17.

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 8.

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 8.

3.1.5 Income taxes

The Corporation operates in a jurisdiction which requires calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Liabilities are recognized for anticipated tax exposures based on estimates of the additional taxes that are likely to become due. Where the final tax outcome of these matters is different from the amount that was initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities are comprised of temporary differences between the carrying values and tax basis of assets and liabilities. Deferred tax assets are only recorded to the extent that it is probable that they will be realized. The timing of the reversal of the temporary differences may take many years and the related deferred tax is calculated using substantively enacted tax rates for the related period.

If future outcomes were to adversely differ from management's best estimate of future results from operations affecting the timing of reversal of deductible temporary differences, the Corporation could experience material deferred income tax adjustments. Such deferred income tax adjustments would not result in an immediate cash outflow nor would they affect the Corporation's immediate liquidity.

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 change the grouping of items presented in other comprehensive income. Items that will be reclassified to profit and loss at a future date would be presented separately from items that will never be reclassified. 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.

An amendment to IAS 1 was issued in May 2012 for the presentation and disclosure of comparative information and retrospective restatements and reclassifications. The amendment to IAS 1 is effective for reporting periods beginning on or after January 1, 2013 and is to be applied retrospectively. The Corporation has elected to early adopt this amendment to IAS 1 for the period beginning on January 1, 2012.

IAS 16 Property, Plant & Equipment ("IAS 16")

IAS 16 was amended in May 2012 for the classification of servicing equipment; it provides clarification that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The amendment to IAS 16 is effective for reporting periods beginning on or after January 1, 2013. This amendment is to be applied retrospectively. 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 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 therefore the impact is not known at this time.

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.

An amendment was released in May 2012 to IAS 32 regarding the tax effect of distributions to holders of equity instruments with an effective date of 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 34 Interim Financial Reporting ("IAS 34")
An amendment was released in May 2012 to IAS 34 regarding interim financial reporting and segment information for total assets and liabilities with effective date on or after January 1, 2013. This amendment is to be applied retrospectively. Earlier application is permitted. 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. The objectives of the new disclosure requirements are to help users understand the effect of an entity's interests in other entities on its financial performance and also the nature of the risks associated with these interests. 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. Prior period restatement

During the preparation of the 2012 year end inventory balances, a unit product cost error impacting the 2011 inventory records was discovered. The error results in a $1.8 million reduction in inventories and a net overstatement of profit by $1.3 million. The Corporation has decided to retroactively correct for the error and restate the consolidated financial statements for the year ended December 31, 2011.

The impact of this error on the 2011 previously reported amounts is presented below:

As at December 31 *(CAD$ thousands)*

	2011	
	Retained earnings	Profit for the period
Balance previously reported	$ 221,077	$ 32,403
Impact of the errors:		
Overstatement of inventories/ understatement of cost of goods sold	(1,772)	(1,772)
Understatement of income taxes receivable/overstatement of income tax expense	470	470
Overstatement of retained earnings/profit for the period	(1,302)	(1,302)
Balance as restated	$ 219,775	$ 31,101

6. Cash

As at December 31 *(CAD$ thousands)*

		2012		2011
Canadian dollars	$	**52,822**	$	73,512
US dollars		**8,587**		5,418
Euros		**3,105**		-
Total cash	$	**64,514**	$	78,930

In accordance with the construction contract for the Winnipeg plant expansion and the *Builder's Lien Act of Manitoba*, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and a liability. The restricted funds will be paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act of Manitoba* during 2013. The total holdback cash account balance and related liability at December 31, 2012 was $2.3 million (2011 - nil).

7. Accounts receivable

As at December 31 *(CAD$ thousands)*

		2012		2011
Trade receivables and accruals	$	**24,086**	$	9,839
Allowance for doubtful accounts		**(110)**		(58)
Net trade receivables		**23,976**		9,781
Other receivables		**4,114**		3,453
Total accounts receivable	$	**28,090**	$	13,234

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

As at December 31 *(CAD$ thousands)*

		2012		2011
Canadian dollars	$	**18,451**	$	9,481
US dollars		**9,639**		3,753
Total accounts receivable	$	**28,090**	$	13,234

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

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

8. Inventories

As at December 31 *(CAD$ thousands)*

	2012	2011 Restated (Note 5)
Raw materials and supplies	**$ 9,319**	$ 47,304
Work in process	**25,861**	21,959
Finished goods	**51,403**	33,382
Total inventories	**$ 86,583**	$ 102,645

The amount of inventories recognized as cost of goods sold in 2012 is $2.4 billion (2011 - $3.0 billion).

The cost of inventories recognized as cost of goods sold in 2012 includes $2.4 million write-downs of inventory to net realisable value (2011 - $3.3 million).

There is no pledged collateral in respect of inventory.

9. Financial instruments and financial risk management

9.1 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, 2011.

The capital structure of the Corporation consists of loans payable as detailed in Note 14 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 (see Note 22.4) 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

As at December 31 *(CAD$ thousands)*

	2012	2011 Restated (Note 5)
Debt (long-term and short-term loans payable)	**$ 38,980**	$ 10,475
Shareholder's Equity	**278,354**	257,498
	14.0%	4.1%

Debt to Assets Ratio

As at December 31 *(CAD$ thousands)*

	2012	2011 Restated (Note 5)
Debt (long-term and short-term loans payable)	$ 38,980	$ 10,475
Total assets	408,708	372,488
	9.5%	2.8%

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*.

9.2 Classification of financial instruments

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

As at December 31 *(CAD$ thousands)*

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Held for Trading				
Cash	$ 64,514	$ 64,514	$ 78,930	$ 78,930
Derivative financial assets	2,989	2,989	1,697	1,697
Loans and receivables				
Accounts receivable	28,090	28,090	13,234	13,234
Financial Liabilities				
Held for Trading				
Derivative liabilities	2,085	2,085	2,951	2,951
Other Financial Liabilities				
Accounts payable and accrued liabilities	56,317	56,317	71,369	71,369
Loans payable	38,980	38,975	10,475	10,482

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.

9.2.2 Interest income and expense

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

For the year ended December 31 *(CAD$ thousands)*

		2012		2011
Financial assets held for trading				
Interest income earned on cash	**$**	**405**	$	488
Other financial liabilities				
Interest expense on loans payable	**$**	**294**	$	308

9.3 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.

9.3.1 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:

As at December 31 *(CAD$ thousands)*

	2012	2011
North America	**$ 19,367**	$ 10,689
Asia	**5,046**	907
Europe	**2,014**	1,031
Africa	**1,100**	-
South America	**399**	3
Australia	**143**	103
Central America and the Caribbean	**21**	501
	$ 28,090	$ 13,234

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

As at December 31 *(CAD$ thousands)*

	2012	2011
Consumers, dealers and others	**$ 9,402**	$ 4,675
Governments (including govermental departments and agencies)	**11,544**	6,902
Banking Institutions	**7,144**	1,657
	$ 28,090	$ 13,234

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:

As at December 31 *(CAD$ thousands)*

	2012		2011	
	Accounts Receivable	**Allowance for doubtful accounts**	Accounts Receivable	Allowance for doubtful accounts
Current				
0-30 days	**$ 22,023**	**$ -**	$ 9,323	$ -
30-60 days	**3,488**	**-**	2,052	-
60-90 days	**1,028**	**-**	1,339	-
90-120 days	**1,243**	**-**	260	-
Over 120 days	**418**	**110**	318	58
Total	**$ 28,200**	**$ 110**	$ 13,292	$ 58
Net	**-**	**$ 28,090**	-	$ 13,234

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

As at December 31 *(CAD$ thousands)*

		2012		2011
Balance at beginning of year	**$**	**58**	$	152
Additions		**52**		53
Write-offs		**-**		(147)
Balance at the end of year	**$**	**$110**	$	58

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 in accordance with the Minister of Finance's *Financial Risk Management Guidelines for Crown Corporations*.

9.3.2 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, 2012 *(CAD$ thousands)*

	Carrying amount	Contractual Cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities:						
Accounts payable and accrued liabilities	**$ (56,317)**	**$ (56,317)**	**$ (50,160)**	**$ (513)**	**$ (1,539)**	**$ (4,105)**
Loans and other liabilities	**(52,637)**	**(52,637)**	**(4,514)**	**(4,955)**	**(14,866)**	**(28,302)**
Derivative instruments:						
Commodity swaps	**124**	**15,128**	**14,199**	**929**	**-**	**-**
Foreign currency forwards	**1,075**	**60,555**	**59,255**	**1,300**	**-**	**-**

As at December 31, 2011 *(CAD$ thousands)*

	Carrying amount	Contractual Cash flows	Less than 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)	-	-

9.3.3 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 US 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, 2012 *(CAD$ thousands)*

	US$	Euro	GBP
Cash	**$ 8,587**	**$ 3,105**	**$ -**
Accounts Receivable	**9,639**	**-**	**-**
Accounts payable and accrued liabilities	**(3,100)**	**(210)**	**-**
Gross exposure excluding financial derivatives	**15,126**	**2,895**	**-**
Estimated forecasted sales	**109,263**	**-**	**-**
Estimated forecasted purchases	**(42,516)**	**(6,336)**	**(1,128)**
Gross exposure	**81,873**	**(3,441)**	**(1,128)**
Forward exchange contracts	**(78,223)**	**2,963**	**996**
Net exposure	**$ 3,650**	**$ (478)**	**$ (132)**

As at December 31, 2011 *(CAD$ thousands)*

	US$	Euro
Cash	$ 5,418	$ -
Accounts Receivable	3,753	-
Accounts payable and accrued liabilities	(1,561)	(265)
Gross 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)

Based on the net exposures as at December 31, 2012, 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.

As at December 31 *(CAD$ thousands)*

	2012		**2012**		2011		2011	
		Other Comprehensive Income		**Profit**		Other Comprehensive Income		Profit
US dollars	**$**	**4,313**	**$**	**1,553**	$	(3,693)	$	455
Euro		**(64)**		**(158)**		472		73
GBP		**-**		**(75)**		-		-

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 instruments described in Note 14 expose the Corporation to cash flow interest rate risk. The Corporation has hedged 100% of the exposure to fluctuations in interest rates related to these instruments by entering into corresponding interest rate swaps, where the Corporation pays a fixed interest rate in exchange for receiving a floating interest rate. The interest rate swaps are designated as hedging instruments 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 swaps expose 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 liabilities and decrease other comprehensive income by approximately $0.9 million (2011 – $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.

9.4 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, 2012 *(CAD$ thousands)*

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Commodity swaps	**2013**	**$ 6,120**	**$ 414**
Foreign currency forwards	**2013**	**79,942**	**2,438**
Non-current			
Commodity swaps	**2014**	**191**	**14**
		$ 86,253	**$ 2,866**
Derivative financial liabilities			
Current			
Commodity swaps	**2013**	**$ 8,149**	**$ 283**
Foreign currency forwards	**2013**	**43,036**	**1,212**
Interest rate swaps		**4,500**	**47**
Non-current			
Commodity swaps	**2014**	**741**	**21**
Foreign currency forwards	**2014**	**929**	**13**
Interest rate swaps	**2022**	**34,500**	**248**
		$ 91,855	**$ 1,824**

As at December 31, 2011 *(CAD$ thousands)*

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Foreign currency forwards	2012	$ 96,512	$ 1,653
		$ 96,512	$ 1,653
Derivative financial liabilities			
Current			
Commodity swaps	2012	$ 4,119	$ 1,033
Foreign currency forwards	2012	60,258	1,203
Interest rate swaps	2012	1,500	58
Non-current			
Foreign currency forwards	2013	897	37
Interest rate swaps	2018	9,000	350
		$ 75,774	$ 2,681

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 6 years of which approximately $1.3 million gains (2011 - $0.6 million losses) 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, 2012 *(CAD$ thousands)*

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Foreign currency forwards	**2013**	**$ 18,624**	**$ 123**
		$ 18,624	**$ 123**
Derivative financial liabilities			
Current			
Foreign currency forwards	**2013**	**$ 35,511**	**$ 234**
Non-current			
Foreign currency forwards	**2014**	**1,656**	**27**
		$ 37,167	**$ 261**

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

For the year ended December 31, 2012, 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 gain of $0.1 million (2011 – loss of $0.2 million). These amounts are included in net foreign exchange gains (losses).

9.5 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)

As at December 31 *(CAD$ thousands)*

	2012	2011
Derivative financial assets		
Foreign currency forwards	**$ 2,561**	$ 1,697
Commodity swaps	**428**	-
	$ 2,989	$ 1,697
Derivative financial liabilities		
Commodity swaps	**$ 304**	$ 1,033
Foreign currency forwards	**1,486**	1,510
Interest rate swaps	**295**	408
	$ 2,085	$ 2,951

10. 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:

As at December 31 *(CAD$ thousands)*

	2012	2011
Cost	**$ 349,214**	$ 287,445
Accumulated depreciation	**(137,323)**	(125,981)
Net book value	**$ 211,891**	$ 161,464
Net book value by asset class		
Land and land improvements	**$ 3,170**	$ 3,191
Buildings	**69,986**	65,439
Plant and equipment	**83,398**	75,782
In process capital projects	**55,337**	17,052
Net book value	**$ 211,891**	$ 161,464

Reconciliation of the opening and closing balances of property, plant and equipment for 2012:

(CAD$ thousands)

	Land and land improvements	Buildings	Plant and equipment	Capital projects in process	Total
Cost					
Balance at January 1, 2011	$ 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
Additions	-	3,454	10,100	51,283	64,837
Transfers	-	4,094	8,904	(12,998)	-
Disposals	-	(84)	(2,984)	-	(3,068)
Balance at December 31, 2012	**$ 4,094**	**$ 78,124**	**$ 211,659**	**$ 55,337**	**$ 349,214**
Accumulated depreciation					
Balance at January 1, 2011	$ 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
Depreciation	21	2,917	10,407	-	13,345
Disposals	-	-	(2,003)	-	(2,003)
Balance at December 31, 2012	**$ 924**	**$ 8,138**	**$ 128,261**	**$ -**	**$ 137,323**
Net book value at December 31, 2012	**$ 3,170**	**$ 69,986**	**$ 83,398**	**$ 55,337**	**$ 211,891**

No indicators of impairment were found for property, plant and equipment as at December 31, 2012 or 2011.

No asset is pledged as security for borrowings as at December 31, 2012 or 2011.

11. Investment property

As at December 31 *(CAD$ thousands)*

	2012	2011
Cost	**$ 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, 2012 or 2011.

12. Intangible assets

As at December 31 *(CAD$ thousands)*

	2012	2011
Cost	**$ 30,831**	$ 24,167
Accumulated amortization	**(18,946)**	(16,653)
Net book value	**$ 11,885**	$ 7,514

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 2012:

(CAD$ thousands)

	Software	Capital Projects in process	Total
Cost			
Balance at January 1, 2011	$ 19,392	$ 1,525	$ 20,917
Additions	874	2,376	3,250
Transfers	751	(751)	-
Balance at December 31, 2011	21,017	3,150	24,167
Additions	267	6,397	6,664
Transfers	202	(202)	-
Balance at December 31, 2012	**$ 21,486**	**$ 9,345**	**$ 30,831**
Accumulated amortization			
Balance at January 1, 2011	$ 13,931	$ -	$ 13,931
Amortization	2,722	-	2,722
Balance at December 31, 2011	16,653	-	16,653
Amortization	2,293	-	2,293
Balance at December 31, 2012	**$ 18,946**	**$ -**	**$ 18,946**
Net book value at December 31, 2012	**$ 2,540**	**$ 9,345**	**$ 11,885**

No indicators of impairment were found for intangible assets as at December 31, 2012 or 2011.

13. Accounts payable and accrued liabilities

As at December 31 *(CAD$ thousands)*

	2012	2011
Canadian dollars	**$ 53,007**	$ 69,543
US dollars	**3,100**	1,561
Euros	**210**	265
Total accounts payable and accrued liabilities	**$ 56,317**	$ 71,369

Accrued liabilities include the liability to Department of Finance which is disclosed in Note 21 in detail.

14. Loans payable

As at December 31 *(CAD$ thousands)*

	2012	2011
Banker's Acceptance	**$ 38,966**	$ 10,471
Accrued interest	**14**	4
Total loans payable	**$ 38,980**	$ 10,475
Current	**$ 4,514**	$ 1,504
Non-current	**34,466**	8,971
Total loans payable	**$ 38,980**	$ 10,475

The 10 year $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 $9 million and the fair value of the loan is $9 million as at December 31, 2012. 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 loan is unsecured.

During 2012, the Corporation entered into a new 10 year $30 million Bankers' Acceptance/Interest rate swap loan which bears an interest rate at 2.06% with maturity in 2022. 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 1 month Bankers Acceptances and an Interest Rate Swap to lock in the BA refinancing. The loan gets paid down $3 million per year for 10 years. The balance of the principal is $30 million and the fair value of the loan is $30 million as at December 31, 2012.

15. Deferred revenue

As at December 31 *(CAD$ thousands)*

	2012	2011
Customer prepayment (i)	**$ 6,537**	$ 5,868
Subscription program (ii)	**252**	315
Total deferred revenue	**$ 6,789**	$ 6,183

(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.

16. Income taxes

Current tax expense

For the year ended December 31 *(CAD$ thousands)*

		2012		2011 Restated (Note 5)
Current income tax expense	**$**	**9,579**	$	9,729
Adjustments for prior years		**853**		(358)
Total current tax expense	**$**	**10,432**	$	9,371

Deferred tax expense

For the year ended December 31 *(CAD$ thousands)*

		2012		2011 Restated (Note 5)
Origination and reversal of temporary differences	**$**	**627**	$	1,419
Adjustments for prior years		**(188)**		154
Increase/decrease in tax rate		**-**		8
Total deferred tax expense	**$**	**439**	$	1,581

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 25.0% (2011 - 26.5%). The expense for the year can be reconciled to the accounting profit before tax as follows:

For the year ended December 31 *(CAD$ thousands)*

		2012		2011 Restated (Note 5)
Net income before tax for the year	**$**	**40,692**	$	42,053
Income tax rate		**25.0%**		26.5%
Computed tax expense		**10,173**		11,144
Non-deductible expense		**144**		147
Change in tax rates		**-**		8
Adjustments for prior years		**665**		(88)
Other net amounts		**(111)**		(259)
Income tax expense recognised in profit or loss	**$**	**10,871**	$	10,952

Deferred tax recognized in other comprehensive income

For the year ended December 31 *(CAD$ thousands)*

	2012			2011		
	Before tax	**Tax (expense) benefit**	**Net of tax**	Before tax	Tax (expense) benefit	Net of tax
Gains/losses on derivatives	**$ 2,541**	**$ (510)**	**$ 2,031**	$ (3,441)	$ 874	$ (2,567)
Actuarial gains/ losses on defined benefit plan	**(1,328)**	**332**	**(996)**	1,006	(251)	755
Total	**$ 1,213**	**$ (178)**	**$ 1,035**	$ (2,435)	$ 623	$ (1,812)

Current tax assets

As at December 31 *(CAD$ thousands)*

	2012	2011 Restated (Note 5)
Income taxes receivable	**$ 1,199**	$ 3,943

The tax effects of temporary differences that give rise to deferred tax assets and liabilities in 2012 and 2011 are presented below:

Temporary differences for 2012

For the year ended December 31 *(CAD$ thousands)*

	Opening balance	Recognized in profit or (loss)	Recognized in OCI	Closing balance
Deferred tax assets				
Employee benefits	**$ 2,742**	**$ 57**	**$ 332**	**$ 3,131**
Accounts payable	**1,924**	**56**	**-**	**1,980**
Derivative financial assets	**257**	**-**	**(257)**	**-**
Deferred tax liability				
Capital assets	**(15,873)**	**634**	**-**	**(15,239)**
Intangible assets	**(1,856)**	**(1,111)**	**-**	**(2,967)**
Derivative financial liability	**-**	**-**	**(253)**	**(253)**
Investment property	**(59)**	**-**	**-**	**(59)**
Investment tax credits	**(175)**	**(75)**	**-**	**(250)**
Net deferred tax liability	**$ (13,040)**	**$ (439)**	**$ (178)**	**$ (13,657)**

Temporary differences for 2011

For the year ended December 31 *(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)

17. 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 2012 was 1.74 of the employees’ contribution (2011 - 1.86). Total contributions of $11.4 million were recognized as an expense in 2012 (2011 - $11.1 million). The estimated contribution for 2013 is $13.6 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 2012, the Corporation provided cash-out options of its severance benefits. There were no settlement losses recognized in the year (2011 - $1.0 million). There were no past service costs or curtailments in 2012 or 2011.

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:

As at December 31 *(CAD$ thousands)*

		2012		2011
Post employment benefits	**$**	**8,887**	$	7,608
Other long-term employee benefits		**3,639**		3,364
Total employee benefits obligation	**$**	**12,526**	$	10,972

Movements of employee benefits obligation were as follows:

For the year ended December 31 *(CAD$ thousands)*

	Post employment benefits						Other long-term employment benefits					
		2012		2011		2010		**2012**		2011		2010
Beginning of the year	**$**	**7,608**	$	10,981	$	11,032	**$**	**3,364**	$	3,187	$	3,012
Current service cost		**438**		772		737		**2,188**		1,956		1,818
Interest cost		**337**		509		503		**160**		151		154
Benefits paid		**(824)**		(4,834)		(919)		**(3,218)**		(2,662)		(2,196)
Settlement loss		**-**		1,024		-		**-**		-		-
Actuarial losses/(gains)		**1,328**		(1,006)		(372)		**1,145**		732		399
Other		**-**		162		-		**-**		-		-
End of the year	**$**	**8,887**	$	7,608	$	10,981	**$**	**3,639**	$	3,364	$	3,187

Included in actuarial losses/(gains) are the experience adjustments, which is the effect of differences between the previous actuarial assumptions and what has actually occurred, and the effects of changes in actuarial assumptions.

Employee benefits expenses were as follows:

For the year ended December 31 *(CAD$ thousands)*

		2012		2011
Post employment benefits				
Pension benefits contribution	**$**	**11,408**	$	11,094
Other post employment benefits		**1,279**		(3,373)
Other long-term employee benefits		**275**		177
Total employee benefits expenses	**$**	**12,962**	$	7,898

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

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
In Profit or Loss		
Pension benefits contribution	**$ 11,408**	$ 11,094
Current service cost	**2,626**	2,728
Interest cost	**497**	660
Benefits paid	**(4,042)**	(7,496)
Settlement loss	**-**	1,024
Actuarial (gains)/losses	**1,145**	732
Other	**-**	162
	11,634	8,904
In Other Comprehensive Income		
Actuarial (gains)/losses	**1,328**	(1,006)
	1,328	(1,006)
Total amounts recognized in the consolidated statement of comprehensive income	**$ 12,962**	$ 7,898

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.

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
Current service cost and interest cost	**$ 43**	$ 6
Accumulated benefit obligation	**270**	177

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

As at December 31

	2012	2011
Accrued benefit obligation		
Discount rate	**3.5%**	4.2%
Rate of compensation increase	**3.0%**	3.0%
Benefit costs for the year ended		
Discount rate	**4.2%**	4.6%
Rate of compensation increase	**3.0%**	4.5%
Assumed health care cost trend rates		
Initial health care cost trend rate	**7.4%**	7.8%
Cost trend rate declines to	**5.4%**	5.4%

18. Revenue

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
Revenue from the sale of goods	**$2,568,117**	$ 3,145,528
Revenue from the rendering of services	**15,167**	13,823
Total Revenue	**$ 2,583,284**	$ 3,159,351

19. Depreciation and amortization expenses

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
Depreciation of property, plant and equipment	**$ 13,345**	$ 12,137
Amortization of intangible assets	**2,293**	2,722
Total depreciation and amortization expenses	**$ 15,638**	$ 14,859

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

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
Cost of goods sold	**$ 11,302**	$ 10,444
Marketing and Sales expenses	**1,734**	1,766
Administration expenses	**2,602**	2,649
Total depreciation and amortization expenses	**$ 15,638**	$ 14,859

20. Scientific research and experimental development expenses, net

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
Research and development expenses	**$ 7,416**	$ 5,721
Scientific research and development credit	**(1,566)**	(1,698)
Research and development expenses, net	**$ 5,850**	$ 4,023

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

21. 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:

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
Revenue from DOF	**$ 116,887**	$ 113,724

Due to the retrospective application of IAS 16 at the date of transition to IFRS on January 1st, 2010, 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 at that time. This amount was included in Accounts Payable and Accrued Liabilities on the consolidated statement of financial position since it could be reimbursable on demand to DOF. During 2012, the Corporation reduced the billing to the Department of Finance by $0.5 million (2011 - $0.5 million) and the remainder of $7.2 million (2011 - $7.7 million) will be deducted in future billings over the next 14 years.

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 was as follows:

For the year ended December 31 *(CAD$ thousands)*

	2012	2011
Short-term employee benefits	**$ 2,616**	$ 2,227
Post-employment benefits	**975**	873
Other long-term benefits	**117**	106
Total compensation	**$ 3,708**	$ 3,206

22. Commitments, contingencies and guarantees

22.1 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, 2012, the Corporation had $63.8 million precious metal purchase commitments outstanding (2011 – $14.4 million). At the end of the period, the Corporation had entered into precious metal leases as follows:

As at December 31

(Ounces)	**2012**	2011
Gold	**6,000**	9,313
Silver	**2,540,498**	9,420,209
Platinum	**5,751**	–

The fees for these leases are based on market value. The precious metal lease payment expensed for 2012 is $3.0 million (2011 - $6.9 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.

22.2 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, 2012, the Corporation had $22.2 million (December 31, 2011 - $50.2 million) in purchase commitments outstanding.

22.3 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, 2012, under the guarantees and bid bonds, the maximum potential amount of future payments is $6.1 million (December 31, 2011 - $12.2 million).

22.4 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, 2012, approved short-term borrowings for working capital within this limit, were not to exceed $25.0 million (2011 - $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, 2012 or December 31, 2011.

The Corporation has committed as at December 31, 2012 to spend approximately $26.2 million (December 31, 2011 - $19.5 million) on capital projects.

The Corporation has other various lease and contractual purchase obligations for goods and services. As of December 31, 2012 these future commitments are $24.8 million in total (December 31, 2011 – $23.9 million). These commitments will be completed by June 2027 (2013 - $19.7 million, 2014 – $0.16 million, 2015 - $0.7 million, 2016 - $0.04 million, 2017 - $0.84 million, 2027 - $3.33 million).

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, 2012 or December 31, 2011.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2011.

23. Reclassification

Certain comparative information provided for the prior period has been reclassified to conform to the presentation adopted as of December 31, 2012.

Certain derivative assets and liabilities were presented net in the consolidated statement of financial position at December 31, 2011 and were reclassified at December 31, 2012 to be shown separately as derivative assets and derivative liabilities. An amount of $0.8 million was reclassified from derivative assets to derivative liabilities in the consolidated statement of financial position and in the related notes.

Certain employee benefits were presented as non-current liabilities in the consolidated statement of financial position at December 31, 2011 and were reclassified to current employee benefits at December 31, 2012. Sick leave and special leave benefits that are accumulated but not vested are classified as long-term employee benefits but should be presented as current liabilities as the Corporation does not have the right to defer settlement of these liabilities. As a result, $0.6 million was reclassified from non-current employee benefits to current employee benefits in the consolidated statement of financial position and in the related notes.

STATISTICS

Table 1 – Canadian circulation coinage

Canadian circulation coinage - Production in 2010, 2011 and 2012[1]

	2012 Total Pieces	2011 Total Pieces	2010 Total Pieces
Coinage dated 2009			
$2	**–**	–	4,230,000
$1	**–**	–	–
50¢	**–**	–	–
25¢	**–**	–	3,520,000
10¢	**–**	–	4,125,000
5¢	**–**	–	504,000
1¢	**–**	–	555,000
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	**208,000**	26,018,000	–
$1	**–**	25,410,000	–
50¢	**–**	175,000	–
25¢	**12,050,000**	212,970,000	–
10¢	**–**	289,300,000	–
5¢	**–**	228,816,000	–
1¢	**–**	662,750,000	–
Coinage dated 2012			
$2	**89,185,000**	–	–
$1	**119,519,000**	–	–
50¢	**250,000**	–	–
25¢	**178,450,000**	–	–
10¢	**334,675,000**	–	–
5¢	**202,944,000**	–	–
1¢	**199,347,000**	–	–
Total (all dates)			
$2	**89,393,000**	27,488,000	8,220,000
$1	**119,519,000**	25,410,000	24,460,000
50¢	**250,000**	175,000	150,000
25¢	**190,500,000**	212,970,000	167,529,000
10¢	**334,675,000**	292,325,000	252,450,000
5¢	**202,944,000**	230,328,000	126,840,000
1¢	**199,347,000**	662,750,000	486,200,000
Total	**1,136,628,000**	1,451,446,000	1,065,849,000

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

Table 2 – Canadian circulation coinage

Canadian circulation coinage - Cumulative production up to December 31, 2012[1] [2]

	2008	2009	2010	2011	**2012**
$2	17,140,000	42,660,000	5,460,000	26,226,000	**89,185,000**
$1	29,381,000	39,601,000	24,460,000	25,410,000	**119,519,000**
50¢	150,000	150,000	150,000	175,000	**250,000**
25¢	383,862,000	270,286,000	164,009,000	225,020,000	**178,450,000**
10¢	462,270,000	373,725,000	251,350,000	289,300,000	**334,675,000**
5¢	271,810,000	266,784,000	127,848,000	228,816,000	**202,944,000**
1¢	787,625,000	456,235,000	485,645,000	662,750,000	**199,347,000**

[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 2012[1] - Geographic distribution [2]

Province City [3]	**$2**	**$1**	**50¢**	**25¢**	**10¢**	**5¢**	**1¢**
Newfoundland and Labrador							
St. John's	350,000	965,000	–	1,556,000	2,297,000	1,776,000	1,635,000
New Brunswick							
Saint John	1,677,000	817,000	–	1,972,000	68,000	42,000	97,000
Nova Scotia							
Halifax	9,000	215,000	–	1,056,000	1,352,000	1,438,000	1,430,000
Quebec							
Montréal	1,405,000	880,000	–	7,294,000	5,980,000	1,160,000	6,732,000
City of Québec	3,378,000	3,002,000	–	8,244,000	4,540,000	1,118,000	788,000
Ontario							
Ottawa	621,000	2,225,000	–	9,416,000	5,843,000	930,000	3,648,000
Toronto	9,837,000	11,912,000	–	6,666,000	37,470,000	15,312,000	35,412,000
Manitoba							
Winnipeg	389,000	2,155,000	–	2,002,000	4,520,000	804,000	6,308,000
Saskatchewan							
Regina	888,000	1,279,000	–	3,468,000	1,945,000	304,000	1,022,000
Alberta							
Calgary	1,105,000	2,146,000	–	2,328,000	1,295,000	574,000	855,000
Edmonton	2,806,000	4,301,000	–	11,230,000	11,557,000	2,724,000	5,773,000
British Columbia							
Vancouver	5,128,000	3,473,000	–	6,604,000	6,775,000	3,138,000	5,697,000
Sundry persons [4]	495,000	3,641,000	250,000	2,788,000	310,000	248,000	9,803,000
Total	28,088,000	37,011,000	250,000	64,624,000	83,952,000	29,568,000	79,200,000

[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, 2011 bearing the dates 2012 and 2013

Product Name	2012 Quantities
25th Anniversary - Loonie $1 Fine Silver Coin (2012)	14,889
25th Anniversary - Loonie Specimen Set (2012)	34,939
25th Anniversary - Lucky Loonie $1 Circulation 5-Pack (2012)	58,262
25th Anniversary - Lucky Loonie $1 Fine Silver Coin (2012)	18,231
25th Anniversary - Two Loons $1 Fine Silver Coin (2012)	9,812
25th Anniversary of the Rick Hansen Man in Motion World Tour $5 Fine Silver Coin (2012)	3,409
50th Anniversary of the Canadian Coast Guard $20 Fine Silver Coin (2012)	6,239
50th Anniversary of the Canadian Coast Guard 25-cent Coloured Coin (2012)	10,326
50th Anniversary of the Canadian Wildlife Federation $20 Fine Silver Coin - Moose (2012)	7,493
50th Anniversary of the Canadian Wildlife Federation $200 Gold Coin - Moose (2012)	359
50th Anniversary of the Canadian Wildlife Federation $250 Silver Coin - Moose (2012)	569
50th Anniversary of the Canadian Wildlife Federation $2,500 Gold Coin - Moose (2012)	12
50th Anniversary of the Canadian Wildlife Federation $300 Platinum Coin - Moose (2012)	247
100th Anniversary of the Calgary Stampede 5oz Pure Gold Coin (2012)	92
100th Anniversary of the Calgary Stampede 5oz Fine Silver Coin (2012)	1,491
100th Anniversary of the Calgary Stampede Coin & Stamp Set (2012)	15,859
100th Anniversary of the Calgary Stampede Limited Edition Fine Silver $1 Coin (2012)	9,979
150th Anniversary of the Cariboo Gold Rush 1/25oz Gold Coin (2012)	5,245
150th Anniversary of the Cariboo Gold Rush $100 Gold Coin (2012)	2,455
50-cent Coin Special Wrap Circulation Roll (2012)	9,960
Aster with Bumble Bee $20 Fine Silver Coin (2012)	9,978
Aster with Bumble Bee 25-cent Coloured Coin (2012)	14,652
Baby Gift Set (2012)	43,310
Bald Eagle $300 Platinum Coin (2013)	199
Beaver $20 Fine Silver Coin (2013)	7,439
Beaver $50 Fine Silver Coin (2013)	1,467
Birds of Canada - Evening Grosbeak 25-cent Coloured Coin (2012)	18,264
Birds of Canada - Rose-breasted Grosbeak 25-cent Coloured Coin (2012)	18,922
Birthday Gift Set (2012)	24,659
Birthstone - April $3 Fine Silver Coin (2012)	2,039
Birthstone - August $3 Fine Silver Coin (2012)	2,068
Birthstone - December $3 Fine Silver Coin (2012)	2,067
Birthstone - February $3 Fine Silver Coin (2012)	1,795
Birthstone - January $3 Fine Silver Coin (2012)	1,767
Birthstone - July $3 Fine Silver Coin (2012)	2,330
Birthstone - June $3 Fine Silver Coin (2012)	2,006
Birthstone - March $3 Fine Silver Coin (2012)	2,002
Birthstone - May $3 Fine Silver Coin (2012)	2,445
Birthstone - November $3 Fine Silver Coin (2012)	1,927
Birthstone - October $3 Fine Silver Coin (2012)	1,989
Birthstone - September $3 Fine Silver Coin (2012)	2,183
Birthstones $3 Fine Silver Coin Set (2012)	200
Blessings of Good Fortune $150 Gold Coin (2012)	881
Bluenose 1/25oz Gold Coin (2012)	12,780
CFL® Calgary Stampeders 25-cent Coloured Coin (2012)	12,104
CFL® BC Lions 25-cent Coloured Coin (2012)	12,097
CFL® Edmonton Eskimos 25-cent Coloured Coin (2012)	12,120

Table 4 – Numismatic coinage *(continued)*

Product Name	2012 Quantities
CFL® Grey Cup® Limited Edition Silver Dollar Coin (2012)	9,966
CFL® Hamilton Tiger-Cats 25-cent Coloured Coin (2012)	11,906
CFL® Montréal Alouettes 25-cent Coloured Coin (2012)	12,227
CFL® Saskatchewan Roughriders 25-cent Coloured Coin (2012)	15,700
CFL® Toronto Argonauts 25-cent Coloured Coin (2012)	12,434
CFL® Winnipeg Blue Bombers 25-cent Coloured Coin (2012)	12,214
Circulation Coin and Test Token Set (2011-2012)	16,985
Coat of Arms - Nunavut $300 Gold Coin (2012)	177
Coat of Arms - Quebec $300 Gold Coin (2012)	334
Farewell to the Penny - $10 Gold-Plated Fine Silver Coin (2012)	29,582
Farewell to the Penny - $20 Fine Silver Coin (2012)	191,804
Farewell to the Penny - 1/25oz Gold Coin (2012)	11,106
Farewell to the Penny - 5oz Silver Coin (2012)	1,486
Farewell to the Penny - Fine Silver 5-coin Set (2012)	2,817
Georgina Pope $5 Fine Silver Coin (2012)	3,154
Gold Maple Leaf Set (2013)	558
Gold Maple Leaf Set – 5th Anniversary of the RCM Million Dollar Coin (2012)	543
Group of Seven - Arthur Lismer $20 Fine Silver Coin (2012)	6,900
Group of Seven - F.H. Varley $20 Fine Silver Coin (2012)	3,971
Group of Seven - Franklin Carmichael $20 Fine Silver Coin (2012)	6,641
Group of Seven Subscription - F.H. Varley $20 Fine Silver Coin (2012)	2,965
Holiday Gift Set (2012)	26,404
Holiday Snowflake $20 Fine Silver Coin (2012)	4,659
Holiday Snowstorm $20 Fine Silver Coin (2012)	4,652
Magical Reindeer $20 Fine Silver Coin (2012)	160,781
Maple Leaf Forever $10 Fine Silver Coin (2012)	26,590
Maple Leaf Forever $250 Silver Kilo Coin (2012)	934
Maple Leaf Forever $2,500 Gold Kilo Coin (2012)	18
Maple Leaf Forever $300 Platinum Coin (2012)	250
Maple Leaf Forever $5 Pure Gold Coin (2012)	3,715
Maple Leaf Forever $500 Pure Gold Coin (2012)	71
Maple of Good Fortune $15 Fine Silver Coin (2012)	8,139
Moons of the Algonquin - Full Pink Moon $5 Niobium Coin (2012)	7,214
Moons of the Algonquin - Full Wolf Moon $5 Niobium Coin (2012)	7,496
O Canada Gift Set (2012)	31,464
Polar Bear $20 Fine Silver Coin (2012)	174,474
Praying Mantis $10 Fine Silver Coin (2012)	5,608
Prehistoric Animals - *Pachyrhinosaurus Lakustai* 25-cent Coloured Coin (2012)	24,422
Queen's Diamond Jubilee Fine Silver Coin (2012)	180,020
Queen's Diamond Jubilee - UHR Portrait $20 Fine Silver Coin (2012)	7,440
Queen's Diamond Jubilee - $50 Pure Gold Coin (2012)	499
Queen's Diamond Jubilee - Royal Cypher 50-cent Coin (2012)	30,529
Queen's Diamond Jubilee - Queen in Canada $20 Fine Silver Coin (2012)	10,994
Queen's Diamond Jubilee - The Royal Gold Set (2012)	100
Queen's Diamond Jubilee - The Royal Silver Set (2012)	1,809
Rhododendron $20 Fine Silver Coin (2012)	9,633
RMS *Titanic* $10 Fine Silver Coin (2012)	20,000

Table 4 – Numismatic coinage *(continued)*

Product Name	2012 Quantities
RMS *Titanic* 25-cent Coloured Coin (2012)	34,290
RMS *Titanic* 50-cent Silver-Plated Coin (2012)	14,997
Santa's Magical Visit 50-cent Lenticular Coin (2012)	18,619
Silver Maple Leaf Set (2013)	9,969
Special Edition $2 Specimen Set - Wolf Cubs (2012)	14,925
Special Edition Uncirculated Set (2012)	14,963
Sugar Maple $20 Fine Silver Coin (2012)	9,920
The Spirit of Haida Gwaii $500 Fine Silver Coin (2012)	95
Three Wise Men $20 Fine Silver Coin (2012)	3,916
Tooth Fairy Coin Card (2012)	20,037
Uncirculated Set (2012)	74,841
Vikings $200 Gold Coin (2012)	1,730
War of 1812 - $10 Pure Gold Coin (2012)	1,986
War of 1812 - Brock- 25¢ Circulation 10-Pack (2012)	58,366
War of 1812 - Brock $4 Fine Silver Coin (2013)	5,592
War of 1812 - Hero of Upper Canada Sir Isaac Brock $350 Gold Coin (2012)	279
War of 1812 - HMS *Shannon* - $2 Circulation 5-Pack (2012)	55,712
War of 1812 - HMS *Shannon* $10 Fine Silver Coin (2012)	9,956
War of 1812 - King George III Peace Medal $250 Silver Kilo Coin (2012)	583
War of 1812 - King George III Peace Medal $2,500 Gold Kilo Coin (2012)	20
War of 1812 - Tecumseh - 25¢ Circulation 10-Pack (2012)	46,427
War of 1812 - Tecumseh $4 Fine Silver Coin (2013)	5,647
War of 1812 - The Battle of Queenston Heights $250 Silver Kilo Coin (2012)	183
War of 1812 - The Battle of Queenston Heights $2,500 Gold Kilo Coin (2012)	16
War of 1812 - 200th Anniversary Brilliant Silver Dollar Coin (2012)	19,623
War of 1812 - 200th Anniversary Fine Silver Set (2012)	19,773
War of 1812 - 200th Anniversary Silver and Nickel Set (2012)	26,891
War of 1812 - 200th Anniversary Silver Coin (2012)	39,569
Wedding Gift Set (2012)	24,325
Welcome to the World Fine Silver Coin (2012)	9,999
Winter Scene $10 Fine Silver Coin (2013)	7,039
Year of the Dragon $2,500 Gold Kilo Coin (2012)	37
Year of the Dragon 1/10oz Gold Coin (2012)	8,398
Year of the Dragon 1/2oz Fine Silver Coin - Box of 20 coins (2012)	221
Year of the Dragon 1/2oz Fine Silver Coin (2012)	46,708
Year of the Dragon Gold Fractional Set (2012)	312
Year of the Snake $15 Fine Silver Coin (2013)	10,405
Year of the Snake $15 Silver Lunar Lotus Coin (2013)	18,271
Year of the Snake $150 Gold Coin (2013)	1,108
Year of the Snake $5 Gold Coin (2013)	1,826
Year of the Snake $250 Fine Silver Coin (2013)	234
Year of the Snake $10 Fine Silver Coin (2013)	13,485
Year of the Snake $20 Fine Silver Coin (2013)	11,610
Year of the Snake $2,500 Gold Kilo Coin (2013)	53

Table 5 – Maple Leaf coinage

Sales in ounces for 2010, 2011 and 2012

	2012	2011	2010	2009	2008
Gold Maple Leaf Coinage[1]					
$200 (99999 Au)	**2,900**	8,408	22,660	13,765	27,476
$50 (9999 Au)	**712,193**	1,107,974	1,036,832	1,011,235	710,718
$20 (9999 Au)	**14,297**	15,768	17,151	27,253	14,391
$10 (9999 Au)	**32,289**	9,041	10,407	17,817	8,592
$5 (9999 Au)	**9,570**	8,128	11,116	22,767	3,851
$1 (9999 Au)	**620**	966	450	1,951	767
Olympic GML	**–**	–	6	74,124	75,876
Total (ounces)	**771,867**	1,150,285	1,098,622	1,168,912	848,101
Silver Maple Leaf Coinage[1]					
$5 (9999 Ag)	**18,132,297**	23,129,966	17,799,992	9,727,592	7,909,161
Olympic SML	**–**	–	79,278	569,048	937,839
Total (ounces)	**18,132,297**	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)	**34,650**	5,000	–	33,000	–
Total (ounces)	**34,650**	5,000	–	33,000	–

(1) Includes custom bullion products.

Table 6 – Refinery operations

Gross Weight (Troy ounces) (1)

	2012	2011	2010	2009	2008
Rough Gold Deposits	**3,732,973**	3,916,921	4,868,626	5,025,764	4,383,594
Rough Silver Deposits	**1,121,777**	1,512,494	2,423,859	1,786,872	1,468,176
Direct Deposits	**379,705**	751,295	577,233	503,913	948,997
Total (2)	**5,234,455**	6,180,710	7,869,718	7,316,548	6,800,767

(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 2009-2012

	2012	2011	2010	2009
1 cent (CPZ)	**87,972,000**	301,400,000	486,200,000	36,575,000
1 cent (CPS)	**111,375,000**	361,350,000	–	419,105,000
5 cents (P)	**202,944,000**	230,328,000	126,840,000	266,448,000
10 cents (P)	**334,675,000**	292,325,000	252,450,000	370,700,000
25 cents - Caribou (P)	**153,450,000**	187,520,000	134,151,000	155,966,000
25 cents Poppy	**–**	–	10,978,000	–
25 cents Olympic - Speedskating	**–**	–	–	22,400,000
25 cents Olympic - Bobsled	**–**	–	–	22,400,000
25 cents Olympic - Men's Hockey	**–**	–	–	22,000,000
25 cents Olympic - Women's Hockey	**–**	–	–	22,000,000
25 cents Olympic - Cindy Klassen	**–**	–	–	22,000,000
25 cents Olympic - Sledge Hockey	**–**	–	22,400,000	–
25 cents - Wood Bison	**–**	12,500,000	–	–
25 cents - Orca	**12,050,000**	450,000	–	–
25 cents - Peregrine Falcon	**–**	12,500,000	–	–
25 cents - Tecumseh	**12,500,000**		–	–
25 cents - Brock	**12,500,000**		–	–
One dollar - Aureate Nickel	**2,414,000**	20,410,000	4,110,000	29,351,000
One dollar (P)	**107,105,000**	–	–	–
One dollar - Lucky Loonie	**5,000,000**	–	10,250,000	–
One dollar - Montréal 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 Centennial	**–**	5,000,000	–	–
One dollar - Grey Cup® 100th Game	**5,000,000**	–	–	–
Two dollars	**1,531,000**	22,488,000	8,220,000	38,430,000
Two dollars (P)	**82,862,000**	–	–	–
Two dollars - Boreal Forest	**–**	5,000,000	–	–
Two dollars - War of 1812	**5,000,000**	–	–	–

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