GLOBAL LEADERSHIP

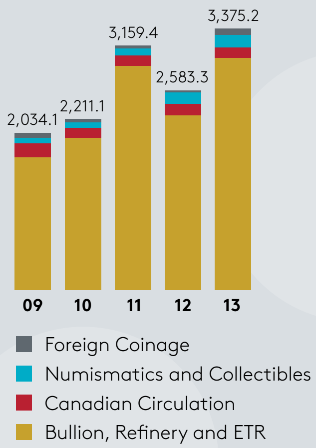
ANNUAL REPORT 2013

ROYAL CANADIAN MINT
MONNAIE ROYALE CANADIENNE

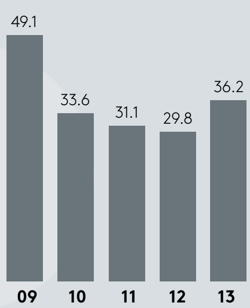
FINANCIAL AND OPERATING HIGHLIGHTS

	2013	2012	% change
Key financial highlights (in millions of dollars)			
Revenue	**3,375.2**	2,583.3	30.7
Gross profit	**180.0**	157.3	14.4
Profit before income tax	**48.0**	40.7	17.9
Profit after tax	**36.2**	29.8	21.5
Total assets	**458.4**	408.7	12.2
Shareholder's equity	**303.2**	278.4	8.9
Capital expenditures	**48.3**	71.5	(32.5)
Cash flow from operating activities	**45.3**	38.2	18.6
Pre-tax return on equity	**15.8%**	14.6%	8.2
Long-term loan to equity	**16.3%**	14.0%	16.4
Key operating highlights			
Canadian circulation coins produced (in millions of pieces)	**435.4**	1,136.6	(61.7)
Gold bullion coin sales (in thousands of ounces)	**1,140.4**	771.9	47.7
Silver bullion coin sales (in millions of ounces)	**28.2**	18.1	55.8
Total production (millions of pieces)	**2,059.7**	2,062.3	(0.1)
Number of employees (at December 31)	**1,255**	1,140	10.1

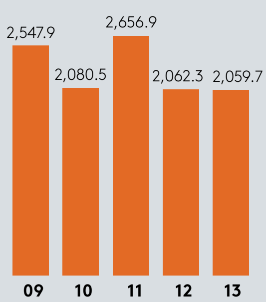
Revenue (segmented)
($ in millions)



Profit after tax
($ in millions)



Total production
(millions of pieces)



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Cover image: Shanghai, China
The Royal Canadian Mint continues to expand its global market presence with contracts in China, the Philippines, Brazil, Botswana and other countries.

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KEY STRATEGIC MARKETS
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GROWTH
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Global leadership is the product of clear vision and decisive direction. It arises from the fusion of core strengths and strategic commitments: the talent to innovate, the capacity to grow, the discipline to diversify and rigour to meet market demand. Above all, it requires an openness to change—the ability to recognize new opportunities when they present themselves, and the flexibility to seize them.

"We set an ambitious vision for ourselves in 2009 to be the best mint in the world. It has been our guide in the years since, and a reminder of the high standard we have set for ourselves. It is rewarding to see the impact of our strategies… to see this Corporation realize its potential as a vibrant Canadian enterprise."

IAN E. BENNETT,
President and CEO

A talent for innovation that drives our organization and the industry forward.

INNOVATION

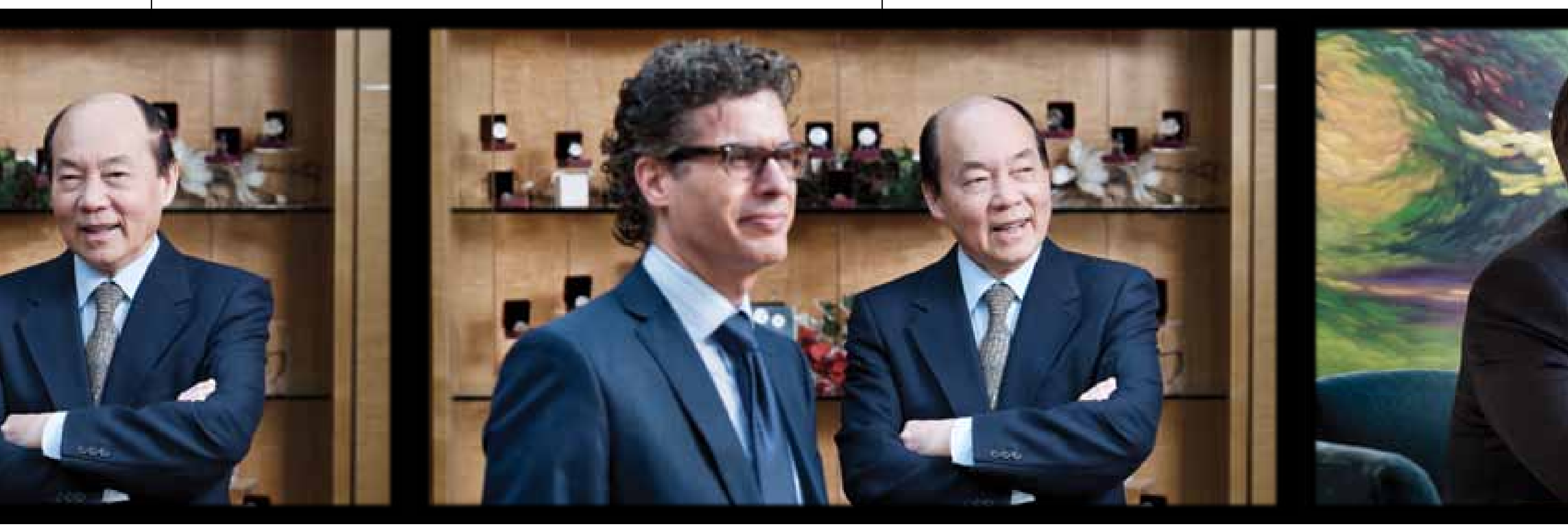
DR. HIEU C. TRUONG, Executive Director, Advanced Engineering
with
PIERRE JUSTINO, Senior Director, Research & Development

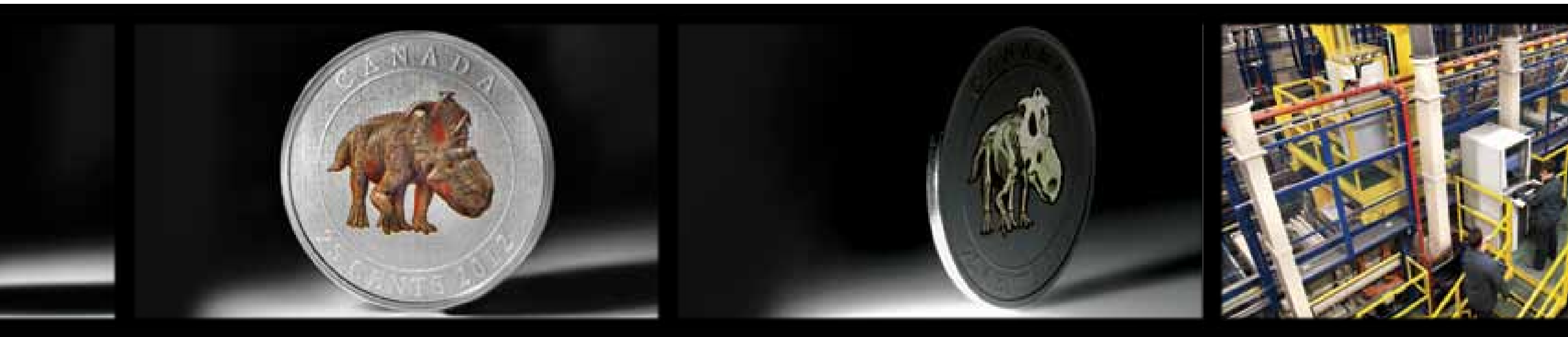
The new $1 and $2 coins introduced by the Royal Canadian Mint in 2012 were together named Best New Coin Innovation at the International Association of Currency Affairs Excellence in Currency Awards in October—the Mint's third IACA win since 2007. The $2 coin has the most security features of any single coin in the history of minting: multi-ply plated steel construction with a distinctive electromagnetic signature, digital non-destructive activation technology, laser marking, edge lettering, virtual imagery and more.

In June 2013, the Mint officially opened the Hieu C. Truong Centre of Excellence in Winnipeg. The new, state-of-the-art facility doubles the Mint's capacity for innovation across all its business lines. Circulation coin enhancements, coin security, and materials research to make coins more durable and attractive are all areas of focus for the Centre, which will also serve as a high-tech training and demonstration facility for Mint customers and industry peers from around the world.

"Innovation is imperative. Technologies evolve, business requirements change, new challenges demand fresh thinking. We have made innovation central to every aspect of our operations—so we can anticipate our customers' needs and respond to them with products that deliver the quality, security and return on investment they and their stakeholders expect."

DR. HIEU C. TRUONG





A glowing example of the Mint's numismatic innovation, the 25-cent *Pachyrhinosaurus lakustai* collector coin was named Most Innovative Coin by Krause Publications for its 2014 Coin of the Year Awards. Created using a unique colouring process developed by the Mint, in normal light this world-first photoluminescent coin shows an artist's impression of the featured dinosaur—and reveals its skeleton in the dark.

Responsible capital investment that breeds renewal and provides capacity to capitalize on opportunities.

CAPACITY

"A key part of the Mint's business strategy is to continually reinvest profits in capital enhancements that allow us to operate more efficiently, drive innovation, and meet production demand both here in Canada and for our foreign customers. To be a world leader, we know we have to maintain world-leading infrastructure."

SEAN BYRNE, Vice-President, Operations

June 2013 saw the official opening of the Mint's Winnipeg plant expanded facility, culminating a two-year, $60 million project that significantly increases the Corporation's production capacity. The 70,000 sq. ft. expansion features an additional 24,000 sq. ft. of storage space—including a new silver storage vault—as well as environmentally sustainable features such as energy efficient lighting systems and recycled steel.

BRAD PENNER, Director, Technical Operations
and
JONATHAN HAYES, Director, Manufacturing at the Centre of Excellence.

The new plating line at the heart of the Mint's expanded Winnipeg plant can produce up to one billion pieces per year, bringing the Corporation's total annual plating capacity to over two billion pieces—ensuring its ability to continue to meet domestic requirements and grow its foreign business. As demand fluctuates, the Mint is now equipped to reallocate production seamlessly between Winnipeg and its modernized Ottawa plant.

The rigour to meet the quality and reliabilty requirements of new customers.

KEY STRATEGIC MARKETS

JOHN MOORE, Vice-President Sales, and
XIANYAO LI, Chief Technology Officer

"Having strong strategic alliances is a critical ingredient for international success. By marrying our technical and product expertise with the unique skillsets of industry partners we increase our ability to meet specific market needs. In some cases—with die coating technology, for example—our work with partners is helping evolve standards throughout the minting industry as a whole."

JOHN MOORE

GABARONE, BOTSWANA

Last year, the Mint continued to deliver on its multi-year contract with Singapore, successfully meeting that country's order quantity and specifications. The Corporation also continued to expand its global market footprint, producing coins and securing business with China, the Philippines, Brazil, Botswana and other countries.

Diversification leading to sustainable growth.

GROWTH

At $3.4 billion, 2013 was a record year for direct sales across all channels—on the web and in the Mint's state-of-the-art call centre. The website, mint.ca, continues to serve as the Mint's 'storefront to the world'. The Mint invested in enhancing the site in 2013 and will continue that effort in 2014 to enrich the customer experience online.

MIKE JONES, Director, E-Commerce and Direct Channel Sales and mint.ca and call centre teams

The Mint's numismatic success took on heroic proportions in 2013 with sales exceeding $167 million and a record 70 sellouts. Topping that list was the Mint's seven-coin series celebrating the 75th anniversary of Superman™, which sold out in record time and featured in one case groundbreaking 3D achromatic technology. The continued success of the innovative '$20 for $20' face-value program, which allows collectors to purchase numismatic coins with face values of $20 for $20, helped the Mint further develop its domestic market.

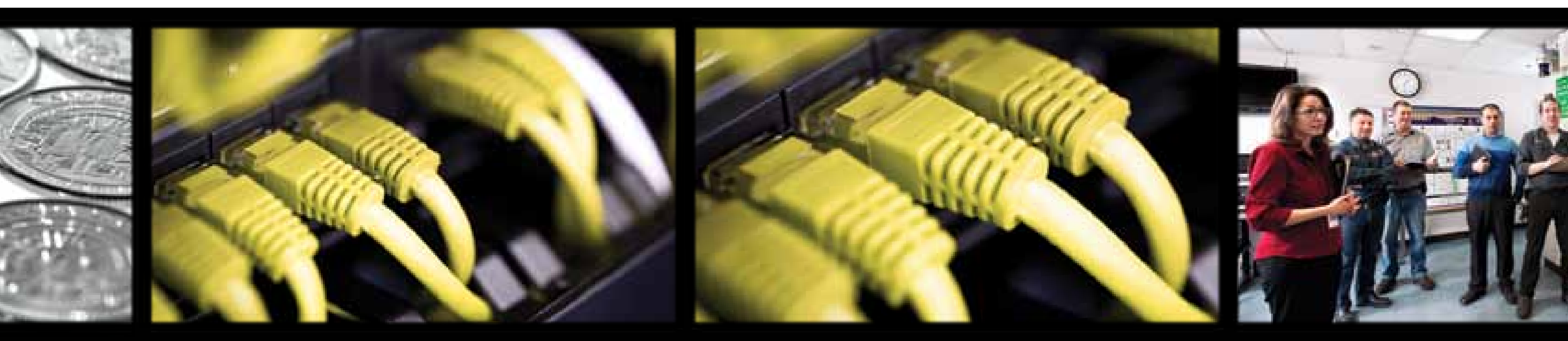
2013 was a big year for bullion at the Mint, with Silver Maple Leaf posting its highest sales ever and Gold Maple Leaf continuing to excel—positioning Canadian bullion as a market leader and generating $3 billion in revenues for the Mint. In February 2013, the Mint concluded its popular Canadian Wildlife Silver Bullion Coin with a sellout 99.99% pure, one-ounce Wood bison issue.

Mint representatives headed to Cambridge Bay, Nunavut, in November 2013 to unveil a pair of 25-cent circulation coins—celebrating, respectively, the 100th anniversary of a historic Arctic expedition and life in Canada's North. Over the course of the year, the Mint concluded its commemoration of the War of 1812, issuing two 25-cent circulation pieces featuring notable historical figures as well as a brilliant red maple leaf rendered with an innovative colouring process.

Talent and systems development, and a spirit of collaboration to move the corporation into the future.

TALENT

JENNIFER RICHARDSON, Director, Corporate Health, Safety and Environment and members of the production team



The Mint built out its IT infrastructure to support last year's expansions in Winnipeg and Ottawa and adopted new human resources systems to give employees simpler, more efficient access to payroll services.

MICHEL BOUCHER, Vice-President,
Human Resources and Quality Systems
and Acting Corporate Secretary

"The Mint not only invests in infrastructure; it also invests in people. Leadership development and careful succession planning have been important focuses for us in recent years, and are bearing fruit—paving the way for the Corporation to maintain its position of global leadership for years to come."

MICHEL BOUCHER

The Mint recognizes that responsible growth requires sound health and safety practices. Ongoing training continues to promote a safe workplace environment, contributing in 2013 to an unprecedented zero lost-time hours due to injuries at the Mint's Ottawa refinery.

Best practices in production management continue to reign at the Mint, with regular huddle board meetings on the production floor that help manage requirements actively and with agility while fostering a spirit of collaboration.

The readiness to embrace change in an evolving industry and be a model for other mints.

CHANGE

The Mint seamlessly phased out Canada's one-cent 'penny' from circulation in 2013, leveraging its management of the country's coin distribution system and existing Alloy Recovery Program to minimize the impact on Canadians. More than four billion pennies have been recovered to date. Through its penny recovery program, the Government of Canada is reclaiming the value of the coins' copper, zinc or steel. Volumes of pennies continue to flow in through financial institutions, coin recycling kiosks and charitable donations across the country.

J. MARC BRULÉ, Chief Emerging Payments Officer

Global leadership is ultimately about seeing the way to the future. Last year, the Mint continued its work on digital currency—preparing an internal pilot of its MintChip™ technology and engaging with three Canadian university MBA programs to articulate MintChip's™ business case. These activities will assist us in demonstrating the benefits of MintChip™ to the private sector, where further development and commercialization of this technology will take place.

MESSAGE FROM THE PRESIDENT AND CEO

We set an ambitious vision for ourselves in 2009 to be the best mint in the world. It has been our guide in the years since, and a reminder of the high standard we have set for ourselves.

I am pleased to be able to say we have to a great extent realized our vision of global leadership.

The strongest proof of this is our ongoing exceptional financial performance. 2013 was yet another ceiling-breaking year, with record revenues of $3.4 billion and record numismatic sales of $167 million. We posted market-leading sales in gold and silver bullion, and returned our foreign circulation business to a position of profitability, creating momentum for ongoing growth. By year end, we had achieved $48.0 million of pre-tax profit.

It is rewarding to see the impact of our strategies—our relentless innovation, our disciplined reinvestment of capital, our conscientious diversification and openness to change, undertaken in the interest of responding to market needs in new ways, meeting customer demand, and operating a vital, relevant business.

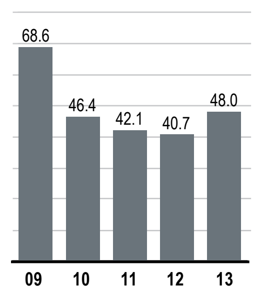
All of these, we believe, are core to global leadership in minting. So are people. Our Mint team, the dedicated employees who continue to drive the enterprise with their hard work, entrepreneurial spirit and commitment. Our customers, whose needs and objectives we strive to support with innovative products and expert services. Our strategic partners, whose strong, collaborative relationships allow us to grow our business and extend our global reach.

In the coming fiscal year I will retire from my position as President and CEO of the Royal Canadian Mint. It has been my true honour to lead this Corporation for the past eight years. I can say sincerely it has been a highlight of my career to see this Corporation realize its potential as a vibrant Canadian enterprise, and to do so alongside a talented, inspired executive team. I am confident our well-established strategies—coupled with our talented workforce and innovative next-generation leadership—will propel the Mint further forward.

With the vision to be the best mint in the world, I am confident many more great things lie ahead for the Royal Canadian Mint.

Ian E. Bennett
President and CEO

Pre-tax profit at the Mint
(in millions of dollars)



MESSAGE FROM THE CHAIR

The Royal Canadian Mint is dedicated to innovation while proving it can effectively adapt to change — tackling market shifts head on, leaping at opportunities to meet emerging customer requirements, and continually seeking better, more efficient ways of bringing coins to market. This agility confirms once again that the Mint is a leader in the industry.

It's frequently said around the Mint that "innovation is in our DNA". That statement rings true of all of the Corporation's business lines which are launching breakthroughs which differentiate the products and services from the competition and make a genuine difference to customers.

The Board of Directors is strongly supportive of these innovative efforts, providing the sound governance and clear strategic guidance for the Mint to break new ground as it uses every resource at its disposal and the ingenuity and know-how of its talented and skilled workforce.

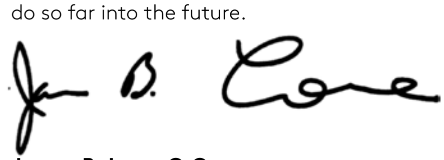
Collectively, we have been looking to the future, focusing our efforts on succession planning at all levels of the organization. This includes working closely with our shareholder, the Government of Canada, in identifying candidates for appointment to the position of President and CEO in preparation for Ian Bennett's departure in June of this year.

I am proud that the Mint has garnered attention from international peers for its governance model and techniques which, characteristic of the Corporation as a whole, are among the industry's most advanced and sophisticated. The efficacy of our governance approaches is decidedly an enabler of the Mint's overall performance, which again in 2013 continued to be exceptional.

I want to thank the members of the Board for their participation in Mint outreach activities. Many Board members attended coin launch events last year. I personally take great pride in meeting with the public, industry stakeholders and customers not only to learn first-hand of the Mint's high standing as a steward of Canadian history, culture and values but also as a trailblazer in the art and science of minting.

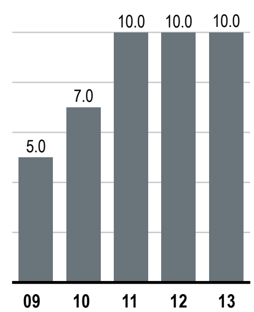
On a final note, I congratulate Ian Bennett on his strong leadership and clear vision at the helm of the Mint as President and CEO since 2006. It has been a pleasure to work with him over the course of my tenure and on behalf of my Board colleagues, I wish him the very best in his future endeavours.

The Mint is thriving. As its leadership and opportunities evolve, I have no doubt it will continue to do so far into the future.



James B. Love, Q.C.
Chair

Dividends paid/declared
(in millions of dollars)

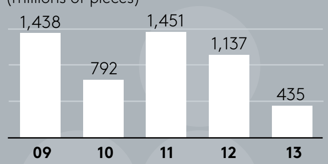


OUR BUSINESSES

The Mint's core mandate is to produce and manage the distribution of Canada's circulation coinage and to provide advice to the Government of Canada on all matters related to coinage. It operates as four business lines, each managed in anticipation of profit. In 2013, 81.7% of revenues were export based.

Canadian Circulation

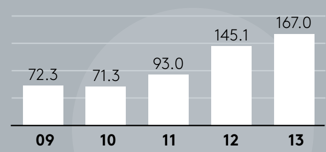
Canadian Circulation coin production
(millions of pieces)



The increasingly efficient management of Canada's circulation coinage system from forecasting demand to managing inventories has had a significant impact on the need to produce new coins.

Numismatic and Collectibles

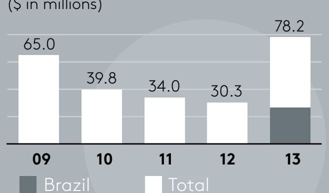
Numismatic and Collectibles revenues
($ in millions)



The Mint merges the art and science of minting to create coins and medals of extraordinary beauty and impeccable craftsmanship. Through product development and marketing, it has created revenue growth at an unprecedented pace.

Foreign Coinage

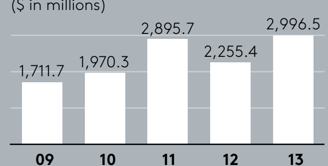
Foreign Coinage revenue
($ in millions)



The Mint produces circulation and numismatic coins, blanks, medals, medallions and tokens for customers around the world. It also offers services covering all facets of circulation and numismatic coin design, production, innovation and management.

Bullion, Refinery and ETR

Bullion, Refinery and ETR revenue
($ in millions)



The Mint has captured a leading market share of the global investment bullion market through its family of Maple Leaf products and Exchange Traded Receipts program. It also operates refineries and offers a precious metal storage service, leveraging its reputation for security.

PERFORMANCE

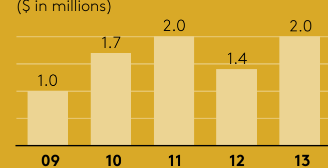
In 2013, the Mint achieved the highest revenue in its history — $3.4 billion — and realized its 10th consecutive year of profitability. The vision of the Mint is to be the best mint in the world. This vision is a corporate philosophy that underlies all of our operations and activities supported by four major strategic objectives.

PEOPLE

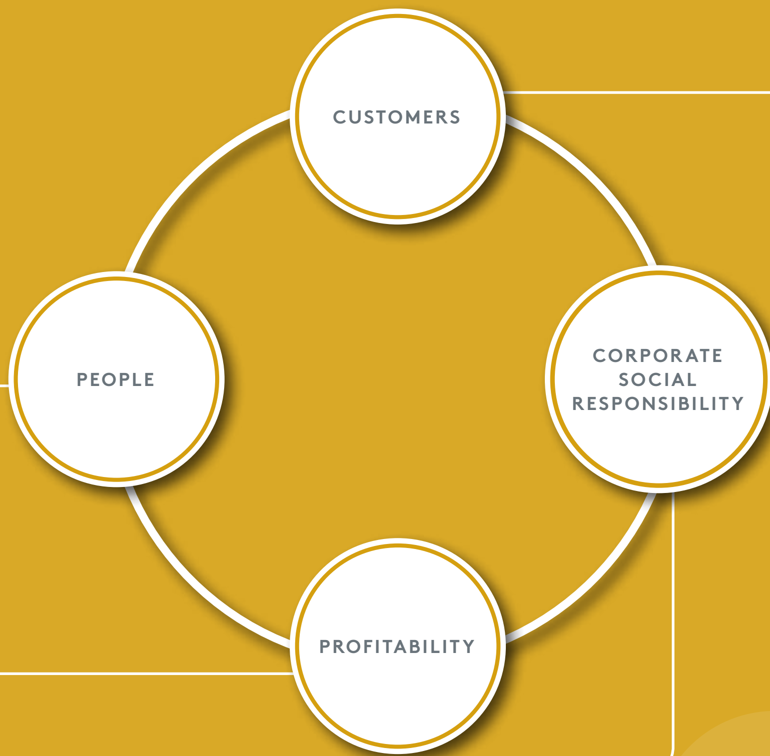
Goal: To enhance employee satisfaction, engagement and well-being, a goal that underlines the Mint's belief that its employees are its most valuable asset.

2013 Performance
Through town hall meetings and an employee engagement survey, the Mint explored employee perceptions and satisfaction. Acting upon the insight gathered, the Mint's values were re-defined as honesty, respect and pride and passion. The Mint also implemented a dedicated Human Resources Management Information System.

Spending on training
($ in millions)



2014 Initiatives
Strategic priorities in 2014 will be informed by the results of the employee engagement survey conducted in 2013, but will include a continuing focus on training, employee engagement and employee health and safety.

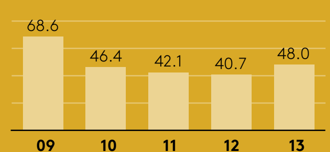


PROFITABILITY

Goal: To generate a commercial return on capital employed today and invest in the people, R & D and equipment necessary to ensure long-term profitability.

2013 Performance
Profit before income taxes increased 17.9% to $48.0 million from $40.7 million in 2012. Profit after tax increased 21.5% to $36.2 million from $29.8 million in 2012.

Income before taxes
($ in millions)



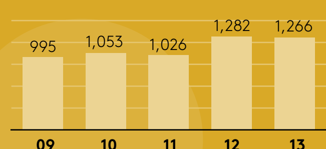
2014 Outlook
Despite continuing challenges in international markets, as a diversified business with multiple sources of revenue, the Mint is positioned to continue to grow.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Goal: To apply best practices in corporate social responsibility by balancing economic, environmental and social factors while addressing shareholder and stakeholder expectations.

2013 Performance
A detailed environmental aspects and impacts analysis (EAIA) was completed and key performance indicators (KPIs) were identified. An employee CSR steering committee was established and began to build its understanding of sustainability priorities and initiatives that already exist at the Mint.

Coins recycled
(millions of pieces)



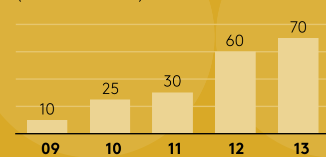
2014 Initiatives
Building upon the results of the EAIA, controls around processes will be established and performance tracking will begin. The CSR committee will build a framework of benchmarks, key performance indicators (KPIs) and a scorecard that can be used to monitor CSR performance.

CUSTOMERS

Goal: To meet or exceed customers' expectations for quality, service and value.

2013 Performance
The Mint's artistic and technical capabilities continue to win international accolades while capturing an increasing share of each customer's wallet. Engagement with customers continued to expand through thousands of followers on social media.

Numismatic sellouts
(number of coins)



2014 Initiatives
Aside from issuing more than 200 numismatic coins, customer experience will be a focus in 2014 as the Mint uses the increased capacity and utility of mint.ca to develop applications, such as mobile e-commerce and click-to-chat.

CORPORATE GOVERNANCE

Legislative Authority and Mandate

The legislative framework governing the Royal Canadian Mint consists primarily of the *Royal Canadian Mint Act* and the *Financial Administration Act*. The *Royal Canadian Mint Act* prescribes the general objective for the Mint and specifies the governance structure and the approval process for circulation and non-circulation coins. The Mint is also subject to other legislation such as the *Access to Information Act*, the *Privacy Act*, and the *Official Languages Act*.

The Mint is mandated to operate for profit and is one of three government institutions under Schedule III-II of the *Financial Administration Act* that are self-sustaining and do not receive funding from the Government of Canada for their operations. As a fully commercial Crown corporation, the Mint generates commercial revenues by offering a wide range of specialized coin products and related services, both nationally and internationally. The Mint's core mandate is to produce and distribute Canadian circulation coins and to provide advice on all matters related to coinage to the Minister of Finance, who is the Minister responsible for the Mint.

2013 Limited Edition Silver Dollar – 250th Anniversary of the End of the Seven Years War
2013 marked the 250th Anniversary of the End of the Seven Years War. This coin showcases five different coin finishes each with a separate degree of luster and exceptional engraving techniques. This sell-out coin was designed with the reverse which features a montage of the peoples involved in, and affected by the Seven Years War – the British and French soldiers, the First Nations people and the colonists, particularly those residing on the eastern seaboard.

The Board of Directors

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

The Board adheres to the federal *Conflict of Interest Act* and the Mint's Code of Conduct. Each year, directors are required to sign the Directors' Declaration of Conflict of Interest Statement of the Mint to confirm understanding of their obligations and to declare any 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.

The Board consists of a range of nine to 11 directors, including the chair and the CEO. Both the chair and the 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 2013, the terms of two existing Board members were renewed; one vacancy remains.

2013 25-cent coin – Birth of His Royal Highness Prince George of Cambridge
This 25-cent commemorative coin was produced to mark the historic birth of the Prince of Cambridge and features a baby carriage with the year "2013" engraved above. The carriage is adorned by maple leaves while elements representing the Duke and Duchess of Cambridge are engraved prominently on the coin.

Board Education and Evaluations

New directors are oriented to the Mint and its businesses through briefings by senior management, comprehensive briefing materials, tours of the Ottawa and Winnipeg facilities (including in-depth presentations on the facilities' operations) and regular updates on the business lines at Board meetings. To gain an understanding of the global environment in which the Mint operates, directors also attend select industry-related trade shows and conferences in Canada and abroad.

The Board conducts a self-evaluation on its performance each year and the performance of committees is assessed every second year. The results from completed written questionnaires, which rely on qualitative responses to identify issues and improvements, are discussed at committee and/or Board meetings. The chair provides feedback on the Board's self-evaluation to management and a high-level summary of the discussions is shared with the Minister responsible for the Mint.

Ethical Conduct and Corporate Values

As a fully commercial Crown corporation with a large international presence, the Mint's reputation and future profitability are dependent on the quality of the actions and the integrity of the behaviour of its employees. The Board and senior management share a strong belief that carrying on day-to-day activities in an ethical way is not only the right thing to do, but also makes good business sense.

In 2013, to support its vision to be the best Mint in the world, the Mint began holding a series of focus groups with a cross-section of Mint employees to review its corporate values. This exercise culminated in a repositioning of the Mint's stated values: Honesty, Respect, Pride and Passion. The exercise also produced a series of statements on desired behaviours exemplifying these values. An initiative is currently underway to communicate and socialize the Mint's values and desired behaviours throughout all levels of the organization.

Communications with Stakeholders and Outreach Activities

The Mint engages in a variety of methods to promote transparency, accountability and accessibility; to communicate its mandate, vision and activities; to solicit feedback from citizens and stakeholders; and to engage stakeholders in decision making. Reaching out to stakeholders and local coin collectors, the Mint held its fourth annual public meeting last October at the Royal Canadian Legion House in Kanata, Ontario. On this occasion, it unveiled a silver coin marking the 50th anniversary of Canadian Peacekeeping in Cyprus and outlined its upcoming commemorations for the First and Second World Wars in 2014 and beyond.

Board Remuneration and Reimbursement of Expenses

The Governor in Council sets the annual retainers and per diems of independent directors. The salary range for the chair is from \$10,500 to \$12,400; for directors, it is \$5,300 to \$6,200. All directors are paid a per diem in the range of \$410 to \$485 for attendance at meetings and Mint-related events such as conferences and trade shows. In 2013, the total remuneration paid to directors was \$160,717.

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 CEO and all directors and the Audit Committee Chair approves the expenses of the Board chair. The Mint's internal auditor conducts a review of a sample of the travel and hospitality expenses of the Board, the CEO and officers, and the findings are reported to the Audit Committee.

Board and Committee Meetings

The Mint's Vice-Presidents are invited to attend Board meetings as this contributes to a more effective relationship between management and the Board by fostering a shared understanding and enhanced decision making. Other management also attend the regular Board meetings, as well as the Board strategic and corporate planning sessions, on an as-needed basis and for succession-planning purposes. Meetings are generally held in Ottawa and may be held outside the National Capital Region, and once a year, the Board meets in Winnipeg. To promote interaction between the Board and employees, events or meetings with employees are organized, where possible, at both the Ottawa and Winnipeg facilities.

In 2013, the Board held eight meetings and the committees held a combined total of 13 meetings. During the year, the Board of Directors oversaw management's implementation of initiatives undertaken by the Mint and major capital projects, approved the Mint's Corporate Plan and quarterly financial information, revised its by-law, provided oversight of the Mint's human resources initiatives—including the continued implementation of the new human resources management information system—and monitored the development of MintChip™. The Board also struck a special ad hoc committee to work with its shareholder to search for and recruit a new President and CEO.

Three standing committees assist the Board in discharging its responsibilities: the Audit Committee, the Governance and Nominating Committee, and the Human Resources and Workplace Health and Safety Committee. The Committees are governed by Board-approved terms of reference or charters.

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. All members of the Board serve on at least one committee.

2013 $20 Fine Silver Coin – Purple Coneflower and Eastern Tailed Blue
This coin's Venetian glass Eastern Tailed Blue feature was handcrafted by a master glass-maker in Murano, Italy. This 99.99% fine silver $20 coin is the third coin in a series of world-renowned Mint coins featuring one-of-a-kind Venetian glass embellishments on beautifully engraved and painted flowers native to Canada.

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. The committee is composed of the CEO, the vice presidents and other senior executives.

To enhance employee communications and foster greater understanding of the Mint's business, annual employee meetings are held where the Mint's performance of the previous year is reviewed, achievements are celebrated, and employees' efforts and contributions to the Mint's success are recognized. Town hall meetings are also held during the year, with employees from Ottawa and Winnipeg. Regular meetings are held with managers to improve corporate communications and promote employee engagement.

2013 Summary of Board Remuneration, Attendance and Expenses

Directors and the Chair are paid an annual retainer and per diem set by the Governor in Council pursuant to the *Financial Administration Act*. They are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodation and meals while performing their duties related to the Mint. These expenses are posted quarterly on the Mint's website.

2013 $5 Pure Gold Bullion Coin – Devil's Brigade
This bullion coin commemorates the First Special Service Force from the Second World War which was a unique source of military pride for Canada and the U.S., expertly crafted in 99.99% pure gold and in bullion finish. The First Special Service Force (1942-1944) was the first elite special services combat force, forerunner to distinguished units such as Canada's Joint-Task-Force.

Directors Total Remuneration

Directors	(annual retainer/ per diem)	Board meeting attendance	Committee meeting attendance	Board travel and related expenses[1]
James B. Love	$27,245	8	12	$36,027
Ian E. Bennett[2]	n/a	8	10	n/a
John K. Bell	$15,077	6	6	$20,400
Claude F. Bennett	$12,410	7	5	$5,913
Guy P. Dancosse	$26,232	8	3	$18,040
Susan Dujmovic	$17,017	7	8	$21,521
Ghislain Harvey	$23,080	8	6	$21,637
Carman M. Joynt	$10,712	7	7	$2,507
Kirk MacRae	$16,290	8	5	$14,220
Bonnie Staples-Lyon	$12,652	6	7	$5,220
Total	$160,717	73	69	$145,485

Meetings were held as follows: 8 Board; 5 Audit; 2 Governance and Nominating; 3 Human Resources and Workplace Health and Safety; and 3 Ad Hoc Committee on Succession—Master of the Mint.

(1) The Board's travel and related expenses include expenses related to coin launches, trade shows, training and development and meetings with management and other officials.

(2) The President and CEO's business travel and hospitality expenses in 2013 were $54,800, which includes all domestic and international travel.

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 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.

2013 $5 Fine Silver High Relief Piedfort – 25th Anniversary of the Silver Maple Leaf
The Piedfort format makes a return in this exceptionally designed and crafted silver coin celebrating the 25th Anniversary of the Silver Maple Leaf.

Capabilities to deliver performance

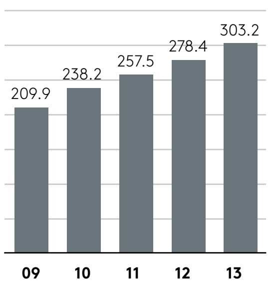
The Mint's ability to sustain its performance rests upon the following core capabilities:

- 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, plating and coining 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 precious metal grain, 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 the newly-commissioned high-tech sophisticated testing and training Hieu C. Truong Centre of Excellence for Research & Development in Winnipeg, ensures the Mint remains at the leading edge of minting technology, solutions and products;
- 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

Shareholder's equity
($ in millions)



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 customers, business partners and employees. The measures below allow the Mint to monitor its capacity to improve performance and create value.

2013 Consolidated Performance

Consolidated results and financial performance

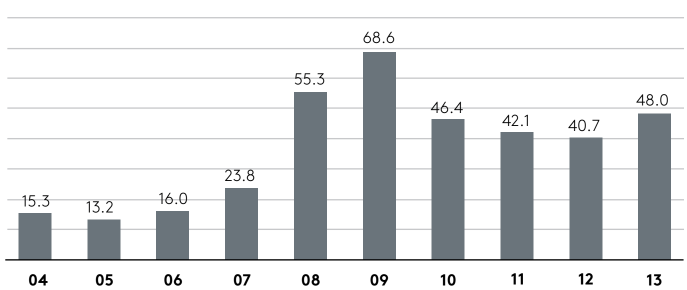
(in $ millions)	**2013**	2012	$ change	% change
Revenue	**3,375.2**	2,583.3	791.9	30.7
Profit before income tax	**48.0**	40.7	7.3	17.9
Profit after tax	**36.2**	29.8	6.4	21.5
Total assets	**458.4**	408.7	49.7	12.2
Working capital	**114.9**	113.2	1.7	1.5
Pre-tax return on equity	**15.8%**	14.6%	–	8.2
Pre-tax return on assets	**10.5%**	10.0%	–	5.0

Consolidated financial performance

The Mint achieved another record-setting year in 2013 with revenues of $3.4 billion compared to $2.6 billion in 2012. Profit before income taxes increased 17.9% to $48.0 million from $40.7 million in 2012. Profit after tax increased 21.5% to $36.2 million from $29.8 million in 2012.

Sales of bullion exceeded the historic records established in 2011. Sales of Gold Maple Leaf (GMLs) coins increased 47.7% to 1,140.4 thousand ounces compared to 771.9 thousand ounces in 2012 while sales of Silver Maple Leaf (SMLs) coins increased 55.8% to 28.2 million ounces from 18.1 million ounces in 2012. The Mint continues to maintain a leading market share of the global investment bullion coin market.

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



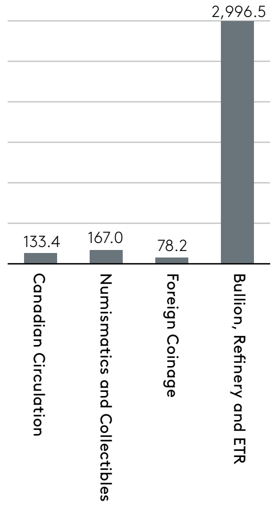
Sales of numismatic coins also set a record for the second consecutive year; 201 new coins were issued pushing revenue up 15.1% to $167.0 million from $145.1 million in 2012. The volume of Canadian circulation coins produced declined 61.7% to 435.4 million, due in part to the impact of several initiatives taken in 2012. Despite the unsettled global economy of recent years and order delays compounded by intense competition from other mints, the volume of foreign coins produced increased as the Mint continued to compete aggressively.

Operating costs, including the cost of goods sold, increased 32.0% to $3.3 billion from $2.5 billion in 2012. The increase reflects the volume of precious metals required to meet the record silver bullion and numismatic demand offset by lower precious metal prices and consistent improvements in margin as volumes increase. Demand for the Mint's products, along with the capital investments required to sustain the Mint's capabilities, have also led to an increase in the number of employees and, as a consequence, wages and benefits.

The main corporate event during the year was the official opening of the 70,000 square foot expansion to the plating facility in Winnipeg along with the 5,000 square foot Hieu C. Truong Centre of Excellence. The plating expansion will enable the Mint to increase production of its multi-ply plated steel coins and blanks and diversify its product mix by developing and producing a wider variety of advanced plated products.

The growth and increased complexity of the Mint's business inspired a reorganization of the executive structure. The change will improve alignment of the Mint's evolving international sales and marketing programs while ensuring optimum operating and financial performance at both manufacturing facilities. This reorganization is a key component of the Mint's evolving succession plan.

Gross operating revenue by business segment
($ in millions)



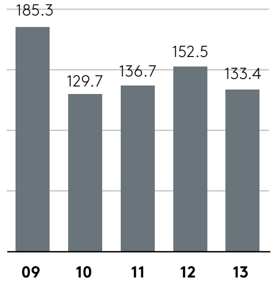
Canadian Circulation

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. Through the phase out of the penny and its extensive R&D program, the Mint has ensured every denomination produced for Canada's coinage system now costs less than face value to manufacture. The transition to a new generation of $1 and $2 coins alone is expected to result in annual savings of $15 million. At the same time, the Mint is enhancing the security and integrity of the coins through the implementation of advanced features such as micro engraving, edge lettering and surface mapping.

Since the federal government announced the phasing out of the penny from Canada's coinage system, the Mint has also been working to ensure an orderly and cost-effective penny recovery program.

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 continuously monitoring and adjusting coin inventories across the country, the Mint ensured that no coin shortage was experienced in any region of Canada in 2013. 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.

Canadian Circulation coin revenue
($ in millions)



The Canadian circulation commemorative coin program continues to celebrate Canada's history, culture and values and allows Canadians to connect to their past by delivering compelling themes. The Alloy Recovery Program (ARP) continues to be a source of revenue for the Mint, albeit subject to the prevailing prices of nickel and as expected, a diminishing stock of alloy coinage to process.

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 can be used 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.

Explanation of results

While the demand for circulation coins remains constant in the marketplace, several changes in the Canadian coinage system resulted in a significant impact on the Mint's management of the nation's coin supply. The removal of a core denomination for the first time in history, the acceleration in the growth of coin counting kiosks, and the implementation of rounding procedures were unknown complexities that tested the robustness and flexibility of Canada's distribution network. The net effect of these activities caused an increase of coins of all denominations to be returned from the market which, along with the penny phase out, reduced production and made it even more crucial for the Mint to manage inventories to ensure coins were available in the right place at the right time:

- The Mint struck its last penny in May 2012 and stopped distributing the coins on February 4, 2013. Historically, the Mint had produced approximately one billion coins annually. With the phasing out of the penny, every denomination produced for Canada's coinage system are manufactured using the Mint's multi-ply plated steel technology and cost less than its face value to produce. This cost effective plating technology ensures the seigniorage earned by the Government of Canada remains positive, while the Mint's continuous improvement projects, which achieved $838,767 in savings in 2013, as well as R&D activities in coin security ensures that the integrity of Canada's coins are always maintained. Seigniorage is the revenue to the Government of Canada from the issue of circulation coins and is equal to the difference between the face value of the coins and the cost to produce and distribute them.
- The Mint is responsible for the efficient removal of the penny from circulation on behalf of the Department of Finance, a task made possible by the Mint's extensive distribution, forecasting, and management systems as well as its strong relationships with Canada's leading financial institutions. During 2013, 4.0 billion pennies were removed from circulation and its corresponding scrap metals were recuperated with proceeds returned to the Government of Canada.
- The phasing out of the penny triggered Canadians not only to return their pennies, but their other denominations as well. This was sped up by the installation of more than 300 coin-counting kiosks in the branches of financial institutions across Canada. The return of all coins, along with the increasingly efficient management of coins in circulation reduced overall production of new coins.

The Mint recovered and sold 1,278.4 metric tonnes of nickel and 228.0 metric tonnes of cupronickel compared to 1,326.5 metric tonnes of nickel and 286.0 metric tonnes of cupronickel in 2012. Revenue from ARP declined to $29.7 million from $35.6 million in 2012. The decline in revenue reflects the declining volume of alloy coins in the marketplace and the decline in the price of nickel.

The volume of circulation coins produced by the Mint is also affected by the number of special circulation coins issued during the year. During 2013, the Mint launched the final two of five commemorative circulation coins celebrating the 200th anniversary of the War of 1812. It also issued two 25-cent coins commemorating the 100th anniversary of the Canadian Arctic expedition and life in Canada's North. The launch of these coins was supported by the Mint's Heart of the Arctic microsite that encouraged youth to learn about the history, cultures and traditions that continue to thrive in Canada's Arctic regions through web-based and mobile games and educational materials for teachers.

Outlook

The Mint expects demand for coinage to remain stable, although there could be a slight increase driven by the need for retailers to round transactions due to the phasing out of the penny. ARP performance will continue to be affected by the declining yield of pre-2001 coins, as anticipated when the program was launched in 2004. The popularity and efficiency of recycling programs in Canada coupled with continual improvement of the coin distribution and delivery system could continue to affect the production of new coins.

Numismatic and Collectibles

The Mint's numismatic coins and medals merge the art and science of minting to create products of extraordinary beauty and impeccable craftsmanship. Through imaginative product development and sales and marketing strategies, and by paying careful attention to healthy secondary markets, the Mint has created revenue growth at an unprecedented pace. The Mint also produces medals, medallions and tokens.

Explanation of results

Numismatics and Collectibles revenue increased 15.1% to $167.0 in 2013 from $145.1 million in 2012, the second consecutive record in the Mint's history. The volume of coins produced increased by 16.7% to 4.2 million pieces from 3.6 million pieces in 2012. In 2013, the Mint issued 201 numismatic coins; 70 were sold out by the end of the year compared to 136 numismatic coins and 60 sellouts in 2012.

A strong customer focus in 2013 enabled the business line to better understand its customers and what drives them to collect the Mint's numismatic products. Along with ever deepening business-to-business relationships these insights informed the product mix – including the use of innovative technology and exciting themes – that resonated with customers.

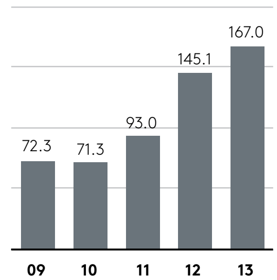
Strong products built on the Mint's reputation for craftsmanship and innovation fueled demand for core and custom products and distinguished the Mint in the business-to-business marketplace. This allowed the Mint to leverage its brand and build on the relationships and increased awareness that is the result of frequent dealer and distributor contact, new business development and participation at relevant coin shows and events.

The Mint has an extended network of partners that includes Canada Post and dealers across Canada, which extends its regional presence and represents the secondary market. It is also a source of new product ideas and a growing custom product business. The Mint has also reinvested in its partnership with Canada Post by installing an additional 200 display towers that prominently feature the Mint's products. Internationally, demand from collectors in Europe and Asia remained strong throughout the year while demand in the U.S. enjoyed significant growth, partially due to coins designed for the U.S. market and broader exposure through The Shopping Channel.

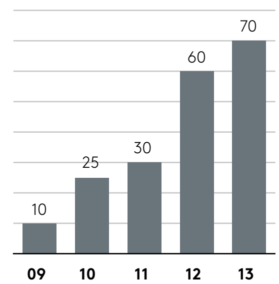
The direct business enables customers to buy directly from the Mint. It is composed of four channels: online, inbound, outbound and retail. This business experienced significant growth with sales climbing to $108 million in 2013 from $96 million in 2012, largely driven by the success of the Mint's web platform, mint.ca. Targeted email along with affiliate and search engine marketing in conjunction with supporting media campaigns brought 6.8 million visitors – 76% of new customers – to the site. Content developed in partnership with the Mint's marketing department and enhancements that make the site easier to use have created a rich experience for customers that resulted in a 42% order increase in sales in 2013 from 2012. In 2013 the e-commerce technology platform that underpins mint.ca was upgraded in anticipation of projected growth in the coming years.

The Mint's artistic and technical abilities were again acknowledged internationally at 2013 Krause Publication's annual Coin of the Year awards where it won the *Best Silver Coin* award for a $20 pure silver commemorative coin known as 'Canoe'. The award was presented to the Mint at the World Money Fair in Berlin, Germany in February. The Mint received the *Most Innovative Coin* award for its 2012 25-cent "glow-in-the-dark" Prehistoric Animals collector coin during the Krause Publications Coin of the Year awards in Berlin, Germany in February 2014. In October, Krause Publications announced that eight coins issued by the Mint in 2012 were nominated for awards presented in February 2014. This is the most nominations earned in the last four consecutive years by any national mint or central bank recognized by Krause Publications for their numismatic achievements.

Numismatic and Collectibles revenues
($ in millions)



Numismatic sellouts
(number of coins)



Outlook

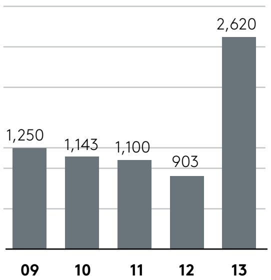
During 2014, the Mint plans to build upon the increased capacity and utility of mint.ca to develop applications, such as mobile e-commerce, that will be critical in a constantly evolving the Mint's e-commerce environment and improving customer experience.

To meet the diversity of domestic preferences, the Mint plans to issue more than 200 numismatic coins in 2014. To expand exports, it will focus on developing more products tailored to individual foreign markets through custom designs and the use of leading-edge technologies and special applications. Looking even further ahead, the Mint will also design and produce the medals to be awarded at the Toronto 2015 Pan Am/ Parapan Am Games.

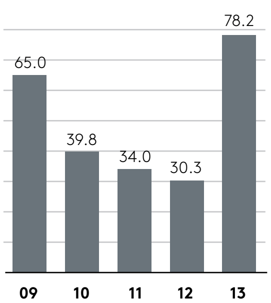
Foreign Coinage

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 relationships, opens new markets to the Mint's products and offers services covering all facets of circulation and numismatic coin design, production, innovation and management.

Foreign Circulation coins sold
(millions of pieces)



Foreign Coinage revenue
($ in millions)



Explanation of results

In 2013, the Mint produced and shipped 2.6 billion coins and blanks to 17 countries compared to 903.3 million coins and blanks to 13 countries in 2012. Revenue increased 158.1% to $78.2 million from $30.3 million in 2012. Revenue from foreign numismatic sales, services, licensing and royalties decreased to $0.6 million from $2.2 million in 2012 reflecting the decision to produce foreign numismatics only when it supports a large foreign circulation coin contract.

The significant increase in volume partially reflects a contract to provide circulation coinage to a country that experienced a disruption in domestic minting capacity. The ability to secure other contracts in the Mint's traditional markets continues to be constrained by a fragile global economy, historically low demand for coinage in Europe, the entry of new suppliers into the market place and intensely competitive pricing, somewhat mitigated by the steady devaluation of the Canadian dollar over the year.

To address the challenge, the business line adjusted its pricing strategies; re-defined market opportunities; refined the value proposition offered to clients; streamlined and realigned the sales force to strengthen regional customer focus; launched a new digital journal on industry trends and news called *Inside Minting*; and developed new products with US-based partner Jarden Zinc Products, LLC.

As a result of these strategies, the Mint secured 12 contracts with a contract value of $90.3 million to produce circulation and numismatic coins for 11 countries, winning 30% of the bids submitted. This compares to 25 contracts secured in 2012 with a contract value of $22.2 million to produce circulation and numismatic coins for 13 countries in 2012.

The Mint continues to generate revenue from the sale of equipment and technology in collaboration with various companies including SECO/WARWICK Group, ECONOMA Automation Technology, Teca-Print USA and Signoptic Technologies SAS.

The Mint also leverages its marketing, distribution and technological expertise to secure consulting and training contracts. 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 multi-ply plated steel technology, developing new plating technologies, 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.

Outlook

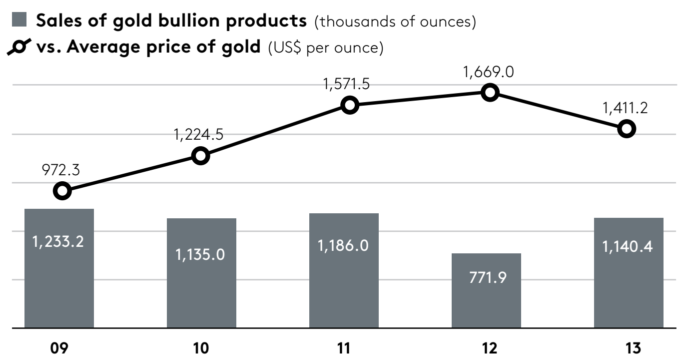
The global financial crisis that began in 2008 continues to depress performance in the business line, but the Mint remains committed to increasing its share of the foreign circulation coinage market to 15% by 2020. Due to market conditions, however, the profit margin from incremental market share could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

To enhance the strategic changes implemented in 2013 and to meet the environmental concerns of clients around the world, the Mint is currently developing a unique basket of products that offer different finishes – a non-cyanide bronze and a non-cyanide brass – that recognize that more than 60% of the circulation coinage in the world are shades of yellow, traditionally produced with cyanide chemistries. This will allow the Mint to offer coins with environmentally friendly copper, bronze, brass or nickel finishes and license the technology.

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 stable source of precious metals to support production in its bullion and numismatic businesses.

Through the Canadian Gold Reserves Exchange Traded Receipts (Gold ETR) program launched in the fall of 2011 and Canadian Silver Reserves Exchange Traded Receipts (Silver ETR) program launched in the fall of 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 Mint also offers a precious metal storage service, leveraging its reputation for high security and its internal refinery as an important vertical integration capability.



Explanation of results

Bullion and Refinery revenues increased 30.4% to $3.0 billion from $2.3 billion in 2012, exceeding the previous record sales of $2.9 billion in 2011. Sales of Gold Maple Leaf (GML) coins increased 47.7% to 1,140.4 thousand ounces from 771.9 thousand ounces in 2012. The GML was once again among the top-selling gold bullion coins of 2013. Sales of Silver Maple Leaf (SML) coins increased 55.8% to 28.2 million ounces from 18.1 million ounces in 2012, establishing a record year for the volume of SML sales. The Mint also sold 19.3 thousand ounces of platinum bullion coins compared to 34.7 thousand ounces in 2012. The volume of precious metals stored at the Mint in 2013 by institutional customers, private individuals, refining customers and financial institutions continues to increase.

The price of precious metals – silver and gold – rose briefly at the beginning of 2013 only to descend to hit a low of US$1,190 per ounce for gold and US$18.6 per ounce for silver at the end of June. Prices recovered briefly in August only to collapse again. Price volatility traditionally engages retail investors, who also perceived the decline in price to represent a buying opportunity. At the same time, investors in gold exchange-traded products around the world liquidated their gold investments to move into other asset classes, driving the price down. The price of platinum remained above the gold price throughout most of the year, depressing demand.

To maintain and capture market share, the Mint executed six key strategies that were developed in 2012:

- Continuously enhance efficiencies and capacity;
- Develop new products, including custom gold and silver products, and tap new market opportunities;
- Increase the volume of precious metals stored for institutions;
- Develop increasingly sophisticated security features for bullion products;
- Grow the customer base for custom bullion products;
- Explore the opportunities to penetrate new markets, particularly Asia.

The Mint's refinery supports the production of the Mint's bullion and numismatic coins with refined precious metals. In 2013, the volume of precious metals refined increased by 7.9% to 5.5 million ounces from 5.1 million ounces in 2012. The volume of scrap gold delivered to the Mint for refining declined by 40%. Rough silver deposits from the mining industry increased by 19%, while rough gold deposit volumes remain unchanged. The delivery of gold kilo bars by the refinery reached record levels at 36.7 tonnes in 2013 compared to 12.3 tonnes in 2012, primarily due to emerging markets.

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 nonbank institutions, private trusts and high net worth individuals.

Despite global weak investor interest in exchange-traded investment in gold due to the depressed price, the volume of gold under administration in the Mint's ETR program increased by 13% due in large part to the private placement of six million Gold ETRs for gross proceeds of $91 million. The Mint also issued approximately 16.0 thousand Silver ETRs following completion of the exercise of purchase rights under the existing Silver ETR program. A total of approximately 11.7 thousand purchase rights were exercised at a price of $20.00 for gross proceeds of $233.6 thousand.

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. The continued strengthening of the global economy forecast by many economists could suppress volatility in the market and investor interest in precious metals as a safe haven. The Mint will continue to pursue the strategies established in 2013 to sustain physical bullion sales, including the launch of new products, capturing a larger share of existing demand for secure storage and implementing next-generation security features. It will also conduct further offerings of ETRs, from time to time, subject to market conditions.

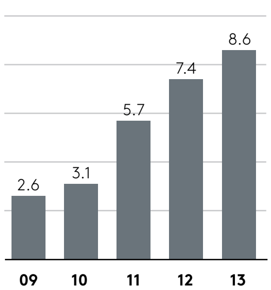
In Support of the Business Strategies

Research and Development

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. This research is critical to fulfilling the Mint's mandate to produce cost effective, secure circulation coins and award-winning numismatic coins for the Canadian market and maintain its competitive position in the international marketplace.

In 2013, investment in R&D increased to $8.6 million from $7.4 million in 2012 related to coining technology as well as MintChip™, a digital currency technology developed by the Mint. This represents 1.8% of revenue net of precious metal costs.

Research and development expenditures
($ in millions)



The 5,000 square foot Hieu C. Truong Centre of Excellence opened in Winnipeg in June. Named for one of the Mint's most celebrated innovators, the Centre will ensure that the Mint remains at the leading edge of minting technology and builds its capacity to develop new and innovative products. The establishment of a dedicated lab scale plating line and training centre will also allow the Mint to showcase its expertise and expand its relationships with foreign customers through small-scale testing and training.

During 2013, the Mint's R&D expertise was recognized with a prestigious award for innovation. The International Association of Currency Affairs (IACA) awarded the Mint with the *Best New Coin Innovation* for the suite of advanced visible and covert security features on the multi-ply plated steel $1 and $2 circulation coins released in 2012. These features include a laser mark micro-engraving on the reverse (or tails side) of both coins and digital non-destructive activation (DNA) technology by which the surface properties of each coin can be read like a fingerprint and authenticated by proprietary software. The $2 circulation coin also features a shifting virtual image on its reverse, as well as edge lettering. This was the third IACA Excellence in Currency award won by the Mint in the six-year history of the awards program.

R&D activities at the Mint are guided by a steering committee that establishes priorities based on the needs of the four business lines. As a result, the Mint's R&D is focused on:

- Circulation coinage research with a focus on multi-ply plating technology, new materials, durability, advanced security features, process automation and cost reductions;
- Advanced minting technologies, particularly surface engineering and specialized engraving for numismatics, bullion and refinery;
- MintChip™, an innovative digital currency technology for which the Mint has prototypes and eight patents pending in key jurisdictions. It uses a secure chip to hold digital value and a secure protocol to transfer digital value from one chip to another.

Key announcements during the year included the launch of a double anneal modified nickel material and the development of a cyanide-free bronze finish. These new processes are particularly important to expanding products offered by the Foreign Business Line. The Mint also develops numismatic applications that can be commercialized, such as the $20 silver coin with a 3D achromatic hologram that was part of the Superman™ collection. This was the first time the technology has been applied in the minting industry. During 2013, sales from 14 R&D-supported numismatic products contributed to the generation of $8.4 million in revenue and approximately $4.7 million in profit. Within the bullion product line, the Mint began applying a laser mark and an innovative texture on the surface of SMLs to enhance the security of the coins.

Another important indicator of the performance of the team is the number of patent applications. In 2013, the team filed one patent application related to the Mint's bullion DNA technology as well as eight patents related to MintChip™ technology.

In the year since the highly successful MintChip™ Developer Challenge, the Mint has refined this digital currency technology, expanded the scope of potential applications and developed mobile applications. It has also engaged in discussions with stakeholders in the payment industry to refine the business model. MintChip™ uses a secure protocol to move digital value from one account to another instantaneously. This expands consumer choice, creates efficiencies and enhances security in trade and commerce, and creates opportunities to ignite nascent low value e-transaction businesses.

The breadth of the Mint's capability is augmented through partnerships with universities, research institutes and industry, such as Teer Coatings Ltd., part of Miba Coating Group, and Arjowiggins, a leading manufacturer of creative and technical paper. During 2013, the Mint worked with several universities on specific R&D projects including studies of surface treatment applications for circulation coinage at Carleton University, laser graphics at the University of Ottawa and ion beam technology at the CRANN Institute at Trinity College in Dublin, Ireland. During the year, the Mint established a new academic relationship with the University of Manitoba that included the Mint's participation in the Manitoba Institute for Materials' annual conference. The event led to collaborative discussions with various researchers and could build upon existing R&D projects with the university related to security features and coining materials. The Mint also expanded its relationship with the National Research Council Canada (NRC) to identify process improvements for die production, a project that offers the Mint access to leading technology, equipment, research and knowledge to support its pursuit of innovative and efficient methods of operation. The Mint is seeking new relationships with other academic and industrial partnerships that could lead to additional collaborative work in 2014.

The Centre of Excellence provides consulting services to foreign mints as well as technical training on minting processes. A pilot project established in 2012 with select mints in Asia continued through 2013.

2013 $25 Fine Silver Coin – Grandmother Moon Mask
The engraved Moon Mask has been created with attention to detail even representing the wood grain of the Red Cedar that was used to carve the actual wooden Moon Mask. This 99.99% fine silver coin was created through a minting technique that builds the apex of the silver relief image to the extreme heights usually found only on Medallic art.

Outlook

To ensure the Mint remains a leading-edge centre of R&D, it will implement the best practices revealed through a benchmarking study of the most innovative companies around the world. As a result of the findings, the R&D budget for minting-related R&D will double to 2% of revenue net of precious metal content, the focus of the project selection process will shift to the potential return on investment, the speed from idea to commercialization will accelerate and more metrics will be developed to track R&D performance. To maintain a pipeline of projects and new products the Mint will continue to pursue both pure and applied research as it expands its internal skills and resources as well as partnerships with academia and suppliers. At an applied level, the R&D team will continue to make advancements in coloured application technologies and yellow finishes for circulation coins, which could allow the Mint to expand into new markets; advanced automation; and environmentally-friendly materials and processes.

In January 2014, an internal MintChip™ pilot was launched to test consumer engagement, merchant experience, financial modelling and the technology itself. The pilot was open to all Mint employees. MintChip™ was also displayed at the National Retail Federation annual convention in New York City through the integration of the technology with a retail point-of-sale terminal made by Paris-based Ingenico. Now that MintChip's™ research and development efforts have matured, further development and commercialization of this technology will take place in the private sector. The internal MintChip™ pilot will continue in 2014 as it is an important element in the Mint's effort to engage the private sector.

Continuous Improvement (CI)

The Mint involves employees in the pursuit of continuous improvements (CI) in its facilities in Ottawa and Winnipeg in order to improve products, services and processes. During 2013, CI initiatives were aimed at improving productivity, health and safety, product quality, environmental footprint in order increase capacity, reduce costs and enhance productivity and customer satisfaction. The dozens of initiatives achieved an estimated $2.0 million in savings and profit improvement in 2013 compared to $2.1 million in 2012.

Along with the many day-to-day improvements that characterize a CI environment, Winnipeg launched a number of substantial initiatives. One of the more significant was the decision to adopt cellular manufacturing. As an integral part of lean manufacturing, cellular manufacturing will enhance the Mint's on-going initiatives to expand production capacity and improve ROI. The major advantage is a significant improvement in material flow, which reduces the distance travelled by materials, inventory and cumulative lead times.

Each manufacturing cell contains cross-trained employees; the cell itself is multifunctional, which eliminates bottlenecks as employees balance production within the cell. The result is the ability to manufacture high quality products at a low cost, on time, and with more flexibility. This approach is particularly appropriate in a plant producing a high volume of a wide variety products.

Implementation will include the removal or relocation of equipment, including 14 original coin presses and two aged annealing furnaces. Completion of the conversion is anticipated in 2016. Budget for the conversion is $5.2 million, primarily for capital expenditures on equipment in the plant.

Other Winnipeg initiatives in 2013 included:

- Developing innovative solutions to ensure the new c-line post anneal furnace will operate at thresholds required to meet future production demands.
- Establishing a repeatable and effective setup routine for visual inspection of equipment. The Mint's experience in vision systems allowed it to create a standardized setup that minimizes the variation and subsequently increases the quality of blanks to coining.
- Reducing reject rates on all denominations by standardizing the plating barrel rotations.
- Implementation of the lean principles incorporated into the design of the expansion to create continuity across all three plating lines in order to ease maintenance, training and operations.

In Ottawa, process improvements increased bullion-coining throughput by 30% with the purchase of new high-speed press in combination with employee-generated CI initiatives. Similarly, burnishing capacity increased by 20% through the combination of new burnishing equipment and related CI initiatives. New coining presses reduced repair and maintenance costs by 20% as well as the cost of tooling and spare parts.

Numismatic coining productivity improved with the implementation of enhanced performance management and training and the hiring of approximately 30 employees. On-time numismatic product delivery was enhanced by expanding shipping capabilities, optimizing product mix and process improvements.

The CI initiatives in Ottawa allowed the plant to produce and ship a record volume of 24 million SMLs and 1.14 million GMLs, exceeding GML production forecasts by 67%. The plant also achieved a record number of premium refinery out-turn products while reducing refining costs by more than 10%. Capacity was further enhanced by initiatives that leveraged and expanded the plant's supply chain.

2013 Special Edition Silver Dollar – the 60th Anniversary of the Korean Armistice Agreement

Celebrating the 60th Anniversary of the Korean Armistice Agreement, this 1-dollar coin depicts a faithful reproduction of the Canadian version of the Korea Medal. This coin is a momentous tribute to Canada's veterans who contributed to a significant chapter in their nation's history.

Information Technology (IT)

The Mint's IT department supports the activities of the business, usually by functioning within multi-disciplinary teams that comprise individuals from several departments. In 2013, Phase A of the Human Resources Management Information System (HRMIS) was completed on time and on budget. The Microsoft Dynamics AX ERP platform was updated to the latest version and extended to the refinery. This initiative was near completion at the end of 2013 with go-live scheduled for the second quarter of 2014. This will bring the entire operations of the Mint onto a common platform and create a seamless integration between the refinery and every other aspect of the Mint's operations. The operating platform that supports mint.ca was upgraded to increase e-commerce capacity, improve customer experience and allow the implementation of new applications.

As part of the enhancements to the Mint's business continuity plans, IT increased the network capacity between Winnipeg and Ottawa by 10-fold. It established the technology requirements of the Hieu C. Truong Centre of Excellence.

In 2014, the Mint will finalize the implementation of ERP, complete Phase B of the HRMIS and launch a major customer relation management project to better service the Mint's customers.

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 division is also responsible for developing themes for the Mint's coins that resonate with customers by celebrating Canada's people, places and passions, many inspired by conversations with coin dealers and distributors who share their insight into the buying habits and preferences of their customers.

To fulfill its mandate to support the Mint's business lines, the marketing and communications department has four areas of focus:

- Continue to establish the Mint's global leadership in coinage, in part by showcasing Canadian circulation coinage as evidence of the quality and innovation foreign customers can expect from the Mint. The division also created a magazine distributed digitally around the world — *Inside Minting* — to discuss developments in the industry and at the Mint;
- Continue to drive growth in the Numismatics and Collectibles business. This has involved expanding the portfolio and the audience for numismatic coins domestically and internationally. The Mint is not only capturing market share; it is growing the market for numismatic coins with programs like the unconventional Superman™ series of coins;
- Support the expansion of the precious metals business, including the development of custom products, through campaigns and programs;
- Strengthen the Mint's brand by building on the brand's promise. This encompasses the designs selected for circulation and numismatic coinage as well as the development of a new visual identity launched in April 2013.

One of the most notable events of the year was the launch of the Superman™ program. The Mint released seven coins to commemorate the 75th anniversary of the creation of Superman™. The Man of Steel™ was co-created by Canadian Joe Shuster and his American collaborator Jerry Siegel in 1938. The coins were unveiled in September in Toronto, the city that inspired Metropolis, the famous backdrop against which the story of the super hero has been told since 1938. Produced in gold, silver and cupronickel, the series included a $20 silver coin with a 3D achromatic hologram, the first time the technology has been applied in the minting industry. The most popular coin, a $75 face value gold coin with a mintage of 2,000, sold out in six days; all coins from the series were sold-out by yearend. The broad media campaign to market the coins included a special full-colour, bilingual collector supplement on the history of Superman™ delivered prior to the release of the coins.

The Mint continued to engage the public through its social media platforms, increasing Facebook "likes" to over 37,000 in 2013 from 32,500 at the end of 2012, doubling Twitter followers to 15,000 and building a presence on Pinterest. Social media at the Mint has become a constant component of marketing campaigns echoing the messages being delivered through other channels.

The success of the Mint's marketing strategy is measured in brand awareness and growth in its customer base and sales revenue. To measure brand equity, the Mint interviews about 400 Canadians every month. 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. To build brand awareness the Mint is developing coin programs that can be used to engage with the public. One project will be the Road to 2017 program to be launched in 2015. This program will inform an inclusive national identity leading up to the 150th anniversary of Confederation and the establishment of Canada.

The Mint's customer base has grown by 125.7 % over the past three years. However, the Mint uses the number of active customers – those who make two or more purchases during the year – to track growth. In 2013, the number of active customers declined by 8.4% as the Mint focused on improving the quality of service to its significantly larger customer base and increasing the amount that each customer spends.

War of 1812 series – Laura Secord (circulation coin)
This unique portrait coin is the final of four in a series celebrating heroes of the War of 1812; and part of a larger collection commemorating the 200th anniversary of this important event. The reverse image features a profile portrait of the legendary Laura Secord and a stylized maple leaf from the Government of Canada War of 1812 logo, on which "1812" appears in antique script.

2014 $10 Fine Silver Coin – Year of the Horse
According to the Chinese zodiac, the year 2014 is ruled by the Horse. Crafted in the Mint's exceptional 99.99% pure silver with a unique specimen finish; the coin features a natural silver shine on the horse design over a lined background.

Key initiatives in 2014 include a series of coins, such as a Lucky Loonie circulation coin for the athletes competing in Sochi 2014 Winter Olympic and Paralympic Games. The Mint will also launch the first in a series of coins that will be issued over the next four years commemorating the centennial of the start of the First World War. As it seeks ways to enhance customer experience, the Mint will examine every element of its relationship with customers. This will include a review of the packaging used to ship coins and exploring the potential of opening more retail outlets.

Human Resources (HR)

Employment at the Mint increased steadily throughout 2013 to 1,255 permanent and temporary employees from 1,140 in 2012. Wages paid increased to $89.0 million from $82.6 million in 2012.

Employment growth in Ottawa reflects the expanding number of products launched and the record sales of both numismatic and silver bullion products. More modest employment growth in Winnipeg was related to the start-up of the third plating line and the commissioning of the Hieu C. Truong Centre of Excellence in June 2013.

Spending on training increased to $2.0 million from $1.4 million in 2012. The substantial variance reflects the implementation of the more robust training and professional development programs, developed in 2012 when the HR team was more focused on a comprehensive approach to human resources and talent management.

Other HR-related accomplishments in 2013 included:
- The redesign of the Mint's organizational values. The values were re-defined as honesty, respect and passion and pride and communicated to employees;
- Implementation of Phase A of the HRMIS was completed on time and on budget. This system replaces three legacy systems to automate payroll, time and attendance, and employee information;
- The continued development of a talent management program to ensure key positions can be filled through internal promotions.

During 2013, the Mint also completed an employee engagement survey. Pending the analysis of the results, the Mint will continue to strive to enhance 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. Strategic priorities in 2014 will be informed by the results of the engagement survey, but will include:
- Developing organizational and technical competencies profiles for all classifications;
- Aligning all HR programs with the new values and competencies profiles;
- Developing a leadership program tailored for management levels;
- Deploying Phase B of the HRMIS to develop a strategic tool that integrates data related to labour relations, health and safety, wellness management, compensation, talent management, performance and workforce planning;
- Collective bargaining with Public Service Alliance of Canada (PSAC) covering the operations employees in two Locals, one in Ottawa and another in Winnipeg;
- Collective bargaining to establish a first contract for the PSAC union covering the protective services officers in Winnipeg;
- Identifying mission-critical roles within the Mint's operations and establishing the resources and procedures to mitigate vulnerabilities.

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 corporate health and safety section works in collaboration with management and employees to promote awareness and provide training to ensure the health and safety of the Mint's employees.

In Winnipeg, the lost-time injury (LTI) frequency rate declined to 2.12 from 6.35 in 2012 while the severity rate declined to 8.49 from 53.62 in 2012. In Ottawa, the LTI frequency rate declined to 0.25 from 1.38 in 2012 and the severity rate declined to 0.25 from 5.06 in the previous year. The significant improvement was driven by a sustained commitment to the elimination of hazards and building safety into new or modified equipment along with a broad range of specific initiatives including:

- implementation of a revised corporate health and safety policy;
- an increase in the scope of health and safety services provided to employees;
- implementation of a comprehensive accident investigation procedure and corrective action tracking system;
- launch of working-alone guidelines; and
- development of a radiation safety program.

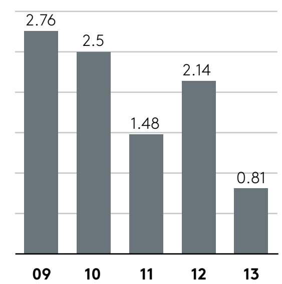
The Mint also tackled the prevalence of hand injuries by auditing the causes of these injuries and modifying the ergonomics, protective equipment and/or procedures related to various tasks.

Monitoring employee well being was expanded beyond the traditional scorecard metrics of frequency and severity rates to include occupational illness rates, such as noise-induced hearing loss, and reportable injuries that did not result in lost time but did require medical assistance or modified duties. The Mint also began tracking reportable accidents, such as situations that activated emergency response procedures and chemical releases that resulted in an HAZMAT/ERT response. This expanded monitoring is aimed at pro-actively preventing accidents and illnesses.

The implementation of critical health and safety programs and practices during 2013 was aimed at sustaining the improved health and safety performance. In 2014, the Mint will continue to build on the momentum established in 2013 by implementing radiation safety and personal protective equipment programs, developing chemical management procedures, establishing a hazard identification and assessment program, and expanding the general safety program.

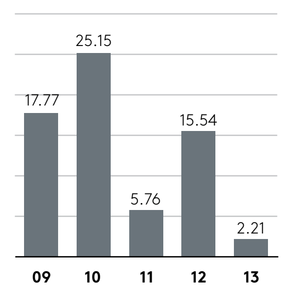
Lost time injury frequency rate

(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



Environment

A detailed environmental aspect and impact analysis (EAIA) was performed for every process and procedure at the Mint to review and prioritize potential environmental impacts at each facility. The EAIA will be continually updated as processes and equipment are introduced, modified and/or decommissioned. Opportunities to minimize and mitigate the higher priority impacts are continually identified, evaluated and acted upon to improve environmental performance.

Key performance indicators (KPIs) were developed for water, electricity and chemical consumption; generation of hazardous and non-hazardous waste and recycling; and reportable incidents. Each KPI is being monitored to develop a baseline against which environmental performance can be assessed in the future. Objectives, targets and programs to improve environmental performance will be based on the results of the EAIA and KPIs.

Reportable environmental incidents declined by 48.0% from 2012 as a result of implementing processes that have the potential to produce fewer emissions and waste, improving pollution abatement operating procedures and equipment, and implementing an environmental management system.

Key initiatives in 2013 include a voluntary stack sampling and air emissions assessment in Ottawa and the building of a separate treatment to process burnishing effluent and retrofitting a wastewater system in Winnipeg. Several major initiatives are planned for 2014:

- Process improvements for the Ottawa ventilation and wastewater treatment systems to further reduce emissions;
- A waste audit of the Ottawa facility will establish a better understanding of current waste generation and recycling activities;
- Winnipeg will conduct a plant-wide waste audit to understand current waste generation and improve recycling initiatives;
- Using the Environmental Aspect and Impact Analysis (EAIA) conducted in 2013, the Winnipeg facility will also implement operational controls to minimize emissions and identify pollution prevention opportunities.

Canadian Environmental Assessment Act (CEAA)

The Mint has met the requirements outlined in sections 67 to 69 of the *Canadian Environmental Assessment Act*, 2012 through its Environmental, Health & Safety and Security Impact Assessment (EHSIA) process, completed in 2013 for all projects that involve the addition and/or modification of processes, equipment or materials. The process was also completed for the addition and/or replacement of chemicals and projects involving the maintenance and/or modifications to buildings and property. As part of the environmental portion of the EHSIA process, every project's impact on the environment are documented. As part of the assessment process, mitigation measures are also documented, if required.

For 2013, all projects undertaken by the Mint that were evaluated under CEAA 2012 were determined not likely to have significant adverse environmental impact.

Corporate Social Responsibility (CSR)

The Mint continues to build upon the CSR foundation first established in 2011. An employee steering committee was established comprised of subject matter experts from key portfolios across the corporation such as, health and safety, legal affairs, engineering and environment, research and development, materials management, corporate affairs, marketing and communications, human resources, purchasing, continuous improvement, operations, official languages and enterprise risk management.

During 2013, the committee established an understanding of the sustainability priorities and initiatives that already exist across the Mint. In 2014, the committee will envelop this knowledge within a framework of benchmarks, key performance indicators (KPIs) and a scorecard that can be used to monitor the Mint's consolidated CSR performance. The committee will also review the value of integrating the CSR scorecard into the Mint's ERM scorecard. The committee expects to finalize the framework, policies and procedures of the CSR program in 2014, which it will begin to implement gradually.

In 2013, the Mint supported 140 non-profit organizations across Canada, primarily through the donation of products for fundraising activities. To supplement this philanthropy program, the committee has selected a charity of choice to engage employees in Winnipeg and Ottawa in a single cause. This program will be announced to employees in early 2014.

2013 25-cent pure gold coin – Hummingbird
This sell-out coin was designed by Canadian artist, Claudio D'Angelo. The hummingbird coin is the first release in the Mint's new series of small animals on the Mint's smallest gold coins. The reverse of the coin depicts a Ruby-Throated Hummingbird in full flight: a pose that can only be captured by cutting-edge photographic equipment, given that its wings beat more than 50 times per second.

Liquidity and Capital Resources

2013 Consolidated Performance

Consolidated results and financial performance

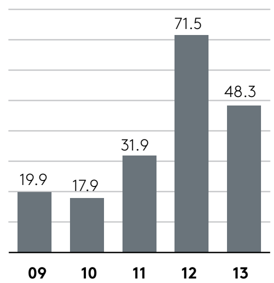
	As at			
(in $ millions)	**31-Dec-13**	31-Dec-12	$ change	% change
Cash	**63.2**	64.5	(1.3)	(2.0)
Inventories	**98.0**	86.6	11.4	13.2
Capital assets	**255.6**	224.0	31.6	14.1
Total assets	**458.4**	408.7	49.7	12.2
Working capital	**114.9**	113.2	1.7	1.5

The Mint entered 2013 with total outstanding long-term loans of $39.0 million and a long-term loan to equity ratio of 1:7. During the year, it secured an additional long-term loan for $15 million to fund pending capital requirements. By December 31, 2013, total outstanding long-term loans were $49.5 million, increasing the Mint's long-term loan to equity ratio to 1:6.

The inventory balance increased 13.2% to $98.0 million at the end of 2013 compared to $86.6 million at the end of 2012 driven by a buildup of Numismatic finished goods in preparation for launches in the first quarter of 2014. The Mint's current ratio declined to 2.3:1 from 2.6:1 at the end of 2012. Timely collection of accounts receivable 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 2012.

Capital expenditures
($ in millions)



Capital expenditures

Capital expenditures at the Mint represent the investments required to protect the Mint's productivity and customer service, and enhance growth opportunities. Net capital expenditures declined by 32.4% to $48.3 million in 2013 from $71.5 million in 2012. The most significant projects included:

- The completion of the plating expansion and Hieu C. Truong Centre of Excellence in Winnipeg ($22 million);
- Upgrade to the Microsoft Dynamics AX ERP platform and implementation of the platform in the refinery ($4.5 million);
- Completion of Phase A of the HRMIS ($0.8 million);
- Expansion of the Mint's e-commerce platform that supports mint.ca ($0.9 million budget);
- More than 100 capital projects in Ottawa to enhance capacity and efficiency including the purchase of new presses and burnishing equipment, modernizing the shipping operation, improvements to the utilization of continuing casting operation and investments in engraving technologies and die production.
- To accommodate expanding human resources, additional office space in two buildings close to the Mint's facility was secured. ($1.9 million for leasehold improvements)

Capital expenditure plans consider expected business line growth rates, business investment requirements, competitive benchmarking, new product and technology research and development, information technology maintenance and enhancement, and return on investment. Less growth oriented, but essential projects include the replacement of aging equipment replacement, health and safety requirements, reliability, production throughput, building maintenance and renovation.

Capital expenditures planned for 2014 will approach $44.0 million in three categories:

- Building ($12.0 million) including the development and renovation of office space, the installation of elevators in Ottawa and plant modernization in Winnipeg;
- Equipment ($24.0 million) for the plants in Ottawa and Winnipeg as well as for R&D, the retail boutiques in Toronto and Vancouver, and various security projects;
- IT ($8.0 million) including projects related to the DAX ERP platform, e-commerce, Phase B of the HRMIS implementation and customer relations.

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 review key risks. ERM has been integrated into the Mint's management processes and the development of corporate and operating plans. Quarterly executive meetings review performance by business lines to assess opportunities and risks to achieving plan objectives, and to identify necessary adjustments. Information related to material risks are communicated to and discussed with the Board of Directors, where responsibility for managing risk resides with the Audit Committee.

Building upon the comprehensive review of the Mint's business continuity plans completed in 2012, new continuity plans were drafted in 2013. During 2014, the plans will be finalized, implemented and tested.

The operating environment continues to be characterized by weakness in the global economy 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 environment.

Mandate and shareholder objectives

The Mint is a Crown corporation solely owned by the Government of Canada governed under a legislative framework that consists primarily of the *Royal Canadian Mint Act* and the *Financial Administration Act*. The *Royal Canadian Mint Act* prescribes the general objective to operate in anticipation of profit.

The 2014 Government of Canada Budget referenced the Economic Action Plan 2014. It proposes "changes to the Royal Canadian Mint's legislated mandate and governance to align its activities with the Government's objective of ensuring a cost-effective supply of coins for Canadians." It is expected that this will be further clarified through ongoing negotiations with the Department of Finance.

Innovation and product portfolio

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. Innovation is critical to the Mint's ability to succeed in a competitive market environment. Innovation requires investment of financial and human capital, and the Mint must continue to manage its product and technology portfolio to mitigate risk and capture new opportunities.

2013 $300 Platinum Coin – HMS *Shannon* & USS *Chesapeake*
This $300 coin is certified to be 99.95% pure platinum and was created to commemorate the bicentennial of a historic battle of the War of 1812. Beautifully detailed reverse design features Canadian artist John Horton's depiction of HMS *Shannon*'s historic defeat of USS *Chesapeake* during the War of 1812.

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.

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; and delivering compelling commemorative coin programs. 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 2013, 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 as the global economy recovers, prompting the ongoing investment in the Mint's plating facility, which was commissioned in June 2013. However, the global economic crisis that has constrained demand since 2008 continues, 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 research and training through 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 2013, the Mint launched a program requiring every employee to take and pass an online course to ensure they understand the new information security policies implemented in 2012 and meetings were held to explain the new policies related to the physical security of the facilities and employees. This program will continue through 2014. 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. The 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 and 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

Despite continuing challenges in the global economy and market, the Mint continues to develop relationships, invest in capital assets and pursue its objectives vigorously. As a diversified business with multiple sources of revenue, it remains positioned to continue to grow.

100th Anniversary of the Canadian Arctic Expedition
The 2013 25-cent circulation coin commemorating the 100 year-old Canadian Arctic Expedition was designed by artist Bonnie Ross. The reverse of this 1913-2013 double-dated coin shows three explorers posing before a fully-packed dog sled as they prepare to take northward steps into uncharted territory. The background of this scene is filled with the details of a compass rose, pointing northwards to show their intended destination.

The robust numismatic demand experienced throughout 2012 and 2013 is expected to continue to build in 2014. The Mint plans to release more than 200 numismatic coins in 2014 to build its customer base in existing markets and open new markets. It will also develop further enhancements to its e-commerce capabilities made possible by the implementation of a new operating system to support mint.ca.

Demand for bullion coins will be determined by volatility – or stability – in precious metal prices; further offerings of ETRs will be subject to market conditions. The Mint's share of the bullion market will be supported by the launch of increasingly sophisticated security features and the development of custom products. The Mint anticipates continued growth in Foreign Coinage, where it will leverage its strategic approach and new products, particularly the development of finishes that inhibit tarnishing on brass coins. The coloured coin technology now under development will allow the Mint to produce circulation coins as beautiful as numismatic coins without compromising durability. Demand for Canadian Circulation coinage is expected to remain stable, although the popularity of recycling and the Mint's increasingly efficient coin distribution and delivery system could continue to affect the production of new coins.

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 consolidated 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 consolidated financial statements.

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

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

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

Ian E. Bennett
President and
Chief Executive Officer

J. Marc Brûlé, CPA, CA
Chief Financial Officer

Ottawa, Canada
March 26, 2014

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 2013, 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 five (5) 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 2013, 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 2013, 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, FCPA, FCA
Assistant Auditor General
for the Auditor General of Canada

21 March 2014
Ottawa, Canada

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

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

	Notes	2013	2012
Assets			
Cash	5	**$ 63,228**	$ 64,514
Accounts receivable	6	**38,741**	28,090
Prepaid expenses		**1,678**	1,321
Income taxes receivable	15	**-**	1,199
Inventories	7	**97,986**	86,583
Derivative financial assets	8	**463**	2,975
Current assets		**202,096**	184,682
Derivative financial assets	8	**688**	14
Property, plant and equipment	9	**238,215**	211,891
Investment property	10	**236**	236
Intangible assets	11	**17,186**	11,885
Total assets		**$ 458,421**	$ 408,708
Liabilities			
Accounts payable and accrued liabilities	12, 20	**$ 70,597**	$ 56,317
Loans payable	13	**7,528**	4,514
Deferred revenue	14	**3,922**	6,789
Employee benefits	16	**2,257**	2,071
Income taxes payable	15	**499**	-
Derivative financial liabilities	8	**2,412**	1,776
Current liabilities		**87,215**	71,467
Derivative financial liabilities	8	**137**	309
Loans payable	13	**41,972**	34,466
Deferred tax liabilities	15	**16,329**	13,657
Employee benefits	16	**9,581**	10,455
Total liabilities		**155,234**	130,354
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**264,979**	238,600
Accumulated other comprehensive income		**(1,792)**	(246)
Total shareholder's equity		**303,187**	278,354
Total liabilities and shareholder's equity		**$ 458,421**	$ 408,708

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

Approved on behalf of the Board of Directors

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

Approved on behalf of the Audit Committee

Susan Dujmovic
Chair, Audit Committee

Approved on behalf of Management

Ian E. Bennett
President and 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	2013	2012
Revenues	17, 20	**$ 3,375,203**	$ 2,583,284
Cost of goods sold		**3,195,247**	2,426,002
Gross profit		**179,956**	157,282
Other operating expenses			
Marketing and sales expenses		**77,310**	68,564
Administration expenses	19	**55,488**	47,905
Other operating expenses		**132,798**	116,469
Operating profit		**47,158**	40,813
Net foreign exchange gains (losses)		**989**	(212)
Finance income (costs), net			
Finance income		**513**	416
Finance costs		**(653)**	(325)
Finance income (costs), net		**(140)**	91
Profit before income tax		**48,007**	40,692
Income tax expense	15	**11,777**	10,871
Profit for the period		**36,230**	29,821
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Net unrealized gains (losses) on cash flow hedges		**(1,821)**	760
Reclassification of net realized losses on cash flow hedges transferred from other comprehensive income		**275**	1,271
Items that will not be reclassified subsequently to profit or loss:			
Net actuarial gains (losses) on defined benefit plans		**149**	(996)
Other comprehensive income (losses), net of tax		**(1,397)**	1,035
Total comprehensive income		**$ 34,833**	$ 30,856

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, 2011	$ 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
Profit for the period	**-**	**36,230**	**-**	**36,230**
Other comprehensive income (losses)	**-**	**149**	**(1,546)**	**(1,397)**
Dividend paid	**-**	**(10,000)**	**-**	**(10,000)**
Balance as at December 31, 2013	**$ 40,000**	**$ 264,979**	**$ (1,792)**	**$ 303,187**

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)*

	2013	2012
Cash flows from operating activities		
Receipts from customers	**$ 3,362,589**	$ 2,567,909
Payments to suppliers and employees	**(3,390,479)**	(2,552,839)
Interest paid	**(629)**	(325)
Cash receipts on derivative contracts	**962,971**	1,194,237
Cash payments on derivative contracts	**(881,746)**	(1,163,252)
Income taxes paid	**(7,407)**	(7,510)
Net cash generated by operating activities	**45,299**	38,220
Cash flows from investing activities		
Interest received	**513**	416
Payments to acquire property, plant and equipment and intangible assets	**(48,282)**	(71,501)
Net cash used by investing activities	**(47,769)**	(71,085)
Cash flows from financing activities		
Dividend paid	**(10,000)**	(10,000)
Proceeds from loans	**15,000**	30,000
Repayment of loans and other payables	**(4,504)**	(1,495)
Net cash generated by financing activities	**496**	18,505
Net decrease in cash	**(1,974)**	(14,360)
Cash at the beginning of the period	**64,514**	78,930
Effects of exchange rate changes on cash held in foreign currencies	**688**	(56)
Cash at the end of the period	**$ 63,228**	$ 64,514

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

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 21, 2014.

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.

The Corporation recognizes revenues in certain circumstances in which the delivery of the goods is delayed at the buyer's request, but the buyer takes title and accepts billing. The revenues are recognized provided that it is probable that the delivery will be made, the item is on hand, identifiable and ready for delivery at the time of the sale and that usual payment terms will apply.

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 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.

2.6 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 realizable 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 realizable 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.

2.7 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.

2.7.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial 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.

2.8 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 are classified in the as at FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements apply (see Note 2.10.1).

2.8.1 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.

2.8.2 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 at FVTPL at the end of the reporting period.

Financial assets at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.2.1.

2.8.3 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.

2.8.4 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.

2.9 Financial liabilities

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

All derivative financial liabilities are classified in the as at FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements apply (see Note 2.10.1).

2.9.1 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 2.8.2 for a financial asset classified as held for trading.

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

Financial liabilities at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.2.1.

2.9.2 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.

2.9.3 Derecognition of financial liabilities

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

2.10 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.

2.10.1 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 recognized 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.

2.11 Property, plant and equipment

2.11.1 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.

2.11.2 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 & improvements	10-60 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 available 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.

2.11.3 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.

2.11.4 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.

2.12 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.

Investment properties are measured at cost.

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

2.13 Intangible assets

2.13.1 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.

2.13.2 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 reporting period.

2.14 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 has no finance leases at the end of the reporting period.

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

2.15 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.

2.16 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.

2.17 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.

2.18 Employee benefits

2.18.1 Short-term employee benefits

Short-term employee benefits are the employee benefits that are expected 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 independent 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 will be recognized at the earliest of when the amendment or curtailment occurs or when the Corporation recognizes the related restructuring or termination costs.

2.18.4 Other long-term employee benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits) that are not expected 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. The accrued benefit obligation 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.

All other long-term employee benefits, past service costs and actuarial gains and losses are recognized immediately in profit or loss on the consolidated statement of comprehensive income, as is the effect of curtailments and settlements, if applicable.

2.19 Income tax

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

2.19.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.19.2 Deferred tax

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

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

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

2.19.3 Current and deferred tax for the period

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

2.19.4 Investment Tax Credits (ITC)

The Corporation employs the cost reduction method to record ITC received related to research and development. Only ITCs that are reasonably assured are recognized in the period. 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 depreciated 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 intangible assets, employee benefits liabilities, the precious metal reconciliation process and 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 9 and 11.

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 16.

3.1.3 Precious metal inventory and reconciliation

Certain refinery by-products 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. 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 Corporation also refines by-products internally which requires estimates on precious metals content using the same methodology as described above. Due to this, the Corporation minimizes the amount of unrefined by-products in inventory to reduce the variability in the reconciliation results.

Management may be required to use estimates at other points in the precious metal reconciliation process based on varying conditions. If estimates are required, historical experience and other factors are applied.

Any changes in these estimates will impact the carrying amount of the inventory. The carrying amount of the inventory as at the end of the reporting periods is included in Note 7.

3.1.4 Inventory valuation allowance

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

3.1.5 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. APPLICATION OF NEW AND REVISED IFRS

4.1 New and revised IFRS affecting amounts reported and/or disclosed in the consolidated financial statements

In the current year, the Corporation has applied a number of new and revised IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after January 1, 2013.

IFRS 13 Fair Value Measurement ("IFRS 13")

The Corporation has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosure about fair value measurements. The scope of IFRS 13 is broad and applies to both financial instruments and non-financial instruments for which other IFRS require or permit fair value measurements and disclosures, except for certain prescribed IFRS.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions. IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application and specific provisions were given such that comparative disclosure requirements were not required for periods before the initial application of the Standard. In accordance with these transitional provisions, the Corporation has not included new disclosures for the year ended December 31, 2012. See Notes 8 and 10 for the new disclosures for the year ended December 31, 2013.

IAS 19 Employee Benefits (as revised in 2011) ("IAS 19")
In the current year, the Corporation has applied the revised IAS 19 for the first time. The revised IAS 19 changes the accounting for defined benefit plans and termination benefits, most significantly relating to the accounting for changes in defined benefit obligations and plan assets.

The changes to IAS 19 do not impact the Corporation's accounting for employee benefits, but do impact the required disclosures. The changes have been applied retrospectively. See Note 16 for the new disclosures for the years ended December 31, 2012 and 2013.

4.2 New and revised IFRS in issue but not yet effective

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.

IFRS 1 First-time Adoption of IFRS ("IFRS 1")
An amendment was released in December 2013 to IFRS 1 as part of the "Annual Improvements – 2011-2013 cycle" project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS and applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early adoption. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 3 Business Combinations ("IFRS 3")
An amendment was released in December 2013 to IFRS 3 as part of the "Annual Improvements – 2011-2013 cycle" project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that IFRS 3 excludes for its scope the accounting for formation of joint arrangements in the financial statements of the joint arrangement itself. 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")
An amendment was released in December 2011 to IFRS 7 regarding requiring disclosures about the initial application of IFRS 9 which currently does not have an effective date. The amendments are to be applied retrospectively.

An additional amendment was released in November 2013 to IFRS 7 regarding additional hedge accounting disclosures resulting from the introduction of the hedge accounting section of IFRS 9 which currently does not have an effective date. The amendments are to be applied retrospectively.

The Corporation is currently evaluating the impact of these amendments to IFRS 7 on its consolidated financial statements therefore the impact is not known at this time.

IFRS 9 Financial Instruments ("IFRS 9")
The mandatory application date of IFRS 9 was removed in the amendment to the standard in November 2013 (it had been amended in December 2011 for an effective date for annual periods beginning on or after January 1, 2015).

The November 2013 amendment also incorporates a hedge accounting section and included permitting the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early adopting the other requirements of IFRS 9.

The Corporation will be required to retrospectively adopt IFRS 9 on the effective date, 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 Corporation is currently evaluating the impact of the adoption of IFRS 9 on its consolidated financial statements therefore the impact is not known at this time.

IFRS 13 Fair Value Measurement ("IFRS 13")
An amendment was released in December 2013 to IFRS 13 as part of the "Annual Improvements – 2011-2013 cycle" project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" or IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 "Financial Instruments: Presentation". The adoption of the amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IAS 19 Employee Benefits ("IAS 19")
An amendment was released in November 2013 to IAS 19 to clarify the requirements that relate to contributions from employees or third parties to defined benefit plans. The revised IAS is effective for annual periods beginning on or after July 1, 2014. The adoption of the amendment 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.

IAS 36 Impairment of Assets ("IAS 36")
An amendment was released in May 2013 to IAS 36 regarding the clarification of disclosures required for the recoverable amount for non-financial assets with an effective date on or after January 1, 2014. The amendments are to be applied retrospectively. The adoption of the amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39")
An amendment was released in June 2013 to IAS 39 regarding the novation of derivatives and continuation of hedge accounting with an effective date on or after January 1, 2014. Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The amendments are to be applied retrospectively. The adoption of the amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IAS 40 Investment Property ("IAS 40")
An amendment was released in December 2013 to IAS 40 as part of the "Annual Improvements – 2011-2013 cycle" project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination and investment property requires the separate application of both standards. The adoption of the amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

5. CASH

As at December 31 *(CAD$ thousands)*

		2013		2012
Canadian dollars	**$**	**54,949**	$	52,822
US dollars		**4,480**		8,587
Euros		**3,799**		3,105
Total cash	**$**	**63,228**	$	64,514

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 were 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, 2013 was nil (2012 – $2.3 million).

6. ACCOUNTS RECEIVABLE

As at December 31 *(CAD$ thousands)*

		2013		2012
Trade receivables and accruals	**$**	**35,313**	$	24,086
Allowance for doubtful accounts		**(190)**		(110)
Net trade receivables		**35,123**		23,976
Other receivables		**3,618**		4,114
Total accounts receivable	**$**	**38,741**	$	28,090

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

As at December 31 *(CAD$ thousands)*

		2013		2012
Canadian dollars	**$**	**14,974**	$	18,451
US dollars		**23,767**		9,639
Total accounts receivable	**$**	**38,741**	$	28,090

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.

7. INVENTORIES

As at December 31 *(CAD$ thousands)*

		2013		2012
Raw materials and supplies	**$**	**8,663**	$	9,319
Work in process		**17,853**		25,861
Finished goods		**71,470**		51,403
Total inventories	**$**	**97,986**	$	86,583

The amount of inventories recognized as cost of goods sold in 2013 is $3.2 billion (2012 – $2.4 billion).

The cost of inventories recognized as cost of goods sold in 2013 includes $4.5 million write-downs of inventory to net realisable value (2012 – $2.4 million).

There is no pledged collateral in respect of inventory.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

8.1 Capital risk management

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of organizational growth to provide returns to its sole shareholder, the Government of Canada, and benefits to other stakeholders. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2012.

The capital structure of the Corporation consists of loans payable as detailed in Note 13 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 21.4) 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)*

	2013	2012
Loans payable (current and non-current)	**$ 49,500**	$ 38,980
Shareholder's equity	**303,187**	278,354
	1:6	1:7

Debt to Assets ratio

As at December 31 *(CAD$ thousands)*

	2013	2012
Loans payable (current and non-current)	**$ 49,500**	$ 38,980
Total assets	**458,421**	408,708
	1:9	1:10

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

8.2 Classification and fair value measurements of financial instruments

8.2.1 Carrying amount and fair value of financial instruments

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)*

	2013		2012	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
Financial Assets				
Held for Trading				
Cash	**$ 63,228**	**$ 63,228**	$ 64,514	$ 64,514
Derivative financial assets	**1,151**	**1,151**	2,989	2,989
Loans and receivables				
Accounts receivable	**38,741**	**38,741**	28,090	28,090
Financial Liabilities				
Held for Trading				
Derivative liabilities	**2,549**	**2,549**	2,085	2,085
Other Financial Liabilities				
Accounts payable and accrued liabilities	**70,597**	**70,597**	56,317	56,317
Loans payable	**49,500**	**49,877**	38,980	38,975

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

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

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

8.2.2 Fair value hierarchy

Financial instruments, other than those that are not subsequently measured at fair value and for which fair value approximates carrying value, whether or not they are carried at fair value in the consolidated statement of financial position, must disclose their fair value and be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- 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)

The fair value measurement of cash and equivalents is classified as level 1 of the fair value hierarchy as at December 31, 2013 and 2012. The fair value measurements of all other financial instruments held by the Corporation are classified as level 2 of the fair value hierarchy as at December 31, 2013 and 2012. There were no transfers of financial instruments between levels during 2013.

8.2.3 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)*

		2013		2012
Financial assets held for trading				
Interest income earned on cash	**$**	**502**	$	405
Other financial liabilities				
Interest expense on loans payable	**$**	**642**	$	294

8.3 Financial risk management objectives and framework

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

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

8.3.1 Credit risk management

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

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

Accounts receivable

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

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

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

As at December 31 *(CAD$ thousands)*

		2013		2012
North America	**$**	**15,956**	$	19,367
South America		**11,678**		399
Asia		**5,007**		5,046
Africa		**4,773**		1,100
Central America and the Caribbean		**762**		21
Europe		**565**		2,014
Australia		**-**		143
	$	**38,741**	$	28,090

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

As at December 31 *(CAD$ thousands)*

		2013		2012
Governments (including govermental departments and agencies)	**$**	**20,263**	$	11,544
Consumers, dealers and others		**8,349**		9,402
Central and institutional banks		**10,129**		7,144
	$	**38,741**	$	28,090

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)*

	2013				2012			
		Accounts Receivable		**Allowance for doubtful accounts**		Accounts Receivable		Allowance for doubtful accounts
Current								
0-30 days	**$**	**21,181**	**$**	**-**	$	22,023	$	-
30-60 days		**10,496**		**-**		3,488		-
60-90 days		**2,787**		**-**		1,028		-
90-120 days		**2,902**		**-**		1,243		-
Over 120 days		**1,565**		**190**		418		110
Total	**$**	**38,931**	**$**	**190**	$	28,200	$	110
Net			**$**	**38,741**			$	28,090

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

As at December 31 *(CAD$ thousands)*

		2013		2012
Balance at beginning of year	**$**	**110**	$	58
Additions		**117**		52
Write-offs		**(37)**		-
Balance at end of year	**$**	**190**	$	110

Cash

The Corporation's surplus funds are maintained in commercial bank accounts or invested to earn investment income when needed while 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*.

8.3.2 Liquidity risk

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

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

As at December 31, 2013 *(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	$ **(70,597)**	$ **(70,597)**	$ **(64,440)**	$ **(513)**	$ **(1,539)**	$ **(4,105)**
Loans and other liabilities	**(66,328)**	**(66,328)**	**(8,027)**	**(5,044)**	**(15,133)**	**(38,124)**
Derivative instruments						
Commodity swaps	**7**	**5,614**	**5,353**	**261**	**-**	**-**
Foreign currency forwards	**(2,041)**	**81,672**	**80,809**	**378**	**485**	**-**

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	-	-

8.3.3 Market risk

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

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

Foreign exchange risk

The Corporation is exposed to foreign exchange risk on sales and purchase transactions and short term cash management requirements that are denominated in foreign currencies primarily including US dollar and Euros. 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, 2013 *(CAD$ thousands)*

	US$	**Euro**
Cash	**$ 4,480**	**$ 3,799**
Accounts receivable	**23,767**	**-**
Accounts payable and accrued liabilities	**(5,233)**	**(551)**
Gross exposure excluding financial derivatives	**23,014**	**3,248**
Committed forecasted sales	**126,721**	**-**
Committed forecasted purchases	**(52,458)**	**(3,731)**
Gross exposure	**97,277**	**(483)**
Forward exchange contracts	**(89,461)**	**598**
Net exposure	**$ 7,816**	**$ 115**

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	-
Committed forecasted sales	109,263	-	-
Committed 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)

Based on the forward exchange contracts as at December 31, 2013, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the Canadian dollar against the currencies above would result in increases (decreases) in profit for the year by the amounts shown below. A hypothetical 10% weakening in the Canadian dollar against the currencies would have the equal but opposite effect.

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

	2013		2012	
	Other Comprehensive Income	**Profit for the period**	Other Comprehensive Income	Profit for the period
US dollars	**$ 4,840**	**$ 1,469**	$ 4,313	$ 1,553
Euro	**-**	**(31)**	(64)	(158)
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 13 expose the Corporation to cash flow interest rate risk. The Corporation has fully hedged 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 $0.7 million (2012 – $0.9 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 or by entering into commodity swap and forward contracts that fix the future commodity price.

Hedge accounting may be applied to the derivative contracts to minimize the volatility to profit or loss. For contracts that are entered into for the purpose of procuring commodities to be used in production the Corporation applies the normal purchases classification.

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

8.4 Foreign currency forwards, commodity swaps and interest rate swaps

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

As at December 31, 2013 *(CAD$ thousands)*

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Commodity swaps	**2014**	**$ 2,938**	**$ 11**
Foreign currency forwards	**2014**	**56,024**	**7**
Interest rate swaps	**2014**	**3,000**	**86**
Non-current			
Commodity swaps	**2015**	**267**	**2**
Interest rate swaps	**2022**	**24,000**	**686**
		$ 86,229	**$ 792**
Derivative financial liabilities			
Current			
Commodity swaps	**2014**	**$ 1,602**	**$ 6**
Foreign currency forwards	**2014**	**72,372**	**1,520**
Interest rate swaps	**2014**	**1,500**	**26**
Non-current			
Foreign currency forwards	**2015**	**261**	**8**
Interest rate swaps	**2018**	**6,000**	**110**
		$ 81,735	**$ 1,670**

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	2013	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

The gains/losses 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 gains/losses are realized. The amounts will be reclassified to net income over periods up to 9 years of which approximately $1.5 million losses (2012 – $1.3 million gains) will be reclassified during the next 12 months.

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

As at December 31, 2013 *(CAD$ thousands)*

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Foreign currency forwards	**2014**	**$ 32,799**	**$ 359**
		$ 32,799	**$ 359**
Derivative financial liabilities			
Current			
Foreign currency forwards	**2014**	**$ 42,247**	**$ 860**
Non-current			
Foreign currency forwards	**2016**	**863**	**19**
		$ 43,110	**$ 879**

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

For the year ended December 31, 2013, the amounts recorded in the consolidated statement of comprehensive income resulting from the net change in fair value of the derivative instruments not designated as hedges amount to a loss of $0.4 million (2012 – gain of $0.1 million). These amounts are included in net foreign exchange gains (losses).

9. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31 *(CAD$ thousands)*

	2013	2012
Cost	**$ 389,797**	$ 349,214
Accumulated depreciation	**(151,582)**	(137,323)
Net book value	**238,215**	211,891
Net book value by asset class		
Land and land improvements	**3,143**	3,170
Buildings and improvements	**129,033**	69,986
Equipment	**94,998**	83,398
Capital projects in process	**11,041**	55,337
Net book value	**$ 238,215**	$ 211,891

Reconciliation of the opening and closing balances of property, plant and equipment for 2013:

(CAD$ thousands)

	Land and land improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
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
Additions	**-**	**19,698**	**12,337**	**9,327**	**41,362**
Transfers	**-**	**43,298**	**10,325**	**(53,623)**	**-**
Disposals	**-**	**-**	**(779)**	**-**	**(779)**
Balance at December 31, 2013	**$ 4,094**	**$ 141,120**	**$ 233,542**	**$ 11,041**	**$ 389,797**
Accumulated depreciation					
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
Depreciation	**27**	**3,949**	**11,054**	**-**	**15,030**
Disposals	**-**	**-**	**(771)**	**-**	**(771)**
Balance at December 31, 2013	**$ 951**	**$ 12,087**	**$ 138,544**	**$ -**	**$ 151,582**
Net book value at December 31, 2013	**$ 3,143**	**$ 129,033**	**$ 94,998**	**$ 11,041**	**$ 238,215**

Borrowing costs of $228 thousand were incurred during the year ended December 31, 2013 (2012 – nil). Funds were borrowed specifically for the purpose of the Winnipeg plant expansion and the full amount of related costs incurred during the period were capitalized to the assets.

No indicators of impairment were found for property, plant and equipment as at December 31, 2013 or 2012.

No asset is pledged as security for borrowings as at December 31, 2013 or 2012.

10. INVESTMENT PROPERTY

As at December 31 *(CAD$ thousands)*

		2013		2012
Cost	**$**	**236**	$	236

The fair value of the land is $2.6 million at January 1, 2010 as determined by an independent appraiser who is a member of the Appraisal Institute of Canada and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair value measurement of the investment property is classified as level 2 of the fair value hierarchy (see Note 8.2.2 for definitions). The valuation was performed using a market approach using market prices for similar properties in the relevant location as observable inputs. 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, 2013 or 2012.

11. INTANGIBLE ASSETS

As at December 31 *(CAD$ thousands)*

		2013		2012
Cost	**$**	**37,751**	$	30,831
Accumulated amortization		**(20,565)**		(18,946)
Net book value	**$**	**17,186**	$	11,885

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 2013:

(CAD$ thousands)

	Software	Capital projects in process	Total
Cost			
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
Additions	**1,264**	**5,656**	**6,920**
Transfers	**1,745**	**(1,745)**	**-**
Balance at December 31, 2013	**$ 24,495**	**$ 13,256**	**$ 37,751**
Accumulated amortization			
Balance at December 31, 2011	$ 16,653	$ -	$ 16,653
Amortization	2,293	-	2,293
Balance at December 31, 2012	18,946	-	18,946
Amortization	**1,619**	**-**	**1,619**
Balance at December 31, 2013	**$ 20,565**	**$ -**	**$ 20,565**
Net book value at December 31, 2013	**$ 3,930**	**$ 13,256**	**$ 17,186**

No indicators of impairment were found for intangible assets as at December 31, 2013 or 2012.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31 *(CAD$ thousands)*

	2013	2012
Canadian dollars	**$ 64,813**	$ 53,007
US dollars	**5,233**	3,100
Euros	**551**	210
Total accounts payable and accrued liabilities	**$ 70,597**	$ 56,317

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

Also included in accrued liabilities is a $0.5 million provision for the potential legal obligation due to a penalty clause of a contract. The provision of $0.5 million was established during the year ended December 31, 2013 and there was no movement in the balance during the period. Settlement of the contractual requirement will occur during the next twelve months. The amount and timing of the settlement of the provision is uncertain.

13. LOANS PAYABLE

As at December 31 *(CAD$ thousands)*

		2013		2012
Loans	**$**	**49,472**	$	38,966
Accrued interest		**28**		14
Total loans payable	**$**	**49,500**	$	38,980
Current	**$**	**7,528**	$	4,514
Non-current		**41,972**		34,466
Total loans payable	**$**	**49,500**	$	38,980

The loans payable consist of the following borrowing facilities:

A 10 year $15 million Bankers' Acceptance/Interest rate swap loan bearing 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. As at December 31, 2013 the balance of the principal is $7.5 million (2012 – $9 million) and the fair value of the loan is $7.5 million (2012 – $9 million).

A 10 year $30 million Bankers' Acceptance/Interest rate swap loan bearing 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. As at December 31, 2013 the balance of the principal is $27 million (2012 – $30 million) and the fair value of the loan is $27 million (2012 – $30 million).

During 2013, a new 5 year $15 million loan was obtained bearing a fixed interest rate of 2.35%, with maturity in 2018. Interest payments are paid semi-annually and the loan gets paid down $3 million per year for 5 years. As at December 31, 2013 the balance of the principal is $15 million (2012 – nil) and the fair value of the loan is $15.4 million (2012 – nil).

14. DEFERRED REVENUE

As at December 31 *(CAD$ thousands)*

		2013		2012
Customer prepayment (i)	**$**	**3,737**	$	6,537
Subscription program (ii)		**185**		252
Total deferred revenue	**$**	**3,922**	$	6,789

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

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

15. INCOME TAXES

Current tax expense

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

		2013		2012
Current income tax expense	**$**	**9,235**	$	9,579
Adjustments for prior years		**(554)**		853
Total current tax expense	**$**	**8,681**	$	10,432

Deferred tax expense

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

		2013		2012
Origination and reversal of temporary differences	**$**	**2,857**	$	627
Adjustments for prior years		**239**		(188)
Total deferred tax expense	**$**	**3,096**	$	439

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% (2012 – 25%). The expense for the year can be reconciled to the accounting profit before tax as follows:

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

		2013		2012
Net income before tax for the year	**$**	**48,007**	$	40,692
Income tax rate		**25.0%**		25.0%
Computed tax expense		**12,002**		10,173
Non-deductible expense		**139**		144
Change in tax rates		**-**		-
Adjustments for prior years		**(315)**		665
Other net amounts		**(49)**		(111)
Income tax expense recognised in profit or loss	**$**	**11,777**	$	10,871

Deferred tax recognized in other comprehensive income

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

	2013						2012					
		Before tax		**Tax (expense) benefit**		**Net of Tax**		Before tax		Tax (expense) benefit		Net of Tax
Net unrealised gains (losses) on cash flow hedges	**$**	**(2,444)**	**$**	**623**	**$**	**(1,821)**	$	1,008	$	(248)	$	760
Reclassification of net realised losses on cash flow hedges transferred from other comprehensive income		**367**		**(92)**		**275**		1,533		(262)		1,271
Net actuarial gains (losses) on defined benefit plan		**198**		**(49)**		**149**		(1,328)		332		(996)
Total	**$**	**(1,879)**	**$**	**482**	**$**	**(1,397)**	$	1,213	$	(178)	$	1,035

Current tax assets and liabilities

As at December 31 *(CAD$ thousands)*

		2013		2012
Current tax assets				
Income taxes receivable	**$**	**-**	$	1,199
Current tax liabilities				
Income taxes payable	**$**	**499**	$	-

The tax effects of temporary differences that give rise to deferred tax assets and liabilities in 2013 and 2012 are presented below:

As at December 31, 2013 *(CAD$ thousands)*

		Opening balance		**Recognized in profit or (loss)**		**Recognized in OCI**		**Closing balance**
Deferred tax assets								
Employee benefits	**$**	**3,131**	**$**	**(123)**	**$**	**(49)**	**$**	**2,959**
Accounts payable		**1,980**		**(188)**		**-**		**1,792**
Derivative financial assets		**-**		**-**		**220**		**220**
Deferred tax liability								
Capital assets		**(15,239)**		**(1,588)**		**-**		**(16,827)**
Intangible assets		**(2,967)**		**(1,326)**		**-**		**(4,293)**
Derivative financial liability		**(253)**		**-**		**253**		**-**
Investment property		**(59)**		**59**		**-**		**-**
Investment tax credits		**(250)**		**70**		**-**		**(180)**
Net deferred tax liability	**$**	**(13,657)**	**$**	**(3,096)**	**$**	**424**	**$**	**(16,329)**

As at December 31, 2012 *(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)

16. EMPLOYEE BENEFITS

i) Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate for 2013 was dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate was 1.64 times (2012 – 1.74) the employee' contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate was 1.57 times the employee's contribution. Total contributions of $10.7 million were recognized as an expense in 2013 (2012 – $11.4 million). The estimated contribution for 2014 is $14.5 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, no cash-out options were made in 2013. There were no settlement losses recognized in 2013 or 2012. There were no past service costs or curtailments in 2013 or 2012.

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)*

		2013		2012
Post employment benefits	**$**	**9,053**	$	8,887
Other long-term employee benefits		**2,785**		3,639
Total employee benefits obligation	**$**	**11,838**	$	12,526

Movements of employee benefits obligation were as follows:

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

	Post employment benefits				Other long-term employment benefits			
		2013		2012		**2013**		2012
Beginning of the year	**$**	**8,887**	$	7,608	**$**	**3,639**	$	3,364
Current service cost		**517**		438		**2,574**		2,188
Interest cost		**326**		337		**139**		160
Benefits paid		**(479)**		(824)		**(3,049)**		(3,218)
Actuarial losses/(gains) from demographic assumptions		**600**		696		**(477)**		1,036
Actuarial losses/(gains) from financial assumptions		**(798)**		632		**(41)**		109
End of the year	**$**	**9,053**	$	8,887	**$**	**2,785**	$	3,639

Included in actuarial losses/(gains) from demographic assumptions 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.

Mortality rates are a key demographic assumption used in the valuation of the employee benefit obligation. The Canadian Institute of Actuaries ("CIA") published draft mortality tables in July 2013 for comment by the actuarial community and final tables were released in February 2014. At December 31, 2013 the rates used in the valuation of the employee benefit obligation were adjusted to reflect management's best estimate of these changes. The change in estimates did not have a significant impact on the valuation of the employee benefit obligation at December 31, 2013.

Included in the actuarial gains from financial assumptions are the adjustments due to the effect of the discount rate applied to the employee benefits obligation.

Employee benefits expenses were as follows:

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

	2013	2012
Post employment benefits		
Pension benefits contribution	**$ 10,719**	$ 11,408
Other post employment benefits	**166**	1,279
Other long-term employee benefits	**(854)**	275
Total employee benefits expenses	**$ 10,031**	$ 12,962

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

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

	2013	2012
In Profit or Loss		
Pension benefits contribution	**$ 10,719**	$ 11,408
Current service cost	**3,091**	2,626
Interest cost	**465**	497
Benefits paid	**(3,528)**	(4,042)
Actuarial (gains)/losses	**(518)**	1,145
	10,229	11,634
In Other Comprehensive Income		
Actuarial (gains)/losses	**(198)**	1,328
	(198)	1,328
Total amounts recognized in the consolidated statement of comprehensive income	**$ 10,031**	$ 12,962

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

As at December 31 *(CAD$ thousands)*

	2013	2012
Accrued benefit obligation		
Discount rate	**4.2%**	3.5%
Rate of compensation increase	**3.0%**	3.0%
Benefit costs for the year ended		
Discount rate	**3.5%**	4.2%
Rate of compensation increase	**3.0%**	3.0%
Assumed health care cost trend rates		
Initial health care cost trend rate	**6.9%**	7.4%
Cost trend rate declines to	**5.3%**	5.4%

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

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

	2013	2012
Medical cost trend rates:		
Current service cost and interest cost	**$ 22**	$ 43
Defined benefit obligation	**261**	270
Discount rates:		
Current service cost and interest cost	**$ 23**	$ 22
Defined benefit obligation	**(960)**	(979)
Salary rates:		
Current service cost and interest cost	**$ 87**	$ 84
Defined benefit obligation	**488**	493

The weighted average duration of the defined benefit obligation is 9 years. The distribution of the timing of benefit payments is shown in the table below:

(CAD$ thousands)

	Within 1 Year	2 to 5 Years	5 to 10 Years
Expected pension benefit payments	1,551	$ 4,520	$ 4,476

17. REVENUE

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

	2013	2012
Revenue from the sale of goods	**$ 3,358,912**	$ 2,568,117
Revenue from the rendering of services	**16,291**	15,167
Total Revenue	**$ 3,375,203**	$ 2,583,284

18. DEPRECIATION AND AMORTIZATION EXPENSES

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

		2013		2012
Depreciation of property, plant and equipment	$	15,030	$	13,345
Amortization of intangible assets		1,619		2,293
Total depreciation and amortization expenses	$	16,649	$	15,638

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

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

		2013		2012
Cost of goods sold	$	12,750	$	11,302
Marketing and sales expenses		2,339		1,734
Administration expenses		1,560		2,602
Total depreciation and amortization expenses	$	16,649	$	15,638

19. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

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

		2013		2012
Research and development expenses	$	8,619	$	7,416
Scientific research and development investment tax credit		(900)		(1,566)
Research and development expenses, net	$	7,719	$	5,850

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

20. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

		2013		2012
Revenue from DOF	**$**	**103,665**	$	116,887

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 2013, the Corporation reduced the billing to the Department of Finance by $0.5 million (2012 – $0.5 million) and the remainder of $6.7 million (2012 – $7.2 million) will be deducted in future billings over the next 13 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)*

		2013		2012
Wages, bonus and short-term benefits	**$**	**3,192**	$	2,616
Post-employment benefits		**971**		975
Other long-term benefits		**139**		117
Total compensation	**$**	**4,302**	$	3,708

21. COMMITMENTS, CONTINGENCIES AND GUARANTEES

21.1 Precious metal leases

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments, as well as precious metals leases. As at December 31, 2013 the Corporation had $41.4 million outstanding precious metal purchase commitments (2012 – $63.8 million). At the end of the period, the Corporation had entered into precious metal leases as follows:

As at December 31 *(Ounces)*

	2013	2012
Gold	**21,062**	6,000
Silver	**5,084,108**	2,540,498
Platinum	**16,001**	5,751

The fees for these leases are based on market value. The precious metal lease payment expensed for 2013 is $2.9 million (2012 – $3.0 million). The value of the metals under these leases has not been reflected in the Corporation's consolidated financial statements since the Corporation intends to settle these commitments through receipt or delivery of the underlying metal.

21.2 Base metal commitments

In order to facilitate the production of circulation and non-circulation coins (for Canada and other countries) and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments. As at December 31, 2013, the Corporation had $34.2 million (December 31, 2012 – $22.2 million) in purchase commitments outstanding.

21.3 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As of December 31, 2013, under the guarantees and bid bonds, the maximum potential amount of future payments is $9.5 million (December 31, 2012 – $6.1 million).

21.4 Other commitments and guarantees

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the year ended December 31, 2013, approved short-term borrowings for working capital within this limit, were not to exceed $25.0 million (2012 – $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, 2013 or 2012.

The Corporation has committed as at December 31, 2013 to spend approximately $8.3 million (December 31, 2012 – $26.2 million) on capital projects.

The Corporation has other various lease and contractual purchase obligations for goods and services. As of December 31, 2013 these future commitments are $34.0 million in total (December 31, 2012 – $24.8 million). These commitments will be completed by June 2027 (2014 - $28.6 million, 2015 – $0.9 million, 2016 - $0.1 million, 2017 – $1.0 million, 2018 - $0.3 million, 2027 - $3.1 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, 2013 or December 31, 2012.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2012.

22. SUBSEQUENT EVENT

Restructuring of the MintChip™ business plan

Through its research and development efforts, the Corporation has made great progress in advancing the MintChip™ concept as an innovative, cost effective and secure digital cash product. However, subsequent to December 31, 2013 the decision was taken that further development and commercialization of MintChip™ should be accomplished through the private sector.

As such, the Mint will commence a process of divesting of its MintChip™ assets, the value of which, and costs associated therewith, cannot reasonably be estimated at this time. All past research and development costs have been expensed as incurred.

STATISTICS

Table 1 — Canadian circulation coinage

Production in 2011, 2012 and 2013[1]

	2013 Total Pieces	2012 Total Pieces	2011 Total Pieces
Coinage dated 2010			
$2	**-**	-	1,470,000
$1	**-**	-	-
50¢	**-**	-	-
25¢	**-**	-	-
10¢	**-**	-	3,025,000
5¢	**-**	-	1,512,000
1¢	**-**	-	-
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	-
Coinage dated 2013			
$2	**12,390,000**	-	-
$1	**120,330,000**	-	-
50¢	**375,000**	-	-
25¢	**118,480,000**	-	-
10¢	**104,775,000**	-	-
5¢	**78,120,000**	-	-
1¢	**-**	-	-
Coinage dated 2014			
$2		-	-
$1	**967,000**	-	-
50¢	**-**	-	-
25¢	**-**	-	-
10¢	**-**	-	-
5¢	**-**	-	-
1¢	**-**	-	-
Total (all dates)			
$2	**12,390,000**	89,393,000	27,488,000
$1	**121,297,000**	119,519,000	25,410,000
50¢	**375,000**	250,000	175,000
25¢	**118,480,000**	190,500,000	212,970,000
10¢	**104,775,000**	334,675,000	292,325,000
5¢	**78,120,000**	202,944,000	230,328,000
1¢	**-**	199,347,000	662,750,000
Total	**435,437,000**	1,136,628,000	1,451,446,000

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

Table 2 — Canadian circulation coinage

Cumulative production up to December 31, 2013[1] [2]

	2013	2012	2011	2010	**2009**
$2	**12,390,000**	89,185,000	26,226,000	5,460,000	**42,660,000**
$1	**120,330,000**	119,519,000	25,410,000	24,460,000	**39,601,000**
50¢	**375,000**	250,000	175,000	150,000	**150,000**
25¢	**118,480,000**	178,450,000	225,020,000	164,009,000	**270,286,000**
10¢	**104,775,000**	334,675,000	289,300,000	251,350,000	**373,725,000**
5¢	**78,120,000**	202,944,000	228,816,000	127,848,000	**266,784,000**
1¢	**-**	199,347,000	662,750,000	485,645,000	**456,235,000**

(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 2013[1] – Geographic distribution[2]

Province City[3]	**$2**	**$1**	**50¢**	**25¢**	**10¢**	**5¢**	**1¢**
Newfoundland and Labrador							
St John's	182,000	509,000	-	1,284,000	535,000	318,000	-
New Brunswick							
Saint John	434,000	86,000	-	622,000	42,000	-	-
Nova Scotia							
Halifax	165,000	91,000	-	594,000	130,000	1,086,000	-
Quebec							
Montréal	946,000	540,000	-	7,680,000	2,123,000	1,340,000	-
City of Québec	3,143,000	1,970,000	-	6,844,000	2,000	-	-
Ontario							
Ottawa	917,000	1,977,000	-	7,318,000	725,000	540,000	-
Toronto	6,263,000	6,949,000	-	3,222,000	10,322,000	11,102,000	-
Manitoba							
Winnipeg	176,000	2,128,000	-	2,744,000	2,993,000	632,000	-
Saskatchewan							
Regina	1,171,000	601,000	-	2,996,000	3,248,000	1,216,000	-
Alberta							
Calgary	1,535,000	2,460,000	-	4,518,000	4,060,000	742,000	-
Edmonton	2,585,000	3,131,000	-	10,152,000	8,495,000	2,016,000	-
British Columbia							
Vancouver	4,696,000	1,986,000	-	9,132,000	10,955,000	1,902,000	-
Sundry persons[4]	77,000	150,000	375,000	3,188,000	235,000	292,000	-
	22,290,000	22,578,000	375,000	60,294,000	43,865,000	21,186,000	–

(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, 2013 bearing the dates 2012, 2013 and 2014

Product name	2013 quantities
ANNIVERSARIES	
25th Anniversary of the Loonie $1 Fine Silver Coin (2012)	115
25th Anniversary of the Loonie $1 Silver-Plated Coin (2012)	1,611
25th Anniversary of the Loonie Specimen Set (2012)	36
25th Anniversary Platinum Maple Leaf $300 Coin (2013)	250
25th Anniversary Silver Maple Leaf 5 oz $50 Fine Silver Coin with gold plating (2013)	1,900
25th Anniversary Silver Maple Leaf $5 Fine Silver Coin (2013)	9,960
25th Anniversary Silver Maple Leaf $50 Fine Silver Coin (2013)	2,297
25th Anniversary Silver Maple Leaf Piedfort $5 Fine Silver Coin (2013)	9,981
50th Anniversary of Canadian Peacekeeping in Cyprus $20 Fine Silver Coin (2014)	3,507
50th Anniversary of the Canadian Coast Guard 25-cent Coloured Coin (2012)	1,624
50th Anniversary of the Canadian Coast Guard $20 Fine Silver Coin (2012)	457
50th Anniversary of the Canadian Wildlife Federation $20 Fine Silver Coin – Moose (2012)	6
50th Anniversary of the Canadian Wildlife Federation $250 Fine Silver Coin – Moose (2012)	22
50th Anniversary of the Canadian Wildlife Federation $300 Platinum Coin – Moose (2012)	3
60th Anniversary of the Korean Armistice Agreement Special Edition Fine Silver Dollar (2013)	6,858
75th Anniversary of Superman™ $10 Fine Silver Coin (2013)	14,839
75th Anniversary of Superman™ $15 Fine Silver Coin (2013)	14,942
75th Anniversary of Superman™ $20 Fine Silver Coloured Coin (2013)	9,909
75th Anniversary of Superman™ Achromatic Hologram $20 Fine Silver Coin (2013)	9,932
75th Anniversary of Superman™ Dual Enamel $20 Fine Silver Coin (2013)	9,802
75th Anniversary of Superman™ Lenticular 50-cent Coin and Stamp Set (2013)	24,896
75th Anniversary of Superman™ with colour $75 14kt Gold Coin (2013)	1,995
100th Anniversary of the Calgary Stampede 25-cent Coin and Stamp Set (2012)	221
100th Anniversary of the Calgary Stampede 5 oz Fine Silver Coin (2012)	9
100th Anniversary of the Calgary Stampede 5 oz Gold Coin (2012)	4
100th Anniversary of the Calgary Stampede – Limited Edition $1 Fine Silver Coin (2012)	17
100th Anniversary of the Canadian Arctic Expedition – 25-cent Base Metal Coin – 12 Pack (2013)	50,829
100th Anniversary of the Canadian Arctic Expedition $1 Fine Silver Coin (2013)	13,325
100th Anniversary of the Canadian Arctic Expedition $100 Gold Coin (2013)	1,937
100th Anniversary of the Canadian Arctic Expedition Fine Silver Proof Dollar Coin (2013)	25,244
100th Anniversary of the Canadian Arctic Expedition Fine Silver Proof Set (2013)	20,182
100th Anniversary of the Canadian Arctic Expedition Silver Dollar Specimen Set (2013)	9,247
100th Anniversary of the Canadian Arctic Expedition – Life in the North $3 Gold Coin (2013)	3,409
100th Playing of the CFL® Grey Cup® $1 Fine Silver Coin (2012)	19
150th Anniversary of the Cariboo Gold Rush 50-cent 1/25 oz Gold Coin (2012)	743
150th Anniversary of the Cariboo Gold Rush $100 Gold Coin (2012)	33
250th Anniversary of the end of the Seven Years War $1 Special Edition Fine Silver Coin (2013)	9,994
250th Anniversary of the end of the Seven Years War $250 Silver Kilo Coin (2013)	171
250th Anniversary of the end of the Seven Years War $2,500 Gold Kilo Coin (2013)	11
300th Anniversary of Louisbourg 50-cent Gold Coin (2013)	2,930
300th Anniversary of Louisbourg $20 Fine Silver Coin (2013)	4,923
$20 FOR $20	
Hockey $20 Fine Silver Coin (2013)	245,325
Iceberg $20 Fine Silver Coin (2013)	207,699
Reindeer $20 Fine Silver Coin (2012)	1,839

Table 4 — Numismatic coinage *(continued)*

Product name	2013 quantities
$20 FOR $20 *(continued)*	
Santa $20 Fine Silver Coin (2013)	221,922
Wolf $20 Fine Silver Coin (2013)	248,779
$100 FOR $100	
Bison Stampede $100 Fine Silver Coin (2013)	49,986
The Grizzly $100 Fine Silver Coin (2013)	49,092
BIRDS OF CANADA	
American Robin 25-cent Coloured Coin (2013)	17,493
Barn Owl 25-cent Coloured Coin (2013)	14,000
Bald Eagle 50-cent 1/25 oz Pure Gold Coin (2013)	9,277
Bald Eagle Lifelong Mates $20 Fine Silver Coin (2013)	7,494
Bald Eagle Portrait of Power $20 Fine Silver Coin (2013)	7,495
Bald Eagle with Mother Protecting Her Eaglets $20 Fine Silver Coin (2013)	7,443
Bald Eagle Returning from the Hunt $20 Fine Silver Coin (2013)	7,468
Bald Eagle Protecting Her Nest $200 Gold Coin (2014)	346
Evening Grosbeak 25-cent Coloured Coin (2012)	1,721
Hummingbird 25-cent Gold Coin (2013)	9,993
Hummingbird with Morning Glory Flower $3 Fine Silver Coin with Crystal (2013)	7,262
Mallard 25-cent Coloured Coin (2013)	17,475
Mallard $10 Fine Silver Coin (2013)	8,998
Rose-breasted Grosbeak 25-cent Coloured Coin (2012)	975
Wood Duck 25-cent Coloured Coin (2013)	12,211
Wood Duck $10 Fine Silver Coin (2013)	9,675
BIRTHSTONES	
Birthstone – April $3 Fine Silver Coin (2012)	142
Birthstone – August $3 Fine Silver Coin (2012)	125
Birthstone – December $3 Fine Silver Coin (2012)	163
Birthstone – February $3 Fine Silver Coin (2012)	222
Birthstone – January $3 Fine Silver Coin (2012)	159
Birthstone – June $3 Fine Silver Coin (2012)	129
Birthstone – July $3 Fine Silver Coin (2012)	134
Birthstone – March $3 Fine Silver Coin (2012)	227
Birthstone – May $3 Fine Silver Coin (2012)	168
Birthstone – November $3 Fine Silver Coin (2012)	133
Birthstone – October $3 Fine Silver Coin (2012)	105
Birthstone – September $3 Fine Silver Coin (2012)	151
CANADIAN ART	
Canadian Contemporary Art $20 Fine Silver Coin (2013)	3,814
Fine Silver Coin – Two Loons (2012)	153
Great Canadian Artists – Emily Carr $500 Five Kilo Silver Coin (2013)	99
Group of Seven – A. Y. Jackson $20 Fine Silver Coin (2012)	6,094
Group of Seven – Arthur Lismer $20 Fine Silver Coin (2012)	85
Group of Seven – F. H. Varley $20 Fine Silver Coin (2012)	6
Group of Seven Subscription – F.H. Varley $20 Fine Silver Coin (2012)	20
Group of Seven – Franklin Carmichael $20 Fine Silver Coin (2012)	305

Table 4 — Numismatic coinage *(continued)*

Product name	2013 quantities
CANADIAN ART *(continued)*	
Group of Seven – Franz Johnston $20 Fine Silver Coin (2013)	6,743
Group of Seven – J.E.H. MacDonald $20 Fine Silver Coin (2013)	6,348
Group of Seven – Lawren S. Harris $20 Fine Silver Coin (2013)	6,964
CANADIANA	
A Story of the Northern Lights $20 Fine Silver Coin (2013)	8,450
Bluenose 1/25 oz Gold Coin (2012)	744
Canada – An Allegory $3 Bronze Coin (2013)	10,810
Canada – An Allegory $25 Fine Silver Coin (2013)	5,503
Canada – An Allegory $25 Gold Coin (2013)	602
Canada – An Allegory 3-coin Set (2013)	59
Canada's Arctic Landscape $250 Fine Silver Coin (2013)	319
Canada's Arctic Landscape $2,500 Gold Coin (2013)	12
Great Lakes – Lake Superior $20 Fine Silver Coin (2014)	7,183
Martin Short Presents Canada $3 Fine Silver Coin (2013)	5,923
COIN SETS AND GIFTABLES	
$1 and $2 Circulation Security Test Token Set (2012)	1,705
Fine Silver Canadian Icons Set (2012-13)	265
Fine Silver Proof Set (2012)	16
Fine Silver Proof Set – RCNA Edition (2013)	229
Pure Gold 1/25 oz Four-coin Set (2013)	130
Silver Dollar Proof Set (2012)	363
Special Edition $2 Specimen Set – Black Bear Cubs (2013)	14,394
Special Edition $2 Specimen Set – Wolf Cubs (2012)	43
Special Edition ANA – Chicago (2013)	500
Special Edition ANA – Philadelphia (2012)	97
Special Edition RCNA Token Set – Calgary (2012)	217
Special Edition RCNA Token Set – Winnipeg (2013)	667
Special Edition Token Set – Beijing Coin Expo (2013)	492
Special Edition Uncirculated Set (2012)	24
Special Edition WMF Token Set – Berlin (2013)	492
Special Edition War of 1812 Uncirculated Set (2013)	14,927
Specimen Set – Blue-winged Teal (2013)	28,884
Uncirculated Set (2012)	121
Uncirculated Set (2013)	60,863
GIFT SETS	
Baby Gift Set (2012)	610
Baby Gift Set (2013)	52,762
Birthday Gift Set (2013)	22,678
Everyday Canada – The Maple Leaf Tartan (2013)	9,658
O Canada Gift Set (2013)	25,901
Premium Baby Silver Coin (2013)	14,870
Tooth Fairy Coin Card (2012)	322
Wedding Gift Set (2013)	20,317
CULTURAL TRADITIONS	
100 Blessings of Good Fortune 50-cent Fine Silver-Plated Coin (2014)	8,988

Table 4 — Numismatic coinage *(continued)*

Product name	2013 quantities
CULTURAL TRADITIONS *(continued)*	
100 Blessings of Good Fortune $150 Gold Coin (2012)	8
Blessings of Peace $150 Gold Coin (2013)	885
Maple of Good Fortune $15 Fine Silver Coin (2012)	727
Maple of Peace $15 Fine Silver Coin (2013)	7,937
Year of the Dragon $5 Gold Coin (2012)	504
Year of the Dragon $10 Fine Silver Coin (2012)	1,991
Year of the Dragon $15 Fine Silver Coin (2012)	546
Year of the Dragon $15 Fine Silver Lunar Lotus Coin (2012)	269
Year of the Dragon $250 Kilo Silver Coin (2012)	29
Year of the Dragon Gold Fractional Set (2012)	45
Year of the Horse $10 Silver Coin (2014)	16,509
Year of the Horse $150 Gold Coin (2014)	1,428
Year of the Horse $250 Silver Kilo Coin (2014)	306
Year of the Horse $2,500 Gold Kilo Coin (2014)	10
Year of the Horse Lunar Lotus $15 Fine Silver Coin (2014)	12,061
Year of the Horse Lunar Lotus $15 Silver Coin (2014)	16,678
Year of the Snake $5 Gold Coin (2013)	1,168
Year of the Snake $10 Fine Silver Coin (2013)	9,501
Year of the Snake $10 Fine Silver Coin (2013)	5,647
Year of the Snake $15 Fine Silver Coin (2013)	3,805
Year of the Snake $15 Fine Silver Lunar Lotus Coin (2013)	3,368
Year of the Snake $20 Fine Silver Coin (2013)	21,392
Year of the Snake $20 Fine Silver Coin (Canadian Design) (2013)	8,603
Year of the Snake $150 Gold Coin (2013)	284
Year of the Snake $250 Silver Kilo Coin (2013)	119
Year of the Snake $2,500 Gold Kilo Coin (2013)	4
FAREWELL TO THE PENNY	
Farewell to the Penny 1/25 oz Gold Coin (2012)	145
Farewell to the Penny 5 oz Fine Silver Coin (2012)	13
Farewell to the Penny $10 Gold-plated Fine Silver Coin (2012)	416
Farewell to the Penny $20 Fine Silver Coin (2012)	206
Farewell to the Penny Fine Silver Set (2012)	2,184
FAUNA	
Animal Architects – Bee and Hive $3 Fine Silver Coin (2013)	9,980
Animal Architects – Spider and Web $3 Fine Silver Coin (2014)	4,825
Aster with Bumble Bee 25-cent Coloured Coin (2012)	1,353
Aster with Bumble Bee $20 Fine Silver Coin (2012)	13
Beaver $20 Fine Silver (2013)	1,056
Beaver $50 5 oz Fine Silver Coin (2013)	30
Beaver $50 5 oz Fine Silver Coin (2014)	1,116
Bison $300 Platinum Coin (2014)	176
Butterflies of Canada 50-cent Silver-plated Coin (2013)	10,767
Butterflies of Canada $20 Fine Silver Coin (2013)	8,854
Canadian Dinosaurs – *Bathygnathus borealis* $20 Fine Silver Coin (2013)	7,973
Canadian Dinosaurs – *Scutellosaurus* $20 Fine Silver Coin (2014)	4,113

Table 4 — Numismatic coinage *(continued)*

Product name	2013 quantities
FAUNA *(continued)*	
Cougar 25-cent Gold Coin (2011)	5
Dragonfly Twelve-spotted Skimmer $10 Fine Silver Coin (2013)	9,923
Flower with Butterfly 25-cent Coin (2013)	13,365
Flower with Glass Butterfly $20 Fine Silver Coin (2013)	9,992
Kangaroo in Outback Proof Silver coin (2013)	1,966
Polar Bear $8 Fine Silver Coin (2013)	8,168
Polar Bear $350 Gold Coin (2013)	593
Polar Bear 2-coin Set (2013)	4,229
Polar Bear – Engraved and Painted $20 Fine Silver Coin (2014)	8,443
Praying Mantis $10 Fine Silver Coin (2012)	119
Prehistoric Animals – *Quetzalcoatlus* 25-cent Coloured Coin (2013)	29,991
Prehistoric Animals – *Tiktaalik* 25-cent Coloured Coin (2012)	561
Prehistoric Animals – *Tylosaurus Pembinensis* 25-cent Coloured (2013)	29,458
Rocky Mountain Bighorn Sheep 25-cent Gold Coin (2014)	4,693
Rocky Mountain Bighorn Sheep $300 Platinum Coin (2014)	152
Sea Creatures – Starfish 50-cent Pure Gold Coin (2013)	3,877
Untamed Canada – Arctic Fox $20 Fine Silver Coin (2013)	7,538
Untamed Canada – Arctic Fox $25 Gold Coin (2013)	715
Untamed Canada – Pronghorn $20 Fine Silver Coin (2013)	4,181
Untamed Canada – Pronghorn $25 Gold Coin (2013)	216
FIRST NATIONS	
An Aboriginal Story $500 Pure Gold Coin (2013)	34
Contemporary Aboriginal Art – Ice Fishing Father $5 Fine Silver Coin (2013)	2,956
Contemporary Aboriginal Art – Mother and Baby Ice Fishing $5 Fine Silver Coin (2013)	4,791
Grandmother Moon Mask – Gold UHR Coin (2013)	495
Grandmother Moon Mask – Silver UHR Coin (2013)	5,987
Hologram Dream Catcher $10 Fine Silver Coin (2013)	9,864
Inuit Art 50-cent Gold Coin (2013)	5,736
Moons of the Algonquin – Full Pink Moon $5 Niobium Coin (2012)	24
Tradition of Hunting – Bison $5 Fine Silver Coin (2013)	1,469
Tradition of Hunting – Deer $5 Fine Silver Coin (2013)	4,758
FLORA	
Autumn Bliss $20 Fine Silver Coin (2013)	7,460
Blue Flag Iris with Crystal Dew Drops $20 Fine Silver Coin (2013)	9,921
Boreal Forest $10 Fine Silver Coin (2011)	6
Canadian Maple Canopy $20 Fine Silver Coin (2013)	7,491
Eastern Prickly Pear Cactus 25-cent Coloured Coin (2013)	6,840
Maple Canopy (Fall) $20 Fine Silver Coin (2013)	7,426
Maple Leaf with Crystal Raindrop $20 Fine Silver Coin (2012)	13
Rhododendron Crystal Dew Drops $20 Fine Silver Coin (2012)	358
HISTORY	
Banknote – Canadian Bank of Commerce $5 Fine Silver Coin (2013)	7,155
Banknote – Saint George Slaying Dragon $5 Fine Silver Coin (2013)	6,234
Devil's Brigade $5 Fine Silver Coin (2013)	6,879
Devil's Brigade $5 Gold Coin (2013)	494

Table 4 — Numismatic coinage *(continued)*

Product name	2013 quantities
HISTORY *(continued)*	
Great Canadian Explorers – Jacques Cartier $200 Gold Coin (2013)	1,474
Great Canadian Explorers – Vikings $200 Gold Coin (2012)	19
Titanic – 25-cent Coloured Coin (2012)	19
HOLIDAY	
A Partridge in a Pear Tree $10 Fine Silver Coin (2013)	4,406
Canadian Holiday Season $10 Fine Silver Coin (2013)	29,978
Holiday Candles $10 Fine Silver Coin (2013)	3,039
Lenticular Santa 50-cent Coin (2012)	3,685
Lenticular Snowman 50-cent Coin (2012)	19,939
Murano Glass Candy Cane $20 Fine Silver Coin (2013)	9,834
Snowflake $20 Fine Silver Coin (2013)	237
Snowstorm $20 Fine Silver Coin (2012)	234
Winter Scene $10 Fine Silver Coin (2013)	962
Winter Snowflake $20 Fine Silver Coin (2013)	4,166
Wreath with crystals $20 Fine Silver Coin (2013)	4,534
MAPLE LEAF THEME	
Maple Leaf $10 Silver Painted Coin (2013)	10,502
Maple Leaf Forever $5 Pure Gold Coin (2012)	658
Maple Leaf Forever $10 Fine Silver Coin (2011)	18
Maple Leaf Forever $10 Fine Silver Coin (2012)	2,583
Maple Leaf Forever $250 Silver Coin (2012)	50
Maple Leaf Forever $250 Silver Coin (2013)	596
Maple Leaf Forever $500 Pure Gold Coin (2012)	75
Maple Leaf Forever $2,500 Pure Gold Coin (2012)	2
Maple Leaf Fractional Gold Coin Set (2013)	42
Maple Leaf Fractional Gold Coin Set (2014)	299
Maple Leaf Fractional Set with Gold Plating (2014)	8,912
Maple Leaf Fractional Silver Coin Set (2013)	24
Maple Leaf Impression $3 Fine Silver Coin (2013)	9,820
Maple Leaf Impression $20 Fine Silver Coin (2013)	9,176
Silver Maple Leaf Limited Edition Silver Watch & Coin (2012)	193
NHL® COIN AND STAMP SETS	
Calgary Flames® 25-cent Coloured Coin (2014)	5,721
Edmonton Oilers® 25-cent Coloured Coin (2014)	5,772
Montreal Canadiens® 25-cent Coloured Coin (2014)	5,953
Ottawa Senators® 25-cent Coloured Coin (2014)	5,810
Toronto Maple Leafs® 25-cent Coloured Coin (2014)	5,968
Vancouver Canucks® 25-cent Coloured Coin (2014)	5,951
Winnipeg Jets® 25-cent Coloured Coin (2104)	5,925
O CANADA SERIES	
12-coin Subscription Box with Niagara Falls (2013)	32,049
12-coin Set – ½ oz Silver with Selective Gold Plating (2013)	637
Beaver $5 1/10 oz Gold Coin (2013)	3,528
Beaver $10 Fine Silver Coin (2013)	38,560
Beaver $25 Fine Silver Coin (2013)	8,354

Table 4 — Numismatic coinage *(continued)*

Product name	2013 quantities
O CANADA SERIES *(continued)*	
Canadian Summer Fun $10 Fine Silver Coin (2013)	34,740
Caribou $5 1⁄10 oz Gold Coin (2013)	2,225
Caribou $10 Fine Silver Coin (2013)	33,168
Caribou with Colour $20 Fine Silver Coin (2014)	7,641
Caribou $25 Fine Silver Coin (2013)	7,567
Caribou $250 Fine Silver Coin (2013)	134
Caribou $2,500 Gold Coin (2013)	5
Gift Set (2012)	2,737
Gift Set (2013)	25,901
Hockey $10 Fine Silver Coin (2013)	32,713
Inukshuk $10 Fine Silver Coin (2013)	38,268
Maple Leaf $10 Fine Silver Coin (2013)	31,928
Niagara Falls $10 Fine Silver Coin (2013)	1,473
Orca $5 1⁄10 oz Gold Coin (2013)	1,760
Orca $10 Fine Silver Coin (2013)	30,020
Orca $25 Fine Silver Coin (2013)	6,019
Polar Bear $5 1⁄10 oz Gold Coin (2013)	3,490
Polar Bear $10 Fine Silver Coin (2013)	38,555
Polar Bear $25 Fine Silver Coin (2013)	8,299
RCMP $10 Fine Silver Coin (2013)	36,743
Wolf $5 1⁄10 oz Gold Coin (2013)	2,462
Wolf $10 Fine Silver Coin (2013)	34,195
Wolf $25 Fine Silver Coin (2013)	8,030
PROVINCIAL COATS OF ARMS	
Coat of Arms – Northwest Territory $300 Gold Coin (2013)	134
Coats of Arms – Nunavut $300 Gold Coin (2012)	12
Coat of Arms – Ontario $300 Gold Coin (2013)	249
ROYAL FAMILY	
Queen’s Diamond Jubilee $50 Silver Queen’s Coronation Coin (2013)	1,499
Queen’s Diamond Jubilee – Queen Elizabeth II 25-cent Cupronickel Coin (2013)	14,956
Queen’s Diamond Jubilee – Queen in Canada $20 Fine Silver Coin (2012)	119
Queen’s Diamond Jubilee – The Royal Silver Set (2012)	110
Queen’s Diamond Jubilee – UHR Portrait $20 Fine Silver Coin (2012)	33
Queen’s Diamond Jubilee Royal Cypher 50-cent Coin (2012)	371
Royal Infant $20 Fine Silver Coin Set (2013)	5,306
Royal Infant Carriage 25-cent Coin (2013)	14,283
Royal Infant Toys $5 Fine Silver Coin (2013)	9,701
SPORT	
FIFA World Cup Brazil $10 ½ oz Fine Silver Coin (2014)	4,057
Fine Silver Lucky Loonie (2012)	1,751
Fishing $3 ¼ oz Fine Silver Coin (2013)	14,985
Pond Hockey $20 Fine Silver Coin (2013)	7,362
World Baseball Classic – Ball Diamond $75 Gold Coin (2013)	133
World Baseball Classic – Celebrate $150 Gold Coin (2013)	129
World Baseball Classic – Fielder $20 Fine Silver Coin (2013)	866

Table 4 — Numismatic coinage *(continued)*

Product name	2013 quantities
SPORT *(continued)*	
World Baseball Classic – Hardball $75 Gold Coin (2013)	121
World Baseball Classic – Hitter $20 Fine Silver Coin (2013)	1,405
World Baseball Classic – Pitcher $20 Fine Silver Coin (2013)	938
World Baseball Classic – Runner $20 Fine Silver Coin (2013)	864
WAR OF 1812	
$10 Gold Coin (2012)	11
Battle of Châteauguay and Battle of Crysler's Farm $2,500 Kilo Gold Coin (2013)	10
Charles de Salaberry – 25-cent Circulation 10-pack (2013)	49,181
Charles de Salaberry $4 Fine Silver Coin (2013)	5,331
Commemorative 5-Coin Gift Set (2013)	11,368
HMS *Shannon* $10 Fine Silver Coin (2012)	14
HMS *Shannon* and the *Chesapeake* $50 5 oz Silver Coin (2013)	1,487
HMS *Shannon* and the *Chesapeake* $300 1 oz Platinum Coin (2013)	231
HMS *Shannon* and the *Chesapeake* $500 5 oz Gold Coin (2013)	61
Heroes and Kilogram Coin 5-coin Fine Silver Set (2013)	25
King George III Peace Medal $250 Silver Kilo Coin (2012)	7
Laura Secord – 25-cent Circulation 10-pack (2013)	49,954
Laura Secord $4 Fine Silver Coin (2013)	5,052
Sir Isaac Brock 25-cent Circulation 10-Pack (2012)	1,186
Sir Isaac Brock $4 Fine Silver Coin (2012)	1,289
Sir Isaac Brock $350 Pure Gold Coin (2012)	86
Tecumseh – 25-cent Circulation 10-pack (2012)	13,360
Tecumseh $4 Fine Silver Coin (2012)	1,874
The Battle of Châteauguay $250 Fine Silver Coin (2013)	106
The Battle of Queenston Heights $250 Silver Kilo Coin (2012)	42
The Battle of Queenston Heights $2,500 Gold Kilo Coin (2012)	3

Table 5 - Maple Leaf coinage

Sales in ounces for 2013, 2012, 2011, 2010, 2009 and 2008

	2013	2012	2011	2010	2009	2008
Gold Maple Leaf Coinage[1]						
$200 (99999 Au)	**6,965**	2,900	8,408	22,660	13,765	27,476
$50 (9999 Au)	**1,050,564**	712,193	1,107,974	1,036,832	1,011,235	710,718
$20 (9999 Au)	**21,853**	14,297	15,768	17,151	27,253	14,391
$10 (9999 Au)	**43,271**	32,289	9,041	10,407	17,817	8,592
$5 (9999 Au)	**13,911**	9,570	8,128	11,116	22,767	3,851
$1 (9999 Au)	**647**	620	966	450	1,951	767
Olympic GML	**-**	-	-	6	74,124	75,876
1M coin	**3,215**	-	-	-	-	-
Total (ounces)	**1,140,425**	771,869	1,150,285	1,098,622	1,168,912	841,671
Silver Maple Leaf Coinage[1]						
$5 (9999 Ag)	**28,222,061**	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)	**28,222,061**	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)	**19,349**	34,650	5,000	-	33,000	-
Total (ounces)	**19,349**	34,650	5,000	-	33,000	-

[1] Includes custom bullion products

Table 6 - Refinery operations

Gross Weight (Troy ounces)[1]

	2013	2012	2011	2010	2009	2008
Rough Gold Deposits	**3,691,766**	3,728,220	3,916,921	4,868,626	5,025,764	4,383,594
Rough Silver Deposits	**1,263,076**	1,121,777	1,512,494	2,423,859	1,786,872	1,468,176
Direct Deposits	**515,782**	220,310	469,236	542,111	687,616	948,997
Total[2]	**5,470,624**	5,070,307	5,898,651	7,834,596	7,500,252	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 2010-2013[1]

	2013	2012	2011	2010
1 cent (CPZ)	**-**	87,972,000	301,400,000	486,200,000
1 cent (CPS)	**-**	111,375,000	361,350,000	-
5 cents	**78,120,000**	202,944,000	230,328,000	126,840,000
10 cents	**104,775,000**	334,675,000	292,325,000	252,450,000
25 cents - Caribou (P)	**68,480,000**	153,450,000	187,520,000	134,151,000
25 cents - Poppy	**-**	-	-	10,978,000
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	-	-
25 cents - de Salaberry	**12,500,000**	-	-	-
25 cents - Secord	**12,500,000**	-	-	-
25 cents - Arctic Expedition	**25,000,000**	-	-	-
50 cents	**375,000**	250,000	175,000	150,000
One dollar - Aureate Nickel	**-**	2,414,000	20,410,000	4,110,000
One dollar (P)	**120,330,000**	107,105,000	-	-
One dollar - Lucky Loon	**967,000**	5,000,000	-	10,250,000
One dollar - Navy 100th Anniversary	**-**	-	-	7,000,000
One dollar - Saskatchewan Roughriders 100th Anniversary	**-**	-	-	3,100,000
One dollar - Parks Canada	**-**	-	5,000,000	-
One dollar - Grey Cup 100th Playing	**-**	5,000,000		-
Two dollars	**-**	1,531,000	22,488,000	8,220,000
Two dollars (P)	**12,390,000**	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

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

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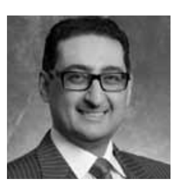

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Head Office and Ottawa Plant

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

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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

Winnipeg
520 Lagimodière Boulevard
Winnipeg, Manitoba
Canada R2J 3E7
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