ROYAL CANADIAN MINT

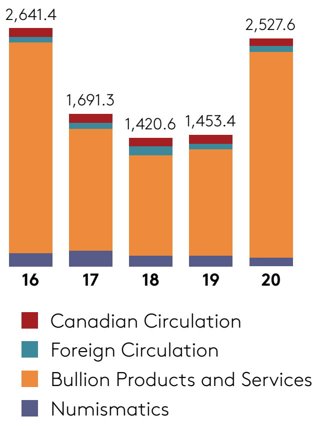
ANNUAL REPORT 2020

Year of the Pivot

Financial and Operating Highlights

	2020	2019	% change
Key financial highlights ($ in millions)			
Revenue	**2,527.6**	1,453.4	74
Gross profit	**143.7**	142.9	1
Profit before income tax and other items[1]	**27.5**	42.3	(35)
Profit for the period	**37.7**	34.8	8
Dividends paid	**20.0**	40.0	(50)
Total assets	**379.4**	429.9	(12)
Shareholder's equity	**167.2**	150.2	11
Capital expenditures	**9.1**	11.5	(21)
Cash flow from operating activities	**36.0**	57.1	(37)
Return on equity[2]	**16%**	28%	
Key operating highlights			
Canadian circulation coins produced and sold to the Department of Finance (in millions of pieces)	**229.4**	385.3	(40)
Gold bullion sales (in thousands of ounces)[3]	**982.8**	483.0	103
Silver bullion sales (in millions of ounces)[3]	**29.5**	22.8	30
Number of employees (at December 31)	**1,130**	1,099	3

Revenue by Program and Business
($ in millions)



[1] A reconciliation of profit before income tax and other items is included on page 35.
[2] Calculation is based on profit before income tax and other items.
[3] Bullion volumes are presented on a gross basis.

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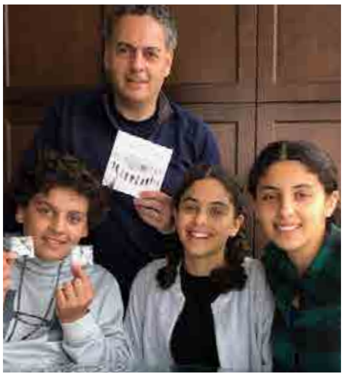

Message from the President and CEO

It was a year of unprecedented challenges and global disruption. As demand for precious metals soared in 2020, the Mint was able to pivot quickly. Capitalizing on the unique skills and knowledge of employees, the Mint rose to the occasion, producing more than double the volume of gold and 30-per-cent more silver than in 2019. The Mint remained agile and responsive while exceeding its financial targets.

The health and safety of our employees was at the centre of every decision we made in 2020. Early in the spring, we took the difficult but necessary step of suspending part of our operations so that we could prioritize delivering critical services that support the essential mining and financial sectors. The Mint implemented new measures and introduced modified schedules that gave us the time and space to create a COVID-safe work environment. This led to an unplanned reduction in our numismatic product offering and I want to thank our loyal customers for their patience and understanding as we navigated this unprecedented situation in 2020.

Over the spring and early summer, the pandemic also had an impact on how Canadians paid for goods and services. In the early months of the pandemic, there was a sudden decline in the use of cash across the country with requirements for new coins rebounding through the summer and fall. This accelerated decline highlighted the unique and valuable service the Mint provides to Canada and Canadians in support of trade and commerce through its Coin Circulation Management System. In addition to producing Canada's circulation coins, the Mint also manages the coins that are already in circulation, ensuring that there are no shortages and that coins are available when and where Canadians want or need to use them. The valuable data, knowledge and insights gained from the Mint's real-time inventory management system will support a seamless transition as Canada and Canadians move to a "cash-light" economy and will help Canada be well-positioned for resilience in the event of a natural disaster or the widespread outage of e-payment systems.

While the pandemic grounded our Foreign Circulation team members, they didn't miss a beat. Working from home around the clock and across time zones, they found new and innovative ways of connecting with customers, secured the largest single denomination order in Mint history and diversified their portfolio with a new contract in Africa.

The Mint also found ways to honour the important moments and people in Canadian history through our commemorative circulation coins. In 2020, we moved these celebrations into a virtual environment, using video and social media to launch circulation coins marking the 100th anniversary of the birth of legendary Haida artist Iljuwas (Bill Reid), the 75th anniversary of the end of the Second World War and the 75th anniversary of the signing of the United Nations Charter.

As the wide-ranging impact of the pandemic became clear, our employees sought to find ways to help and give back to the community. In the spring, the Mint leveraged existing materials and retooled part of its operations to produce face shields and hand sanitizer for regional health authorities in Manitoba, Ontario and Quebec.

Moving forward as One Mint

While a lot of effort went into responding to the global pandemic in 2020, the Mint never stopped developing its long-term strategic vision. This new strategic vision will enable the Mint to be agile and capitalize on evolving market trends by breaking down its four traditionally siloed business lines into two collaborative areas of focus: precious metals and circulation.

The new "One Mint" strategic vision was unanimously endorsed by the Board of Directors in 2020 and launches in 2021. This roadmap for the future will ensure that the Mint is well-positioned to be profitable, resilient and sustainable in the long-term.

The Recognition Medal program was born out of that same desire to help. At a time when Canadians were told they could not come together, hug or shake hands, the medal offered people a tangible way to thank frontline workers and everyday heroes across the country while raising money for a good cause. Employees donated their time to assemble and package the medals, which were made from recovered materials, to keep production costs as low as possible and maximize the donation. Thanks to the generosity of Canadians and Mint employees, by the end of December, the Recognition Medal had raised $400,000 for the Breakfast Club of Canada's COVID-19 Emergency Fund.

I am incredibly proud of the Mint's accomplishments in 2020 in the face of tremendous challenges.

I would like to acknowledge the members of the Leadership Team for their hard work and stewardship through a tumultuous year. Together with the Board of Directors, while navigating the uncertainty of the rapidly evolving situation with COVID-19, they laid the groundwork for the Mint's new long-term strategy. This new way forward prioritizes agility and innovation, and will allow the Mint to capitalize on emerging opportunities and will ensure long-term profitability.

While 2021 will continue to present new challenges related to the pandemic, the Mint is well-equipped and ready to face them. I am excited about the opportunities in 2021 and beyond as we begin implementing our new long-term strategy.

Marie Lemay
President and CEO

A Proactive Approach to a Global Pandemic

When the first reports of a novel coronavirus outbreak emerged, the Mint positioned itself well to face the impacts of what became a pandemic. It pivoted on several fronts to meet the changing needs of employees, Canada's essential industries, customers and communities. The Mint quickly formed a pandemic incident response team made up of key stakeholders from across the organization. It suspended international business travel, updated its business continuity plans and kept employees informed. An early risk assessment by the Mint's supply chain team along with strong supplier relationships successfully kept the Mint's businesses on track. Protective services and Hazmat teams prepared for various potential scenarios by assembling COVID-19 response kits equipped with all the necessary protective gear. Through it all, the cybersecurity team safeguarded the Mint against increasingly sophisticated phishing attempts and online threats.

As the virus arrived in our communities, Mint employees found innovative ways to help frontline workers. By retooling equipment and processes, employees produced 3,800 litres of hand sanitizer and 2,900 face shields. Employees worked together to acquire the necessary supplies, package the personal protective equipment and distribute it to hospitals, communities, and long-term care centres in and around Ottawa and Winnipeg.

In addition, the Mint created a Recognition Medal to pay tribute to essential workers across Canada, donating $400,000 to the Breakfast Club of Canada's COVID-19 Emergency Fund by the end of December. This unique project involved Mint employees from concept creation to final product, as hundreds donated their time to assemble and package 100,000 medals from home with their families. Proceeds from these wearable medals went straight to combatting hunger across Canada at a time when many Canadian families faced job loss and food insecurity.

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1. Hundreds of employees in Winnipeg and Ottawa volunteered their time to package Recognition Medals with the help of family members. This allowed the Mint to reduce costs and maximize its donation to the Breakfast Club of Canada.

2

2. A production operator examines one of the thousands of Recognition Medals produced in Winnipeg. From Winnipeg to Ottawa, designers to die polishers, the Recognition Medal project was a living example of working as "One Mint."

3

3. Mint employees jumped on the opportunity to give back at a time when many Canadian families experienced unprecedented challenges.

4

4. When public health workers across Canada were struggling to cope with the global shortage of personal protective equipment, the Mint pivoted to produce face shields.

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5. With space, skilled people and ingredients at the ready, the Mint produced thousands of litres of public health-compliant hand sanitizer that was distributed in and around Ottawa and Winnipeg.

Supporting Essential Industries

The Mint's world-class refinery was white-hot in 2020. Employees operated at full tilt to meet the unique needs of its clients, especially those in the essential mining and financial sectors.

During the first wave of the pandemic, several of the world's refineries had to suspend operations. Combined with a major disruption to air transportation, global demand for gold spiked to higher than anticipated levels. Silver was also in high demand.

In Ottawa, the refinery adopted stringent new health and safety protocols, and employees started working modified shifts. Night and day, six days a week with no shutdown, dedicated staff refined record amounts of doré from Canadian mines, won new business and further tailored its services.

Volatile markets in 2020 fuelled record gold futures trading at the world's largest venue for precious metals – the Comex division of the New York Mercantile Exchange. As gold futures contracts came due, traders asked for physical delivery of their gold on a specific date. In order to meet that extraordinary demand for gold bars, Mint refinery employees supported Canadian financial institutions by recasting many of their large gold bars into thousands of smaller 100 oz. bars.

The Mint's refinery team forged several exciting new partnerships in 2020. When other refineries were subject to public health-related shutdowns, mining companies looked to the Mint for additional capacity. Refinery output reached new highs as employees working from home developed solutions for new clients in Canada. That same dedication and customer focus also appealed to many new clients who required new precious metals storage solutions in 2020.

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1. For many key clients in essential industries, the Mint helped them cope with the unique challenges of 2020. Mining companies relied on the Mint's refinery for additional capacity, establishing new industry relationships and strengthening existing ones. (photo Mathieu Dupuis)

2. Travel restrictions and physical distancing measures did nothing to prevent the Bullion, Storage and Refining sales team from landing several big refining contracts in 2020, including Newmont Mines' Éléonore site in Quebec.

3. Within the walls of its Ottawa facility, the Mint runs one of the most technically advanced and respected refineries in the world. The refinery processed exceptional levels of incoming gold and silver in 2020.

Photo courtesy Newmont Corporation

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4. When the New York Mercantile Exchange (NYMEX) faced a sudden, pressing need for 100 oz. gold bars after the pandemic disrupted supply chains around the world, the Mint worked with financial institutions to come up with a plan. The refinery adapted quickly to recast the large gold bars of its bank partners to help NYMEX settle its accounts.

5. The Mint's secure precious metal storage business continued to grow in 2020, serving large financial institutions, investment funds, corporations and other business-to-business clients.

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Global Gold Rush

While 2020 kicked off with a normal level of activity for Bullion Products and Services, the business quickly became the breakout story of the year. With so much global uncertainty, financial security was top of mind for investors. Many turned to gold as a secure investment. Bullion products remain critical to those building diversified portfolios.

From March onward, individuals and institutions snapped up the Mint's market-leading precious metal investment coins, as well as an exceptional number of bars. For much of the year, demand exceeded supply. The Mint had to allocate bullion products among its customers every week. Through it all, the Mint successfully responded to the strong global bullion market with agility, while modifying the workplace to keep bullion and refinery employees healthy and safe.

Without skipping a beat, the Mint also successfully balanced the needs of its diverse customer groups by meeting the demand from institutional investors and retail clients alike. To meet their different requirements, the Mint produced a strategic combination of bullion and refinery products. Gold and Silver Maple Leaf bullion coins served retail customers while institutional investors benefited from refinery products such as 100 and 400 oz. gold bars.

Even in the midst of a global pandemic, the Mint's Bullion Products and Services business surpassed all expectations in 2020. Despite a volatile market and unrelenting high demand, the Mint maintained excellent service levels. That is due to its committed employees on all fronts – those manufacturing, packaging and shipping bullion products, sales people and those in the call centre who fielded record volumes of customer inquiries.

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1. Gold and silver products were top of mind amid global uncertainty in 2020. Despite COVID-19 restrictions, the refinery exceeded forecasted production targets each week, allowing it to keep up with competing customer demands.

2. The refinery introduced an adapted schedule with mirror teams and staggered start times to keep meeting high precious metal demand while prioritizing the health and safety of all employees.

3. Refinery employees rose to the challenge and maintained exceptional service levels from start to finish. The Mint also introduced process improvements such as the automated engraving of serial numbers on bar products.

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4. Value, purity and quality draw investors to the Mint's precious metals products. Silver refinery products such as 100 and 400 oz. bars were in high demand among institutional investors throughout 2020.

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5. Retail and institutional investors scooped up significant levels of bullion products like the 1 oz. 99.99% pure Gold Maple Leaf (GML) coin. A global market leader among pure gold bullion coins, more than 25 million troy ounces of GMLs have sold since their introduction in 1979.

Keeping Employees Safe

Healthy and safe employees were the biggest factor in the Mint's high performance in 2020. In early March, Mint employees adopted many new protocols within the manufacturing facilities. All those who could work remotely packed up their computers. Hundreds of employees shifted to home offices while continuing to process invoices, answer customer inquiries and seamlessly manage Canada's coin management system.

The Mint briefly suspended manufacturing in mid-March. It implemented its home-grown idea of mirror teams, where supervisors assigned staff to four separate groups of employees with the same operational function. Doing so, in close collaboration with union leadership, prevented overlapping shift changes and ensured employees could safely work at least two metres apart. It also gave the Mint the time to implement the necessary measures to create a COVID-safe environment. Its facilities in Ottawa and Winnipeg were re-tooled and re-configured to permit those on larger shifts to safely return to work. Among the more than 30 changes to transform daily work at the Mint are automated temperature checks at entrances, self-cleaning surface covers on high touch areas, workstation dividers, one-way entry and exit points, and automatic doors and faucets.

The Mint proudly earned national recognition in 2020 for its proactive, safety-first mindset. *Canadian Occupational Safety* magazine named it Canada's safest manufacturing employer of the year. This award is the result of years of teamwork focused on placing employee well-being at the centre of operational planning and decision-making.

Improving health and safety is a top priority for the Mint. It is passionately pursing the goal of zero injuries with the introduction of an innovative new health and safety indicator. Employees have embraced Safe Score, which encourages them to proactively submit near-miss and hazard reports. This new tool allows employees to identify, correct, and report risky situations or behaviours before an injury can occur.

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1. A refinery operator wears the necessary personal protective equipment to perform gold electrolysis in the Mint's refinery. The health, well-being and safety of employees was a top priority in 2020.

2. Nearly 500 employees transitioned seamlessly to working from home in response to the COVID-19 pandemic, learning new ways to stay connected. Employees continued to deliver exceptional, uninterrupted service to customers, Canada and Canadians.

3. From March onward, the Mint followed the guidance of public health authorities and adapted its plans, processes and guidelines as needed. Automated temperature check stations were one of many new protocols introduced at its manufacturing facilities.

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4. Workstation dividers provide separation in common areas and workspaces such as the Ottawa press room.

5. A Mint employee transfers metal shavings during the continuous casting process. The Mint's proactive approach to safety is just one of the reasons it was named Canada's safest manufacturing employer in 2020.

Navigating New Waters

The pandemic influenced how Canadians paid for goods and services in 2020. Compared to previous years, Canadians spent less overall and most payments were made electronically[1]. While many have taken to shopping online and using alternative payment methods, not all Canadians are able, or want, to adopt such measures. The Mint remains deeply committed to doing its part to ensure no one is left behind in the transition to a digital environment. Through cycles of lockdowns and different levels of restrictions, the Mint expertly managed the national coin supply system. Using its proprietary real-time inventory management system, and collaborating closely with financial institutions and armoured car companies, the Mint ensured coins were readily available in every region of the country. Employees are proud of their role in supporting Canadian trade and commerce. Coins continue to be a secure and efficient means of payment for all.

The Foreign Circulation sales team faced logistical challenges in 2020, as widespread travel bans left the team grounded. Against all odds and while working from home, the team secured the largest single denomination order in Mint history and diversified its portfolio with a new contract in Africa. Despite a two-week shutdown of the Winnipeg facility during the first wave of the pandemic, the Mint met commitments to its customers, including a stunning painted circulation coin for the Central Bank of Barbados. This coin is the first international use of the Mint's glow-in-the-dark technology, first featured on the $2 commemorative circulation coin issued for Canada 150.

[1] Payments Canada's *Canadian Payments: Methods and Trends Report 2020*

The Mint manages the entire product life cycle of Canada's coinage system, supporting Canadians' coin needs today and into the future.

SUPPLYING

We provide an essential product by supplying the coins Canadians use.

MINTING COINS

We work hard to produce the best coins in the world…

SOURCING MATERIALS

by researching cost-effective materials and developing advanced security technologies…

RECYCLING METAL

and recovering used coin metals through the Mint's Alloy Recovery Program.

CIRCULATING

We distribute coins nationwide, ensuring access to them for the Canadians who need them most.

ADVISING GOVERNMENT

We advise on coin trends and predict required volumes…

DISTRIBUTING SHIPMENTS

directing Canada's coins to where they are needed most to avoid shortages…

REDISTRIBUTING COINS

recirculating coins throughout the system as much as possible.

OVERSEEING

Along with the National Coin Committee, we oversee Canada's coin distribution system.

MONITORING COINAGE

Through the Mint's unique proprietary system, we monitor and manage Canada's coinage…

AUDITING INVENTORIES

auditing coin inventories to ensure integrity of the system…

FORECASTING NEEDS

and generating ~ 1,000 weekly forecasts to ensure trade and commerce needs are fulfilled.

Our Culture, Our Coins

The Mint plays a unique and important role in commemorating Canada's history, cultures and values. Employees cherish their contributions to produce and distribute special commemorative circulation coins. These products preserve Canadian heritage and share stories about the country, its peoples and their accomplishments.

Undeterred by the pandemic, the Mint continued to produce memorable coins that stood out for their storytelling, artisanship and innovation. While public health restrictions curbed in-person, public launches of its coins, the Mint safely reached out to Canadians and engaged with them online. Through thoughtful video unveilings across its social media channels, the Mint explored inclusive new ways to involve more stakeholders at coin launches.

Commemorating events and achievements

The Mint has a proud history of honouring Canada's veterans. In 2020, it produced millions of colourful coins that marked the 75th anniversary of the end of the Second World War. In October, the Mint released a coin celebrating the anniversary of Canada signing on as a founding member of the United Nations in 1945.

UN photo/Yould

1. The Allied victory in 1945 set the stage for Canada and 50 other nations to sign the charter that created the United Nations. This landmark moment in international cooperation is commemorated on the Mint's first coloured one-dollar circulation coin.

2. The Mint treasured the opportunity to work with veterans of the Second World War, such as Flight Officer Ralph Wild, to share their enriching personal stories. This coin (far left) was made available to Canadians on September 2, 2020, exactly 75 years after the end of the conflict.

3. The Mint celebrated Black History Month with a collector coin honouring the barrier-breaking legacy of New Brunswick's Willie O'Ree. As the first Black NHL player, O'Ree inspired generations of hockey players from diverse backgrounds to play competitive hockey.

Celebrating people, culture and innovation

Stories of national icons and trailblazers whose legacies continue to promote diversity and inclusion often find pride of place on Canada's collectible coins. The Mint also celebrates innovation and know-how on its intricately designed silver and gold numismatic coins.

Portrait of Bill Reid, c.1970s. Photographer unknown.
Courtesy of the Bill Reid Gallery of Northwest Coast Art.

4. A two-dollar circulation coin recognized the profound influence of Haida artist Iljuwas (Bill Reid) on contemporary Canadian Indigenous art. In addition to depicting his artwork, the Mint worked closely with members of the Haida community to tell Reid's story in the voice of his own people.

5. Only 10 examples exist of this 10 kilo, 99.999% pure gold collector coin celebrating the Gold Maple Leaf (GML) bullion coin. Faithfully reproducing every detail of the famed 1 oz. GML, it is a stunning tribute to an investment product sought worldwide for its purity and security.

Corporate Social Responsibility

The Mint is firmly committed to operating in a responsible manner that benefits its people, the environment and communities from coast to coast to coast. While navigating the challenges posed by the global pandemic in 2020, the Mint found unique ways to give back.

The Mint's special Recognition Medal program raised $400,000 for the Breakfast Club of Canada's COVID-19 Emergency Fund by the end of December. This donation was made possible by the generosity of employees who donated their time to assemble and package the medals at home with their families, as well as tens of thousands of Canadians who bought the medals to express their gratitude to essential workers and individuals who made a positive difference during the COVID-19 pandemic. The medals were produced from recovered materials to minimize costs and maximize donations.

Mint employees leveraged existing processes and materials to produce 3,800 litres of hand sanitizer and 2,900 face shields for frontline workers and health care providers.

Environmental sustainability remained an important focus of the Mint's business and an ever-present operational consideration. The Mint is committed to improving processes and prioritizing innovation to minimize its impact on the environment.

In 2020, the Mint decreased its use of chlorine gas by 52 per cent as a result of the refinery's introduction of acid-less separation. The adoption of this process also reduced electricity and water consumption. Meanwhile, employee-led recycling and composting projects diverted 79,750 kilograms of cardboard, plastic and acrylic items from landfills.

The pandemic did not dampen the December tradition of giving at the Mint. Employees found new ways to help people in need over the holidays. In 2020, staff contributed to the Perley and Rideau Veterans' Health Centre, the Salvation Army Toy Mountain campaign, Ottawa's Harmony House women's shelter and Winnipeg Harvest.

1

1. Paediatric nurses in Gatineau wear protective equipment produced at the Mint. Mint-made face shields benefited frontline workers and health care professionals across the National Capital Region.

2. A Mint employee delivers a batch of hand sanitizer to Harvest Manitoba. The food bank network distributes food and supplies to more than 350 food banks across the province.

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3. The introduction of acid-less separation technology in June 2019 had a dramatic effect on the Mint's chlorine gas consumption in 2020. In the first full year since adopting this new process, the Mint cut its chlorine gas usage in half.

4. A public transit operator in Ottawa proudly wears a Recognition Medal. The Mint donated all net proceeds from the sale of Recognition Medals to the Breakfast Club of Canada's emergency fund in support of children and families facing food insecurity due to the repercussions of COVID-19.

Message from the Chair

I am pleased to present the annual report for the Royal Canadian Mint in a year when employees, the Board of Directors, and the senior management team worked together to overcome the unprecedented challenges of the COVID-19 pandemic. Almost overnight, the Board and the Mint pivoted to find new ways of safely meeting the needs of multiple stakeholders. The Board fulfilled its mission virtually, ensuring uninterrupted oversight of the Mint on behalf of the Government of Canada. Similarly, the Mint kept supporting essential sectors of the Canadian economy, as well as domestic and international customers, and Canadians from coast to coast to coast. Throughout the year, the health and safety of employees working on-site and remotely was top of mind for both the Board and management.

The Board maintained a keen focus on a long-term sightline, working in close collaboration with Mint senior management to develop a strategic vision. This strategic vision is now strengthened by a comprehensive risk-based approach to decision-making, with risk statements and appetites defined as we consider future challenges and opportunities. The vision also recognizes the Mint's value proposition, despite the pandemic accelerating the adoption of e-payments. Ongoing research and external consultations show that cash remains a relevant and necessary part of a healthy and inclusive payment environment.

The Board and the Mint continued to work toward eliminating workplace injuries. The Mint's swift and thoughtful response to ensuring the safety of its employees during the pandemic clearly demonstrated that improving employee health and safety in every corner of the organization is a shared priority.

Employees in Ottawa and Winnipeg excelled in delivering critical services to a host of customers at home and abroad. The integrity of Canada's coin supply and distribution was managed seamlessly throughout the pandemic, ensuring there were no shortages and that Canadians continued to have uninterrupted access to coins.

Resources were re-allocated so that refinery operations could provide crucial support to the mining and financial sectors in Canada. It also allowed the Mint to transform existing products to meet specific customer demands by recasting many of the Mint's large gold bars into thousands of smaller 100 oz. bars. Its corporate social responsibility and environmental, social and corporate governance efforts continued as planned, despite the challenges of the year.

In the midst of maintaining vital operations, the Mint still found ways to give back to the community. Employees made a positive impact on local health care systems by using readily available supplies and technology to produce and donate hand sanitizer and face shields.

The Board also recognizes the important role the Mint continued to play in marking themes and milestones of national importance through the launch of commemorative circulation coins. Its close collaboration with the Haida Nation added deep meaning to the 100th anniversary celebration of the birth of Iljuwas (Bill Reid). As well, the 75th anniversaries of the End of the Second World War and Canada's signing of the United Nations Charter continued to highlight shared values and fuel Canadian pride.

The Mint continues to excel on many fronts as it starts executing its multi-year strategy. The Board looks forward to ongoing collaboration with the senior management team as the Mint stays on a path to sustainable success.

Phyllis Clark
Chair of the Board

Corporate Governance

The Royal Canadian Mint is committed to maintaining a strong governance framework that guides its leadership in the global minting industry, maintains and promotes its vision and corporate values, and safeguards its long-term viability as a federal Crown corporation.

Enabling effective trade and commerce

Incorporated as a Crown corporation in 1969 under the *Royal Canadian Mint Act*, the Mint is accountable to Parliament through the Minister of Finance. The legislative framework governing the Mint consists of the *Royal Canadian Mint Act* and the *Financial Administration Act*, as well as other legislation and regulations applicable to all federal Crown corporations.

The Mint is committed to adhering to the highest standards of business conduct. The Code of Conduct and Ethics provides guidance for employees and sets forth the core values of honesty, respect, pride and passion that define employee behaviour and support the Mint's work. These values reflect the spirit of the Mint and the heart and strength of its culture. As part of that commitment, Mint employees complete mandatory online Code of Conduct and Ethics training and have access to an independent, third party, confidential whistleblowing platform for employees and contractors to report allegations of wrongdoing.

Ensuring effective governance

The Board of Directors has overall responsibility for overseeing the management of the Mint's business and affairs. It exercises its duty in the best interests of the Mint and the long-term interests of the Government of Canada, in accordance with the Mint's governing by-laws and applicable legislation and regulation.

The Mint's Executive Officers met on a regular basis throughout 2020 to discuss the major strategies and initiatives of the Mint in support of the Board's stewardship responsibilities. To fulfill its stewardship responsibilities, the Board establishes and approves the Mint's strategic direction through a five-year Corporate Plan, and reviews and approves major strategies and initiatives. It exercises due diligence by assessing risks and opportunities, monitors corporate financial performance, ensures the integrity of financial results, and provides timely reports to the Government of Canada.

At the end of 2020, the Board consisted of 11 directors, including the President and Chief Executive Officer (CEO). Directors are appointed from different regions across Canada and seven of them are women. With the exception of the CEO, all directors are independent of the Mint's senior management. The Board and its committees hold in-camera sessions with and without the presence of the CEO. The Board members and Officers of the Mint are required to disclose, on an annual basis, whether they, or a close family member, exert a significant influence or control over companies that have had dealings with the Mint during the year. The Mint assessed the disclosures made in 2020 and determined there was no material impact on its governance or financial reporting.

While the CEO receives an annual salary, the Chair of the Board and each Director is 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 incurred while performing their duties related to the Mint, including travel, accommodations and meals.

The Board of Directors met eight times in 2020. 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. In 2020, these committees met a combined total of 13 times. The Board maintains the Mint's governance structure by reviewing and updating the Board and Committee mandates annually. In the midst of a global pandemic, the Board swiftly adapted to conduct virtual meetings in order to maintain vital oversight of the Mint and support the management team through unprecedented change.

As part of continuing education and understanding their obligations, specific Mint employees and Board members are required to complete the Mint's Anti-Money Laundering/Anti-Terrorist Financing (AML-ATF) and Responsible Metals Program (RMP) trainings.

Board of Directors

Director	Board meeting attendance	Committee meeting attendance
Phyllis Clark, ICD.D *Edmonton, Alberta* *Chair of the Board*	8/8	13/13
Marie Lemay, ICD.D *President and Chief Executive Officer*	8/8	13/13
Serge Falardeau, ASC, CPA, CA *Sainte-Marie-de-Beauce, Quebec* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	8/8	9/9
Sandip K. Lalli, FCPA, ICD.D *Heritage Pointe, Alberta* *Member of the Governance and Nominating Committee and the Human Resources and Workplace Health and Safety Committee*	8/8	7/8
Fiona L. Macdonald, ICD.D *Vancouver, British Columbia* *Chair, Human Resources and Workplace Health and Safety Committee*	8/8	4/4
Pina Melchionna, ICD.D *Toronto, Ontario* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	8/8	9/9
Cybele Negris, ICD.D *Vancouver, British Columbia* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	8/8	9/9
Gilles Patry, C.M., O.Ont *Ottawa, Ontario* *Member of the Audit Committee and the Governance and Nominating Committee*	8/8	9/9
Barry Rivelis *Vancouver, British Columbia* *Member of the Audit Committee and the Governance and Nominating Committee*	8/8	9/9
Deborah Shannon Trudeau *Montréal, Quebec* *Chair, Governance and Nominating Committee* *Vice-Chair of the Board*	8/8	4/4
Victor L. Young, O.C., ICD.D *St. John's, Newfoundland and Labrador* *Chair, Audit Committee*	7/8	5/5

Staying connected with the public and our employees

The Mint shifted to a virtual communications approach in 2020 in response to the COVID-19 pandemic. It continued to engage with employees, customers and Canadians in a meaningful way by hosting events and activities online, promoting transparency, accountability and accessibility.

The Mint collects feedback directly from customers through virtual events, social media and surveying activities. It also communicates regularly with its dealers and distributors, and participates in virtual conferences and events where it can engage directly with its customers to solicit feedback on its products and services.

Using this collective data, the Mint delivers uniquely relevant products and services, and superior customer experiences. The Mint remains dedicated to innovation, productivity and agility to ensure products and services are relevant to customers in a rapidly changing retail and investment landscape.

The Mint held its first virtual employee town hall event to update staff on the corporation's performance, celebrate achievements and recognize outstanding employee contributions during an especially challenging year. The Mint took a new approach to employee communications by delivering regular pandemic-related updates to employees in addition to regular communications. An electronic newsletter serves to celebrate the diversity and talents of the Mint's employee base, featuring animating stories that support key themes of collaboration and success. Together, these channels continue to elevate the sense of community and connection among employees and foster alignment between corporate goals and people's day-to-day work.

In 2020, the Mint held eight Senior Leadership Forum sessions with the Mint's senior officers and their direct reports to discuss strategic objectives, people-focused initiatives and financial performance.

Connecting to the Corporate Plan

The Royal Canadian Mint delivers results through a diversified and integrated business structure. The Mint continued on the strategic path outlined in its 2020 – 2024 Corporate Plan in 2020, with a focus on putting its people first, customer centricity, and continuing to deliver value to Canada and Canadians.

In 2020, the Mint delivered positive results and delivered on its objectives as stated in its 2020-2024 Corporate Plan. It exceeded its financial target as highlighted in the Management Discussion and Analysis starting on page 26. Throughout the year, the Mint responded to the rapidly evolving global market with agility. The Mint pivoted to adapt its production to provide critical services in support of the essential mining and financial sectors in Canada and around the world in response to an exceptional increase in global market demand for bullion products and services in 2020.

2020 Corporate Objectives

Canada

- ✱ Reliably produce and effectively manage Canada's supply of durable and secure coins.
- ✱ Celebrate Canada's history and values through the Commemorative Coin Program.
- ✱ Demonstrate good corporate social citizenship.

Customers

- o Create value for its domestic and international customers by offering uniquely relevant products and services, and delivering a great customer experience.
- o Consistently demonstrate global minting and operational excellence, and capitalize on market and customer opportunities when they arise through continual focus on innovation, productivity and agility.

People

- ✱ Provide a positive and inclusive work environment through a commitment to teamwork in a healthy and safe workplace
- ✱ Provide diverse. experience, training, tools and support to enable employees to successfully execute on strategies and business objectives.

✱ Fully met o Mostly met

2021 Vision and Objectives

The Mint's vision

To be the best Mint in the world through our customer focus, talented people, commitment to sustainable practices and the value it adds to Canada and Canadians.

As the Mint works to write the next chapter of its history, its 2021 corporate objectives are aligned to this updated long-term vision and the realignment of the Mint's business, unifying historically siloed business lines and operations as "One Mint" that is agile, resilient and future-ready.

2021 Corporate Objectives

Canada

- Ensure coins are available across Canada for all Canadians' use in trade and commerce and for disaster resiliency.
- Support Canada's mining and financial sectors' role in the global precious metal supply chain while celebrating Canada's culture, history and values.
- Enhance agile manufacturing capabilities and know-how to meet Canada's needs.
- Demonstrate social responsibility while delivering strong financial performance.

Customers

- Maintain a trusted brand for Canada and customers around the world that is known for industry-leading innovations.
- Enhance the agility to deliver on customer and shareholder expectations.

People

- Provide a healthy, safe and caring workplace where employees can grow and achieve their goals as part of a high-performing team.
- Be an employer recognized for leadership excellence and a culture of inclusion, collaboration and innovation.

Corporate Social Responsibility (CSR) & Environmental and Social Governance (ESG)

- Provide products and services that are differentiated by being socially and environmentally responsible.
- Take actions that contribute positively to communities and minimize the impact on the environment.

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides a narrative discussion outlining the financial results and operational changes for the year ended December 31, 2020, for the Royal Canadian Mint (The Mint). This discussion should be read with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS). Financial results reported in this MD&A are presented in Canadian dollars and are rounded to the nearest million, unless otherwise noted. The information in this MD&A is current to March 4, 2021, unless otherwise noted.

Management is responsible for the information presented in the annual report and this MD&A. The Board of Directors approved the content of this MD&A and the audited consolidated financial statements on March 4, 2021.

Canadian troops freed most of the Netherlands from 1944 to 1945 as the Allies pushed towards victory in the Second World War and the restoration of peace in Europe. This silver coin recreates a scene lived by many thankful Dutch civilians and their Canadian liberators. It also celebrates the special bond that still endures between Canada and the Netherlands.

Materiality

In assessing what information to provide in this MD&A, management applies the materiality principle as guidance for disclosure. Management considers information material if its omission or misstatement could reasonably be expected to influence decisions that the primary users make based on the financial information included in this MD&A.

Forward-looking statements

Readers are advised to refer to the cautionary language included at the end of this MD&A when reading any forward-looking statements.

Executive summary

The Royal Canadian Mint is Canada's national mint and a global leader in circulation, bullion, and collectible coin products and services. As part of its core mandate, the Mint manages the life cycle of Canada's circulation coinage from its weekly forecasting and world-class production to eventual retirement. This end-to-end responsibility, along with oversight of inventories across the nation, enables the Mint to effectively deliver a reliable and inclusive payment option for Canadians. Integrating corporate social responsibility (CSR) as a foundation for its coin lifecycle management practices, the Mint recycles and re-distributes coins which reduces the need to produce more coins and extends the life span and usage of those coins already circulating.

On behalf of the Government of Canada, the Mint operates a Commemorative Coin Program (CCP) to celebrate Canada's history, diversity, culture and values. In addition to its core mandate, the Mint is also responsible for the Alloy Recovery Program (ARP) which removes older-composition Canadian coins from the coin pool system and replaces them with multi-ply plated steel (MPPS) coins that are more durable and secure.

The Foreign Circulation business produces and supplies finished coins, coin blanks and tokens to customers around the world, including central banks, mints, monetary authorities and finance ministries. The Mint also produces high technology dies for international customers allowing countries to strike their own coins. These contracts leverage the infrastructure and industry-leading expertise in the Mint's Winnipeg manufacturing facility.

The Bullion Products & Services business supports Canada's mining and financial sectors with agility and resiliency to serve the global market while augmenting bullion sales with related offerings. The Mint provides its customers with market-leading precious metal investment coin and bar products, supported by integrated precious metal refining, storage and exchange traded receipts (ETR) capabilities. These products include the Maple Leaf family of gold and silver coins, as well as other precious metal products and services for investment and manufacturing purposes. As a market leader in the industry with bullion coins of the highest quality and security, the Mint is well positioned to capture a leading share of any increase in demand while sustaining volumes during soft markets. The Mint has issued ETRs under its Canadian Gold Reserves (TSX: MNT/MNT.U) and Canadian Silver Reserves (TSX: MNS/MNS.U) programs, which provide retail and institutional investors with direct legal title and beneficial ownership in physical bullion held in the custody of the Mint at its facilities on an unallocated basis and contribute to the efficient operation of the Mint's refinery and production facilities.

The Numismatics business designs, manufactures and sells collectible coins to a loyal customer base in Canada and around the world. The medals division proudly provides medals to many Canadian public institutions to recognize and celebrate outstanding accomplishments of Canadians. The Mint's global leadership in the art and science of minting is consistently recognized around the world. This recognition is largely earned by innovative technology enhancements, such as glow in the dark paint, selective plating and the use of vibrant colour that allow the Mint to create unique and compelling products. The Mint principally sold numismatic products through its e-commerce platform in 2020, as well as through dealers and partners, both domestically and internationally. In 2021, the Mint plans to relaunch sales through its boutiques, in Ottawa and Winnipeg, as permitted with the continuing COVID-19 pandemic.

Emblazoned in the bold red and black colours of Haida artistic tradition, this coloured silver coin was one of several collector and circulation coins celebrating the 100th anniversary of the birth of Iljuwas (Bill Reid). The Mint was honoured to collaborate closely with the Haida community on coins which all feature Reid's famous *Xhuwaji, Haida Grizzly Bear* in celebration of the visionary Haida artist's life and work.

Significant corporate events

COVID-19 Pandemic

As the situation with COVID-19 evolved over the winter, the Mint prepared to respond by enacting an Emergency Response Steering Committee in late January and a formalized command structure. In early March, the Mint proactively took the step of asking all employees who could work from home to do so in an effort to minimize the number of people working in its facilities and keep people safe and healthy. Plans were developed to modify operations and production to focus on delivering critical services in the Mint's circulation and Bullion Product and Services businesses in support of the mining and financial sectors and international supply chains. The plan included closing its boutiques on March 14, 2020, and proactively suspending the majority of its production and shipping operations for a period of two weeks.

On April 6, 2020, the Mint returned to modified production and continued in this state until May 25 when full production was resumed at the Mint's Ottawa and Winnipeg facilities.

On July 6, 2020, the Mint re-opened its Winnipeg boutique, and on July 13, 2020 it resumed tour operations at its Winnipeg location. Subsequently, on November 4, 2020, the Winnipeg boutique and tour operations were closed based on recommendations from public health authorities. At the date of this MD&A, both the Winnipeg and Ottawa boutiques remain closed.

The Mint continues to take all necessary precautions to safeguard employee health and safety, while prioritizing critical manufacturing operations to support trade and commerce, and the essential mining and financial sectors.

Donation to Breakfast Club of Canada

On June 29, 2020, the Mint launched the Recognition Medal to recognize essential workers and all those who worked to keep Canadians safe, healthy and connected during the COVID-19 pandemic. The Mint is donating the net proceeds from the sale of each medal to the Breakfast Club of Canada's emergency funding in support of children and families who are facing food insecurity, due to the repercussions of COVID-19. At the date of this MD&A, the Mint has donated $400,000.

Public Service Alliance of Canada (PSAC) union agreement

On November 14, 2020, the Mint and its Public Service Alliance of Canada (PSAC) local in Winnipeg, representing Winnipeg's Protective Services Officers reached a four-year collective agreement, retroactive to January 1, 2018, that expires on December 31, 2021.

Dividends

In December 2020, the Mint paid a dividend of $20 million to its Shareholder, the Government of Canada.

The Mint tradition of honouring Canada's troops started in 1943 when then-Chief Engraver Thomas Shingles designed the Victory Nickel. It called on Canadians to pull together to win the Second World War. On the 75th anniversary of the end of that conflict, the Mint reimagined the original design in colour.

Performance indicators

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

Consolidated results and financial performance

	2020	2019	$ change	% change
Revenue	**$ 2,527.6**	$ 1,453.4	$ 1,074.2	74
Profit before income tax and other items[1]	**$ 27.5**	$ 42.3	$ (14.8)	(35)
Profit before income tax and other items margin[2]	**1.1%**	2.9%		
Profit for the period	**$ 37.7**	$ 34.8	$ 2.9	8
Pre-tax return on equity[2]	**16%**	28%		
Pre-tax return on assets[2]	**7%**	10%		

1 A reconciliation from profit for the period to profit before income tax and other items is included on page 35.
2 Calculation is based on profit before income tax and other items.

On its first coloured loonie, the Mint celebrated the 75th anniversary of Canada and 50 other nations signing the United Nations Charter. The signature UN blue and the red of Canada's iconic maple leaf express Canada's enduring and ongoing commitment to international cooperation.

	As at			
	2020	2019	$ change	% change
Cash and cash equivalents	**$ 67.3**	$ 65.5	$ 1.8	3
Inventories	**$ 57.6**	$ 94.9	$ (37.3)	(39)
Capital assets	**$ 161.1**	$ 173.9	$ (12.8)	(7)
Total assets	**$ 379.4**	$ 429.9	$ (50.5)	(12)
Working capital	**$ 112.9**	$ 102.5	$ 10.4	10

Results of operations

Review of financial performance

Profit before income tax and other items for the year ended December 31, 2020 decreased 35% to $27.5 million from $42.3 million in 2019. For a large part of 2020, the Mint proactively managed the COVID-19 pandemic to prevent cases in its production facility with a long-term mindset of sustainability. The Mint focused its production capacity to serve the mining and financial sectors in Canada and around the world in response to an exceptional increase in global market demand for bullion products. This resulted in a 94% increase in revenue from Bullion Products and Services in 2020. Profit before income tax and other items, and profit margin, both decreased year over year due to lower revenue from the Numismatics and Foreign Circulation businesses, and the Canadian Circulation program, without a corresponding decrease in costs as the Mint did not reduce any fixed costs during the periods of suspended or modified production in 2020. In addition, higher precious metal sourcing and lease costs and operating expenses related to business transformation initiatives also impacted profitability in 2020.

Working capital remained strong having increased 10% from December 31, 2019. Cash and cash equivalents were consistent with the prior year after the payment of a $20 million dividend to the Mint's Shareholder in the fourth quarter of 2020, and remain at a level that supports the Mint's operations. The on-going production of foreign circulation coins for contracts with deliveries in 2021 was the main driver of increases in working capital in 2020, while the settlement of significant bullion transactions from 2019 equally reduced inventory and current liabilities in 2019 by approximately $54 million and $55 million, respectively, thus having a minimal impact on the improvement in working capital year over year.

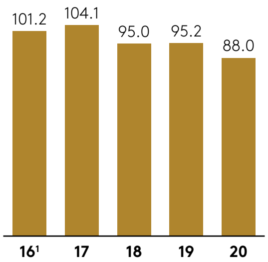
Revenue by business and program

	2020	2019	$ change	% change
Canadian Circulation program	**$ 88.0**	$ 95.2	$ (7.2)	(8)
Foreign Circulation	**$ 64.2**	$ 65.4	$ (1.2)	(2)
Bullion Products and Services	**$ 2,283.5**	$ 1,176.0	$ 1,107.5	94
Numismatics	**$ 91.9**	$ 116.8	$ (24.9)	(21)

Canadian Circulation

Revenue from the Canadian Circulation program decreased by $7.2 million as compared to 2019. The decrease was mainly due to a lower volume of coins produced and sold to the Department of Finance in 2020 combined with lower fixed costs billed under the 2018 memorandum of understanding, and lower revenue from the alloy recovery program.

Canadian Circulation revenue
($ in millions)



[1] 2016 figure has been revised to include ARP revenue in Canadian Circulation

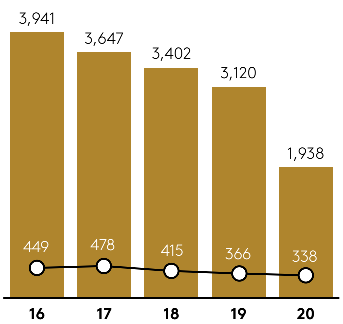
Coin supply

(in millions of coins)	**2020**	2019	change	% change
Financial institutions deposits	**1,504**	2,589	(1,085)	(42)
Recycled coins	**96**	165	(69)	(42)
New coins sold to financial institutions and others	**338**	366	(28)	(8)
Total coin supply	**1,938**	3,120	(1,182)	(38)

Department of Finance inventory

(in millions of dollars)	**2020**	2019	$ change	% change
Opening inventory	**$ 102.0**	$ 98.0	$ 4.0	4
New coins produced and sold to Department of Finance	**82.6**	119.3	(36.7)	(31)
New coins sold to financial institutions and others	**(102.1)**	(115.3)	13.2	(11)
Ending inventory	**$ 82.5**	$ 102.0	$ (19.5)	(19)

Demand is met through the three main sources of supply outlined in the above table and is subject to variability across regions of the country and seasonality depending on the time of the year. Although the supply for Canadian circulation coins decreased 38% year over year, the Mint leveraged its coin life cycle management expertise and its visibility to deposits and recycling to ensure regions were adequately stocked and coins were available to meet Canadians' trade and commerce needs. Sales of new coins to financial institutions were only slightly lower in 2020 than 2019 despite a material decline in coin demand from the retail sector during the COVID-19 pandemic. Because coin demand is predominantly fulfilled by financial institution deposits and these deposits were slower to return back into the ecosystem through parking, public transit authorities and recycling kiosks in 2020, sales of new coin needed to compensate for the slow return.

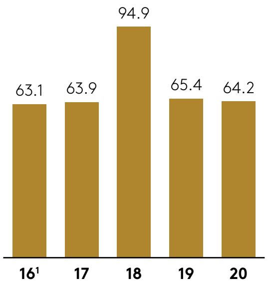


The Mint actively manages inventory supply levels from financial institution deposits, recycling kiosk volumes, and new coin production to ensure coinage demand is met efficiently and cost effectively throughout the year. The face value of the Department of Finance owned inventory at December 31, 2020 was $83 million, which was within the inventory limit outlined in the Mint's memorandum of understanding with the Department of Finance. To replenish inventories held on behalf of the Department of Finance, the Mint produced and sold 229 million new coins in the year compared to 385 million in 2019.

The efficient management of the coinage system is achieved hand-in-hand with the celebration of Canada's history, diversity, culture and values. During 2020, the Mint issued a $2 commemorative circulation coin celebrating the 100th anniversary of the birth of Bill Reid, a $2 circulation coin commemorating the 75th anniversary of the end of the Second World War and a $1 coin celebrating the 75th anniversary of the signing of the United Nations Charter.

Foreign Circulation

Foreign Circulation revenue
($ in millions)



[1] 2016 figure has been revised to exclude ARP revenue.

Revenue from the Foreign Circulation business decreased by 2% in 2020 to $64.2 million on the strength of significant new Foreign Circulation contract awards in 2020 even though Foreign Circulation production throughout in 2020 was impacted by COVID-19 prevention measures.

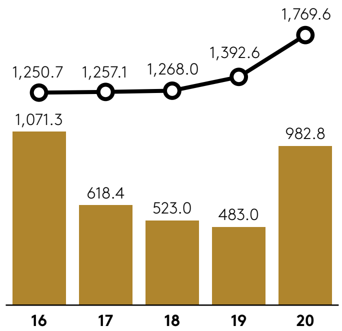
The decrease in Foreign circulation revenue reflects the production and/or shipment of 838 million (2019 – 1,308 million) coins and blanks for 10 (2019 – 10) countries. In 2020, the Mint was awarded six new production contracts for an aggregate of 1,486 million coins.

Bullion Products and Services

	2020	2019	$ change	% change
Gross revenue	**$ 3,519.0**	$ 1,650.1	$ 1,868.9	113
Less: Customer inventory deals	**(1,235.5)**	(474.1)	(761.4)	161
Net revenue	**$ 2,283.5**	$ 1,176.0	$ 1,107.5	94

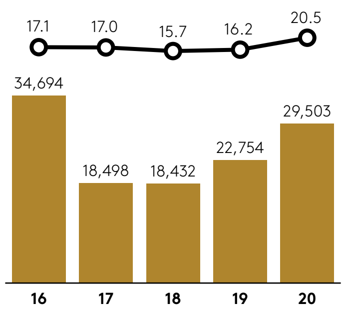
(thousands of ounces)	**2020**	2019	change	% change
Gold	**982.8**	483.0	499.8	103
Silver	**29,502.7**	22,754.5	6,748.2	30
Gross ounces	**30,485.5**	23,237.5	7,248.0	31
Less: ounces from customer inventory deals	**(5,059.6)**	(1,079.4)	(3,980.2)	369
Net ounces	**25,425.9**	22,158.1	3,267.9	15

Sales of gold bullion products
(thousands of ounces)
vs. Average price of gold
(US$ per ounce)



Net revenue from the Bullion Products and Services business increased 94% to $2.3 billion in 2020 from $1.2 billion in 2019. The increase in revenue was mainly attributable to an exceptional increase in global market demand for bullion products combined with higher precious metal market prices in 2020, which increased 27% on average year over year. The Mint's agility allowed it to adapt to this increase in demand by reallocating resources to the Bullion Products and Services business to support the mining and financial sectors during the COVID-19 pandemic, in particular through the sale of gold bullion products which saw an increase of more than 100% year over year.

Sales of silver bullion products
(thousands of ounces)
vs. Average price of silver
(US$ per ounce)



Numismatics

Numismatics revenue decreased 21% to $91.9 million in 2020 from $116.8 million in 2019. In 2020, as a result of the COVID-19 pandemic, the Mint prioritized production capacity to serve the mining and financial sectors in Canada and around the world resulting in the suspension of numismatic coin production from mid-March to late May 2020. The temporary suspension of numismatic coin production was the main driver of lower Numismatics revenue this year, in particular for silver products. Sales of custom gold numismatic coins, in particular in the fourth quarter of 2020, partially offset the revenue decrease from silver products.

Working with the University of Ottawa's Centre for Research in Photonics, the Mint's Research and Development team created a sub-millimeter-scale corner cube array on the $10 Fine Silver Coin – Pulsating Maple Leaf. With precise dimensions and orientations, these miniature mirror facets produced the illusion of a dramatically pulsating maple leaf silhouette.

		2020		2019		$ change	% change
Gold	**$**	**38.0**	$	31.0	$	7.0	23
Silver		**44.0**		75.2		(31.2)	(41)
Other revenue[1]		**9.9**		10.6		(0.7)	(7)
Total revenue	**$**	**91.9**	$	116.8	$	(24.9)	(21)

[1] Other revenue includes base metal coins, medals and other related revenue

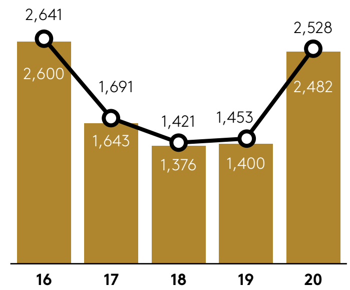
Expenses, other income and income tax

Expenses (income)

		2020		2019		$ change	% change
Cost of sales	**$**	**2,383.8**	$	1,310.5	$	1,073.3	82
Operating expenses							
Marketing and sales expenses	**$**	**29.3**	$	32.1	$	(2.8)	(9)
Administration expenses	**$**	**69.2**	$	62.4	$	6.8	11
Net foreign exchange (gain) loss	**$**	**(4.1)**	$	1.8	$	(5.9)	
Finance income, net	**$**	**(1.0)**	$	(0.3)	$	(0.7)	
Other income	**$**	**–**	$	(0.2)	$	0.2	
Income tax expense	**$**	**12.6**	$	12.3	$	0.3	

Cost of sales increased 82% for the year ended December 31, 2020. The overall increase in cost of sales was mainly due to higher gold and silver bullion volumes sold which increased 31% in aggregate, combined with higher precious metal sourcing and lease costs in 2020. The Mint also incurred approximately $6 million of non-revenue generating costs during the two-week production shutdown and eight weeks of modified production due to the COVID-19 pandemic. The positive impact of the reduction in the Face Value redemptions liability from the increase in the value of silver to be recovered by the Mint when these coins are redeemed, partially offset the overall increase in cost of sales by $14.4 million, year over year.

Overall, operating expenses increased 4% in 2020 to $98.5 million compared to $94.5 million in 2019. The increase in administration expenses was primarily due to compensation cost increases, including resources focused on enhanced organizational resiliency, as well as consulting expenses related to the development of the Mint's updated long-term strategic vision and preparation for the Mint's future business transformation. The decrease in selling and marketing expenses was mainly due to planned lower overall spending on marketing and advertising campaigns in 2020.



Myrna Pokiak's rich design celebrates the creation of the Northwest Territories and the diversity of its Indigenous cultures through rich symbolism: a Dene tipi, the sash of the Territories' Métis, and eleven Inuvialuit ulus representing each of the Territories' official languages. These symbols appear over the land and waters that have sustained life for millennia, set beneath the midnight sun.

Net foreign exchange gain increased $5.9 million compared to 2019. The net foreign exchange gain of $4.1 million in 2020 was mainly due to the favourable valuation of derivative contracts to mitigate foreign exchange risk combined with the positive impact of the translation of the Mint's US dollar balances due to a weaker Canadian dollar in relation to the US dollar year over year.

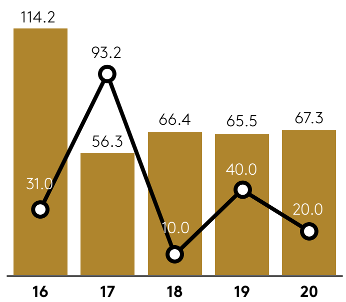
Liquidity and capital resources

Cash flows

		2020		2019		$ change	% change
Cash and cash equivalents, at the end of the period	**$**	**67.3**	$	65.5	$	1.8	3
Cash flow from operating activities	**$**	**36.0**	$	57.1	$	(21.1)	(37)
Cash flow used in investing activities	**$**	**(9.1)**	$	(11.4)	$	2.3	(20)
Cash flow used in financing activities	**$**	**(26.2)**	$	(45.7)	$	19.5	(43)

Cash from operating activities in 2020 was $36.0 million, a $21.1 million decrease compared to 2019 primarily due to the timing of inventory purchases, cash collected from customers, and payments to vendors partially offset by savings on Canadian income tax instalment payments.

Cash and cash equivalents
vs. Dividends paid
($ in millions)



Cash used in investing activities was $9.1 million in 2020, a $2.3 million decrease compared to 2019. Capital expenditures at the Mint are guided by anticipated growth in sales, new product and technology research, development and production requirements, the support and enhancement of facilities and information technology, and return on investment. The main capital investments in 2020 included manufacturing equipment, information technology hardware and software, and building improvements. The Mint made incremental investments in 2020 of $0.8 million to ensure the health and safety of its employees and the security of its assets, physical and cyber, during the COVID-19 pandemic.

The lower level of cash from operating activities in 2020 resulted in a lower dividend paid to the Government of Canada and a corresponding $19.5 million decrease in cash used in financing activities year over year. The $20 million dividend paid in the fourth quarter of 2020 and $40 million dividend paid in the fourth quarter of 2019 represented the projected year-end cash balance over a pre-determined cash reserve requirement defined in the Mint's Corporate Plan.

Borrowing facilities

The Mint entered 2020 with total outstanding long-term loans of $9 million. During the year, repayments of $3 million decreased the balance to $6 million. The Mint entered the period with a long-term debt-to-equity ratio of 1:17 and closed the period with a long-term debt-to-equity ratio of 1:28. See note 17 to the December 31, 2020 audited consolidated financial statements page 85 for details on the Mint's borrowing facilities.

Financial risks

The Mint, by the nature of its business, is exposed to market risks that arise from movements in commodity metal prices and foreign exchange rates. The majority of raw materials purchased for use in coin production are metals subject to significant price volatility. Foreign exchange risk arises from exchange rate movements on sales and purchases made by the Mint. The Mint operates a prudent hedging and risk management program that uses various types of financial instruments and risk transfer strategies to manage its exposure to market risks.

This 1/20th oz. collector coin is crafted entirely from Nunavut-sourced gold. Designed by Nunavut artist Ulaayu Pilurtuut, it depicts a traditional qulliq, an Inuit oil lamp that provides light and warmth, as well as inuksuit, symbolizing community and guidance. These are powerful symbols of the artist's culture and way of life.

Sensitivity table

Key factor	Change	Dominant impact
Canadian dollar valuation as compared to the US dollar	Increases	Decreases revenue from goods and services sold in US dollars Decreases costs incurred in US dollars Increases cost of sales for product made in Canada that are sold in US dollars Increases Face Value redemptions liability and cost of sales
Gold price/ounce	Increases	Increases revenue from the Bullion Products and Services business Increases product costs for bullion and numismatics products
Silver price/ounce	Increases	Increases revenue from the Bullion Products and Services business Increases product costs for bullion and numismatics products Decreases Face Value redemptions liability and cost of sales
Precious metal sourcing and lease rates	Increases	Increases product cost for bullion and numismatic products
Nickel price/kg	Increases	Increases revenue from the Canadian Circulation program
Steel price/kg	Increases	Increases revenue from the Foreign Circulation business Increases product costs for circulation products

Return to the Government of Canada

For the year ended December 31, 2020, the Mint paid a $20 million dividend to its Shareholder, the Government of Canada. The following table summarizes the total return the Mint has made to Canada over the last five years:

	2016	2017	2018	2019	**2020**	**Total**
Dividends paid	$ 31.0	$ 93.2	$ 10.0	$ 40.0	**$ 20.0**	**$ 194.2**
Income tax paid	13.6	9.0	7.3	15.5	**2.2**	**47.6**
Total return to Canada	$ 44.6	$ 102.2	$ 17.3	$ 55.5	**$ 22.2**	**$ 241.8**

Contractual obligations and other commercial commitments

See notes 13, 14, 15 and 28 to the audited consolidated financial statements starting on pages 80 and 95, respectively, for details on the Mint's contractual obligations and other commercial commitments.

Performance against Corporate Plan

The operating and financial results achieved during the year ended December 31, 2020 indicate that the goals established in the 2020-2024 Corporate Plan were met.

The financial goal for 2020 was profit before income tax and other items of $25.5 million. The Mint exceeded its target for 2020 primarily due to higher than anticipated revenue from exceptionally strong bullion volumes as the Mint prioritized production to support the mining and financial sectors from the outset of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Mint also prioritized the health and safety of its employees and thus did not reduce any fixed costs during periods of suspended or modified production in 2020.

Black rhodium and gold plating divide the reverse of this fine silver coin featuring the Canadian horse, a heritage breed that has twice faced extinction. Inspired by the yin yang symbol, the circular design by Claude Thivierge represents dynamic movement and balance.

A reconciliation from profit for the period to profit before income tax and other items is as follows:

		2020		2019
Profit for the period	**$**	**37.7**	$	34.8
Add (deduct):				
Income tax expense		**12.6**		12.3
Other income		**–**		(0.2)
Net foreign exchange (gain) loss[1]		**(2.1)**		1.8
Face Value revaluation[2]		**(20.7)**		(6.4)
Profit before income tax and other items	**$**	**27.5**	$	42.3

[1] Net foreign exchange (gain) loss in 2020 excludes a gain of $2.0 million related to the mitigation of the foreign exchange risk for a specific contract.

[2] Face Value revaluation is the non-cash impact of the change in the valuation of the precious metal component of the Face Value redemptions liability.

Risks to performance

Management considers risks and opportunities at all levels of decision making. The Mint's performance is influenced by many factors, including: economic conditions, financial and commodity market volatility, and competitive pressures. Also, as a Crown corporation governed under a legislative framework, the Mint's performance could be impacted by changes to Shareholder objectives or to the directions given by governing bodies. Under the guidance of the Board of Directors, the Mint's enterprise risk management process is undertaken by the Mint's Leadership Team. It focuses on the identification, assessment and management, within the risk appetite of the Board of Directors, of the key risks, that could impact the achievement of the Mint's strategic objectives. As part of its oversight process, the Board of Directors approves risk appetite statements, reviews the Mint's corporate risk profile and has input into the broader risk management approach.

The Mint's enterprise risk management framework and practices are consistent with guidance issued by the Treasury Board and is subject to periodic review by its internal auditor. Guidance in relation to risk awareness and risk management is provided to staff where necessary. Appropriate risk management requirements are embedded in staff responsibilities.

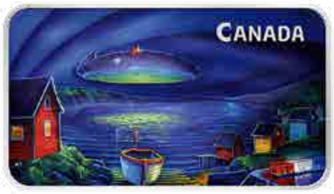
A register of key corporate risks is maintained, together with a series of operational risk registers covering each of the Mint's business/support areas. These registers are updated regularly and evolve as new risks are identified and existing ones are mitigated.

The Mint identified the following key corporate level risks that could materially impact the achievement of its strategic objectives as outlined on page 25.

Strategic risks

Cash-light preparedness

The risk that the Mint is not prepared for the impacts of accelerated e-payment adoption to its business model and mandate. The Mint is tackling this risk on multiple fronts: firstly, as the coin life cycle manager for Canada, the Mint continuously enhances its coin management system to analyze data and insights to understand trends in coin usage and leverages the National Coin Committee for industry and market knowledge; secondly, the Mint is in regular dialogue with the Bank of Canada to share lessons learned and strategies for managing a potential new wave of the COVID-19 pandemic. Finally, the Mint regularly monitors international circulation trends and maintains on-going dialogue with other major mints on domestic circulation coinage trends, surveys and insights.



This canvas-like rectangular coin recreates the events of October 26, 1978, when Clarenville, Newfoundland and Labrador, made UFO history. Part of the extra-popular Canada's Unexplained Phenomena series, this glow-in-the-dark silver collector coin captures the incredible scene described by an RCMP Constable and multiple witnesses who observed a mysterious flying object in Clarenville's night sky.

Diversification of customer base

The risk that the Mint may have overreliance or dependency on a limited number of customers for significant portions of its revenue stream. The Mint will mitigate this risk by conducting a comprehensive review of all businesses to develop a portfolio of products and services using a customer-centric approach. Furthermore, the Mint is adopting an active prospecting and increasing sales effort for bullion, refinery and foreign circulation. The Mint is also looking to target new customers and markets through the development of a hybrid bullion-numismatic product strategy.

Operational risks

Security (physical and cyber)

The risk of theft or inappropriate access to and use of the Mint's information or assets, including for fraudulent purposes. The Mint continues to focus cyber security initiatives on culture, resiliency, alignment and governance. As well, the Mint is implementing the recommendations from a 2019 internal audit on physical security, and in 2020, the Mint implemented an integrated security committee to further align physical and cyber security efforts and plans.

With a fan base stretching from coast to coast to coast, the Toronto Raptors are truly Canada's team. This lone Canadian NBA team has been home to some of the league's biggest superstars and broke multiple attendance records on their way to becoming the 2019 NBA Champions. This silver coin featuring the original 1995-96 logo celebrates 25 amazing Raptors seasons.

Agility

The risk that the change required to enhance the Mint's agility in order to fully capitalize on opportunities or to rapidly adapt to swift changes in commercial markets exceeds the Mint's implementation capacity. To mitigate this risk, the Mint is investing in change management capabilities and tools while it prioritizes agility on a corporate basis to support the ability to scale up or down as appropriate. The focus is on the business transformation, research and development roadmaps, and execution capabilities related to cross-functional team collaboration (commercial, operations, corporate services).

System capability and information management

The risk that the Mint's legacy applications fail and become unavailable to the business teams, or cause significant data loss or data integrity issues. The Mint is addressing this risk with a comprehensive digital transformation roadmap. Included in the Mint's most recent Corporate Plan are capital investments targeted for the upgrade of the digital experience and its enterprise wide resource platforms. The resourcing plan and the governance structure for these projects have been approved by the Mint's Board of Directors.

COVID-19 pandemic

The risk of a prolonged impact of the COVID-19 pandemic on the wellbeing and productivity of the Mint's workforce and the efficiency of its supply chain to support planned manufacturing and operations. The Mint's Executive Emergency Oversight Committee continues to meet on a regular basis and monitors all aspects of the market, the impact of the extended pandemic period on its workforce, its supply chain and the future workforce trends coming out of the pandemic.

Critical accounting estimates, adoption of new accounting standards and accounting policy developments

See notes 3 and 4 to the Mint's audited consolidated financial statements starting on pages 62 and 66 , respectively, for a discussion of critical accounting estimates, adoption of new accounting standards and accounting policy developments.

Travel, hospitality and conference expenditures

The following table summarizes the travel, hospitality and conference expenditures incurred by the Mint.

	2020	2019	$ change	% change
Travel	**$ 0.6**	$ 1.9	$ (1.3)	(68)
Hospitality	**0.1**	0.2	(0.1)	(50)
Conference fees	**–**	0.2	(0.2)	(100)
Total travel, hospitality, conference and event expenditures	**$ 0.7**	$ 2.3	$ (1.6)	(70)

During the period ended December 31, 2020, the Mint's Board of Directors incurred total travel, hospitality, conference and event expenditures amounting to $0.1 million (2019 - $0.2 million).

Internal controls and procedures

The Mint maintains an internal control framework including internal controls over financial reporting and disclosure controls and procedures. In 2019, the Mint's President and Chief Executive Officer (CEO) and Senior Vice-President Finance and Administration and Chief Financial Officer (CFO) implemented an internal assessment process to evaluate the effectiveness of these controls. This evaluation follows the best-practice requirements of National Instrument 52-109 issued by the Canadian Securities Administrators (CSA). As a Crown corporation, the Mint voluntarily complies with certain rules and regulations of National Instrument 52-109. The evaluations as of December 31, 2020 and 2019 were based on an assessment of the design effectiveness of these controls. The Mint continues to work on the implementation of an assessment process to evaluate the operating effectiveness of its internal controls over financial reporting, including disclosure controls and procedures, and expects to have a full certification process in place by December 31, 2021.

In honour of UNESCO's 75th anniversary, a half-kilo fine silver coin with selective gold plating imagines daily life for the Norse inhabitants of the L'Anse aux Meadows National Historic Site. Discovered on the north-east tip of Newfoundland by Norwegian archeologists working with locals in 1960, it was named the first UNESCO World Heritage Site in 1978.

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that the Mint can make appropriate decisions about public disclosures. The CEO and CFO evaluated the design effectiveness of the Mint's disclosure controls and procedures related to the preparation of this MD&A and the consolidated financial statements. They concluded that the design of disclosure controls and procedures was effective as of December 31, 2020 and 2019.

Internal control over financial reporting

Internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. However, given their inherent limitations, internal controls over financial reporting can only provide reasonable assurance and may not prevent or detect misstatements. The CEO and CFO assessed the design effectiveness of the Mint's internal control over financial reporting based on the Internal Control—Integrated Framework created and issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the Control Objectives for Information and Related Technology (COBIT) Framework. Based on this assessment, the CEO and CFO determined that the design of the Mint's internal control over financial reporting was effective as of December 31, 2020 and 2019.

Outlook

In December 2020, the Mint's 2021-2025 Corporate Plan was approved by the Treasury Board. This corporate plan reflects a realignment of the Mint's business, in line with its updated long-term strategic vision, as "One Mint" that is future ready and with two areas of focus: circulation coinage and precious metals.

In 2021, the Mint will focus on the implementation of its "One Mint" strategic vision while continuing to work diligently to mitigate the impacts of COVID-19 on its business performance and following government guidance and prioritizing the health and safety of its employees. As part of its business continuity plan, the Mint continues to actively monitor its global supply chain and logistics networks in support of its continued operations. The Mint will also make investments in 2021 as it plans and starts the implementation of its business transformation.

Circulation businesses

Canadian circulation

While the long-term impacts of the COVID-19 pandemic have yet to be experienced and additional waves of the pandemic continue to challenge Canadians, the Mint expects that coin activity in 2021 will only modestly pick up from 2020. It is anticipated that while some business activities such as sporting events, and tourist attractions will operate at reduced volume, some will continue to be curtailed – which not only impacts the demand for coin, but also the supply – as ancillary coin activities such as parking and transit are also reduced. Although uncertainty remains, the Mint has incorporated key learnings from the onset of this pandemic and has applied them to its regular management practices in order to reduce the risk of future disruption.

In celebration of its market-leading family of Maple Leaf bullion coins, the Mint issued its first numismatic coin combining black rhodium plating and incuse engraving on both the obverse and reverse. Crafted of 99.999% pure gold, it also recognizes that the Mint is unique in the world for refining gold at that purity level.

As Canada moves to a cash-light environment, it becomes even more critical to understand how Canadians are using their coins and to continue gathering actionable insights from relevant data sources so the Mint can deliver coin management services in the years ahead. In 2021, the Mint will be investing to increase the resiliency of its coin distribution information technology platform, taking steps to broaden and deepen its information network through domestic and international stakeholder engagement activities, and conducting regular surveys with Canadians. In addition to these important initiatives, the Mint is also exploring ways to further enhance its emergency response capabilities where payment mechanisms may be disrupted, but trade and commerce needs to continue.

Foreign circulation

The Mint continues to closely monitor worldwide circulation coin market conditions, cash usage trends, and the international supply chain and logistics network as a result of the global COVID-19 pandemic. The Mint has a strong international contract position heading into 2021. Global coin demand is expected to remain strong, despite anticipated reductions in demand in advanced economies, as a result of continued strong demand from emerging economies. The Mint estimates that central banks will issue tenders for four billion coins and coin blanks over the next 12 months. Commoditization and industry overcapacity, however, continue to put pressure on profit margins. The Mint will continue to pursue opportunities where it has a competitive advantage, and can leverage innovative technologies for 2021 and beyond.

Precious metals businesses

Bullion products and services

The Mint continues to monitor bullion coin market and supply conditions closely and will work to position itself to be able to meet demand relating to continued strong market conditions for gold and silver bullion coins. In 2021, the Mint will continue to focus on customer and market strategies in support of its strong market share, including a renewed focus on gold refining and coin products and additional storage opportunities, while carefully managing operating costs to mitigate the impact of uncertainty in the global bullion coin market.

Numismatics

The Mint continues to prioritize being a customer-centric organization focused on enhancing the customer experience and improving the long-term performance of the Numismatics business. The smaller, more focused product plan for 2021 is in response to customer feedback. The Mint's direct sales, including e-commerce, are expected to continue to be consistent with e-commerce trends as the COVID-19 pandemic continues.

The Mint's high-speed, high-resolution pad printing technology for colouring circulation coins continues to attract customers from around the world. This includes the Central Bank of Barbados, which commissioned a coloured version of its iconic "flying fish" one-dollar circulation coin. It is also the Mint's first international sale of a glow-in-the-dark coin.

Forward-looking statements

This annual report, including the MD&A, contain forward-looking statements that reflect management's expectations regarding the Mint's objectives, plans, strategies, future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as "plans", "anticipates", "expects", "believes", "estimates", "intends", and other similar expressions. These forward-looking statements are not facts, but only assumptions regarding expected growth, results of operations, performance, business prospects and opportunities. While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These assumptions are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Mint expects. These risks, uncertainties and other factors include, but are not limited to, those risks and uncertainties set forth above in the Risks to Performance in this MD&A, as well as in Note 9 – Financial Instruments and Financial Risk Management to the Mint's audited consolidated financial statements.

To the extent the Mint provides future-oriented financial information or a financial outlook, such as future growth and financial performance, the Mint is providing this information for the purpose of describing its expectations. Therefore, readers are cautioned that this information may not be appropriate for any other purpose. Furthermore, future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks.

Readers are urged to consider these factors carefully when evaluating these forward-looking statements. In light of these assumptions and risks, the events predicted in these forward-looking statements may not occur. The Mint cannot assure that projected results or events will be achieved. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in this annual report are made only as of March 4, 2021, and the Mint does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

Management's Statement of Responsibility for Financial Reporting

The consolidated financial statements contained in this annual report have been prepared by Management of the Royal Canadian Mint (the Mint or the Corporation) in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board using the best estimates and judgements 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 this 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*, including directive (P.C. 2015–1107) pursuant to section 89 of this 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's management 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.

Marie Lemay, ICD.D
President and Chief Executive Officer

Jennifer Camelon, CPA, CA, ICD.D
Senior Vice-President, Finance and Administration and Chief Financial Officer

Ottawa, Canada
March 4, 2021

Independent Auditor's Report

Office of the Auditor General of Canada | Bureau du vérificateur général du Canada

To the Minister of Finance

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Royal Canadian Mint (the Corporation), which comprise the consolidated statement of financial position as at 31 December 2020, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Royal Canadian Mint and its wholly-owned subsidiary coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Royal Canadian Mint Act* and regulations, the charter and by laws of the Royal Canadian Mint and its wholly-owned subsidiary, and the directive issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Royal Canadian Mint and its wholly-owned subsidiary that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Royal Canadian Mint and its wholly-owned subsidiary's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Royal Canadian Mint and its wholly-owned subsidiary to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Dennis Fantinic

Dennis Fantinic, CPA, CGA
Principal
for the Auditor General of Canada

Ottawa, Canada
4 March 2021

Consolidated Statement of Financial Position

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

	Notes	2020	2019
Assets			
Current assets			
Cash and cash equivalents		**$ 67,306**	$ 65,506
Trade receivables, net and other receivables	5	**20,749**	38,343
Income tax receivable		**3,584**	7,748
Prepaid expenses	6	**2,209**	4,018
Inventories	7	**57,617**	94,901
Contract assets	8	**31,116**	11,778
Derivative financial assets	9	**6,901**	684
Total current assets		**189,482**	222,978
Non-current assets			
Trade receivables, net and other receivables	5	**253**	519
Prepaid expenses	6	**412**	404
Derivative financial assets	9	**1,678**	35
Deferred income tax assets	24	**26,408**	32,031
Property, plant and equipment	10	**150,131**	159,507
Investment property	11	**236**	236
Intangible assets	12	**5,102**	6,339
Right-of-use assets	13	**5,648**	7,856
Total non-current assets		**189,868**	206,927
Total assets		**$ 379,350**	$ 429,905
Liabilities			
Current liabilities			
Trade payables, other payables and accrued liabilities	14	**$ 46,321**	$ 44,616
Provisions	15	**3,183**	1,918
Income tax payable		**172**	–
Face Value redemptions liability	16	**527**	1,091
Contract liabilities	8	**17,156**	64,294
Loan payable	17	**3,005**	3,000
Lease liabilities	13	**2,268**	2,452
Employee benefit obligations	18	**3,905**	3,101
Derivative financial liabilities	9	**48**	–
Total current liabilities		**76,585**	120,472
Non-current liabilities			
Trade payables, other payables and accrued liabilities	14	**140**	215
Provisions	15	**1,151**	1,373
Face Value redemptions liability	16	**113,459**	133,024
Loan payable	17	**2,999**	5,993
Lease liabilities	13	**4,306**	7,146
Employee benefit obligations	18	**13,423**	11,476
Derivative financial liabilities	9	**117**	-
Total non-current liabilities		**135,595**	159,227
Total liabilities		**212,180**	279,699
Shareholder's equity			
Share capital (authorized and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**127,258**	110,179
Accumulated other comprehensive (loss) income		**(88)**	27
Total shareholder's equity		**167,170**	150,206
Total liabilities and shareholder's equity		**$ 379,350**	$ 429,905

Commitments, contingencies and guarantees (Note 28)
The accompanying notes are an integral part of these consolidated financial statements

Approved on behalf of the Board of Directors

Phyllis Clark, ICD.D
Chair
Board of Directors

Victor L. Young, O.C., ICD.D
Chair
Audit Committee

Approved on behalf of Management

Marie Lemay, ICD.D
President and
Chief Executive Officer

Jennifer Camelon, CPA, CA, ICD.D
Senior Vice-President
Finance and Administration
and Chief Financial Officer

Consolidated Statement of Comprehensive Income

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

	Notes	**2020**	2019
Revenue	20	**$ 2,527,551**	$ 1,453,411
Cost of sales	19, 21	**2,383,818**	1,310,529
Gross profit		**143,733**	142,882
Marketing and sales expenses	19, 21	**29,280**	32,121
Administration expenses	19, 21, 25	**69,223**	62,403
Operating expenses		**98,503**	94,524
Net foreign exchange gain (loss)	22	**4,109**	(1,828)
Operating profit		**49,339**	46,530
Finance income, net	23	**970**	318
Other income		**4**	223
Profit before income tax		**50,313**	47,071
Income tax expense	24	**(12,591)**	(12,280)
Profit for the period		**37,722**	34,791
Items that will be reclassified subsequently to profit:			
Net unrealized loss on cash flow hedges		**(115)**	(65)
Items that will not be reclassified subsequently to profit:			
Net actuarial loss on defined benefit plans		**(643)**	(970)
Other comprehensive loss, net of income tax		**(758)**	(1,035)
Total comprehensive income		**$ 36,964**	$ 33,756

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)*

	Notes	Share capital	Retained earnings	Accumulated other comprehensive (loss) income (Net (losses) gains on cash flow hedges)	Total
Balance as at December 31, 2018		$ 40,000	$ 116,358	$ 92	$ 156,450
Profit for the period		–	34,791	–	34,791
Other comprehensive loss, net[1]		–	(970)	(65)	(1,035)
Dividends paid	9.1	–	(40,000)	–	(40,000)
Balance as at December 31, 2019		$ 40,000	$ 110,179	$ 27	$ 150,206
Profit for the period		**–**	**37,722**	**–**	**37,722**
Other comprehensive loss, net[1]		**–**	**(643)**	**(115)**	**(758)**
Dividends paid	9.1	**–**	**(20,000)**	**–**	**(20,000)**
Balance as at December 31, 2020		**$ 40,000**	**$ 127,258**	**$ (88)**	**$ 167,170**

The accompanying notes are an integral part of these consolidated financial statements
[1] Amounts are net of income tax

Consolidated Statement of Cash Flows

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

	Notes	**2020**	2019
Cash flows from operating activities			
Profit for the period		**$ 37,722**	$ 34,791
Adjustments to reconcile profit to cash flows from operating activities:			
Depreciation and amortization	21	**20,509**	20,317
Income tax expense	24	**12,591**	12,280
Finance income, net		**(970)**	(318)
Other income		**(4)**	(223)
Net foreign exchange (gain) loss		**(7,492)**	652
Adjustments to other (revenue) expenses, net	26	**(19,936)**	(20,845)
Changes in Face Value redemptions liability		**(21,391)**	(7,618)
Net changes in operating assets and liabilities	26	**16,379**	35,722
Cash from operating activities before interest and income tax		**37,408**	74,758
Income tax paid, net of income tax received	26	**(2,706)**	(17,700)
Interest received, net of interest paid	26	**1,315**	53
Net cash from operating activities		**36,017**	57,111
Cash flows used in investing activities			
Acquisition of property, plant and equipment		**(7,345)**	(9,628)
Acquisition of intangible assets		**(1,768)**	(1,811)
Net cash used in investing activities		**(9,113)**	(11,439)
Cash flows used in financing activities			
Dividends paid	9.1	**(20,000)**	(40,000)
Repayment of loan	17	**(3,000)**	(3,000)
Lease principal payments	13	**(3,187)**	(2,713)
Net cash used in financing activities		**(26,187)**	(45,713)
Effect of changes in exchange rates on cash and cash equivalents		**1,083**	(817)
Increase (decrease) in cash and cash equivalents		**1,800**	(858)
Cash and cash equivalents at the beginning of the period		**65,506**	66,364
Cash and cash equivalents at the end of the period		**$ 67,306**	$ 65,506

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

Notes to the Consolidated Financial Statements

December 31, 2020 (audited)
(In thousands of Canadian dollars, unless otherwise indicated)

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 and carry out other related activities. The Corporation 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 Canadian circulation coin life cycle for the Government of Canada.

In July 2015, the Corporation was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. The directive also requires the Corporation to report on the implementation of this directive in its Corporate Plan. The Corporation has complied with this directive, and has implemented all subsequent amendments to the Treasury Board's Directive on Travel, Hospitality, Conference and Event Expenditures.

The Corporation produces coins for Canadian trade and commerce, manages the country's coin system for optimum efficiency and cost, and is a world-renowned manufacturer of precious metals investment products and collectibles. 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.

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

While not subject to United States of America federal income taxes, the Corporation is subject in some states to state income taxes.

2. Significant accounting policies

2.1 Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The policies set out below were applied consistently to all the periods presented in these consolidated financial statements.

These consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on March 4, 2021.

2.2 Consolidation

These consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiary RCMH-MRCF Inc. The subsidiary adopted IFRS at the same time as the Corporation and its accounting policies are in line with those used by the Corporation. RCMH-MRCF Inc. has been operationally inactive since December 31, 2008. All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

2.3 Foreign currency translation

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

Transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rate of exchange prevailing at the date 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 in terms of historical cost in a foreign currency are not retranslated.

Exchange differences resulting from the settlement of foreign denominated transactions, and from translation, are recognized in profit or loss in the period in which they arise.

2.4 Inventories

Inventories consist of raw materials and supplies, work in process and finished goods, and 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. Precious metal is included in inventory when purchased directly, recovered from the refining process or when a numismatic coin is transferred from work in process to finished goods. 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.

2.5 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 (FVTPL), 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.

The Corporation's financial assets and financial liabilities are classified and subsequently measured as follows:

Financial Instrument	**Classification**	**Subsequent measurement**
Cash and cash equivalents	Amortized cost	Amortized cost
Trade receivables, net and other receivables	Amortized cost	Amortized cost
Derivative financial assets[1]	Derivatives at FVTPL and at fair value through other comprehensive income (FVOCI)	Fair value
Trade payables, other payables and accrued liabilities	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost
Derivative financial liabilities[1]	Derivatives at FVTPL	Fair value

[1] Hedge accounting is applied to certain derivative financial assets and financial liabilities as stated in note 2.8.1

2.5.1 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 throughout the expected life of the financial asset or the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.6 Financial assets

On initial recognition, the Corporation's financial assets are classified and measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis.

All derivative financial assets are classified in the FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements apply (see Note 2.8.1).

2.6.1 Trade receivables, net and other receivables

Trade receivables, net and other receivables includes both financial and non-financial assets. The financial assets include trade receivables, net and other current financial receivables.

Trade receivables, net are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, net are measured at amortized cost using the effective interest method, less any impairment write downs. Financial assets in this category 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.

2.6.2 Derivative financial assets at fair value through profit or loss

A financial asset is designated at FVTPL upon initial recognition.

Financial assets at FVTPL are presented at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 9.2.3.

2.6.3 Impairment of financial assets, contract assets and lease receivables

The Corporation recognizes loss allowances, as required, for expected credit losses (ECLs) on:

- financial assets measured at amortized cost;
- lease receivables; and
- contract assets.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Corporation applies a single impairment model to all financial instruments, lease receivables and contract assets (as defined in IFRS 15) based on a forward-looking ECL model. The model considers past events and current conditions, reasonable and supportable forward-looking information that is available without undue cost or effort is considered in determining impairment. ECLs are recognized at each reporting period, even if no actual loss events have taken place.

Objective evidence of impairment could include:

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

Loss allowances for financial assets measured at amortized cost and contract assets and lease receivables are deducted from the gross carrying amount of these assets.

2.6.4 De-recognition 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.

2.7 Financial liabilities

Financial liabilities, except designated and effective hedging instruments for which hedge accounting applies (see Note 2.8.1), are classified as either financial liabilities at FVTPL or amortized cost.

All derivative financial liabilities were classified in the FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements applied (see Note 2.8.1).

2.7.1 Trade payables, other payables and accrued liabilities

Trade payables, other payables and accrued liabilities includes both financial and non-financial liabilities. The financial liabilities include trade payables and accrued liabilities related to future trade payables. Trade payables and accrued liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Financial liabilities in this category are classified as current liabilities in the consolidated statement of financial position.

2.7.2 Financial liabilities at fair value through profit or loss

Financial liabilities are classified at FVTPL when the financial liability is designated as at FVTPL.

Financial liabilities at FVTPL are presented at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 9.2.3.

2.7.3 De-recognition of financial liabilities

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

2.8 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 re-measured 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 hedging 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.

2.8.1 Hedge accounting

The Corporation designates certain derivatives as hedges of highly probable forecasted 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 gains or losses 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 profit or loss.

Amounts previously recognized in other comprehensive income are transferred to profit or loss 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. The Corporation currently only applies hedge accounting to interest rate swaps.

2.9 Property, plant and equipment

2.9.1 Asset recognition

Property, plant and equipment items are measured at cost less accumulated depreciation and accumulated impairment losses, except for capital projects in process for production, supply or administrative purposes, which are carried at cost.

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.

2.9.2 Depreciation

Depreciation of property, plant and equipment begins when the asset is available for its intended 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 and improvements	5–60 years
Equipment	2-40 years

Assets included in capital projects in process are not depreciated until they are ready for their intended use by the Corporation when these assets are transferred from capital projects in process to the respective asset categories above.

Freehold land is not depreciated.

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

2.9.3 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.

2.9.4 De-recognition

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

2.10 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, used in the production or supply of goods or services or for administrative purposes.

The Corporation's investment property is measured at cost and relates to vacant land at the Corporation's Winnipeg location. The fair value of the investment property is disclosed in Note 12. If in management's judgement, it is likely that there is significant change in the market price of the investment property, a new valuation will be carried out.

2.11 Intangible assets

2.11.1 Software

The Corporation's intangible assets include 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. The estimated useful lives of intangible assets are from 2 to 10 years. Useful lives and amortization methods are reviewed annually and necessary adjustments are recognized on a prospective basis as changes in estimates.

Assets included in capital projects in process are not amortized until they are ready for their intended use by the Corporation when these assets are transferred from capital projects in process to the respective asset category.

2.11.2 Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are 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. The Corporation capitalizes development expenditures only if it can measure development costs 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 expenditures capitalized include 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 expenditures are recognized in profit or loss as incurred.

2.12 Leasing

Identification of leases

The Corporation assesses whether a contract is, or contains, a lease at the inception of a contract. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, it is a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the contract involves the use of an identified asset – the asset may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset If the supplier has a substantive substitution right, then the asset cannot be identified;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019. This policy was also applied to existing contracts as at January 1, 2019.

Measurement and recognition of leases as a lessee

For contracts that are or that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; plus
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located; less
- any lease incentives received.

The Corporation depreciates right-to-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term includes the non-cancellable period of a lease, together with both the periods covered by an option to extend when it is reasonably certain to exercise that option and the periods covered by an option to terminate the lease if it is reasonably certain not to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The Corporation's incremental borrowing rate is calculated using the zero coupon yield curve published by the Bank of Canada adjusted for credit risk.

Lease payments included in the measurement of the lease liability include the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The Corporation would re-measure the lease liability if either there is a change in lease term or there is a change in the assessment of an option to purchase the underlying asset.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation elected to account for short-term leases and leases of low-value assets using the practical expedients permitted under IFRS 16. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term. As at December 31, 2020 and 2019, the Corporation had some leases of low-value assets, but did not have any short term leases.

Measurement and recognition of leases as a lessor

When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as:

- whether the lease is for the major part of the economic life of the asset, even if title is not transferred;
- the lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception date, it is reasonably certain that the option will be exercised;
- at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and/or
- the underlying asset is of such a specialized nature that only the lessee can use it without major modifications.

When the Corporation is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-to-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease with a term of less than 12 months, the Corporation classifies the sub-lease as an operating lease consistent with the policy above for short-term leases where the Corporation is the lessee. The Corporation has right-of-use assets where it has entered into subleases that are treated as a finance lease. The subleases are finance leases as they transfer substantially all the risks and rewards incidental to ownership of the leased premises associated with the head lease.

2.13 Impairment of property, plant and equipment, intangible assets and right-of-use assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use 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.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value 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.

In addition to reviewing all property, plant and equipment, intangible assets and right-of-use assets for indications of impairment loss at the end of each reporting period, the Corporation reviews the carrying amounts of previously impaired property, plant and equipment, intangible assets and right-of-use assets for indicators of impairment reversal. 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 only to the extent 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.

2.14 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 as finance costs in profit or loss in the period in which they are incurred.

2.15 Income tax

Income tax expense comprises the sum of current income tax and deferred income tax.

Current and deferred income 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 income tax are also recognized in other comprehensive income or directly in equity, respectively.

2.15.1 Current income tax

The income 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 income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.15.2 Deferred income tax

Deferred income tax is recognized on taxable temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income 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 utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the income tax asset will be recovered.

Deferred income 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 income 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.

2.15.3 Scientific research and experimental development investment tax credit

The Corporation deducts scientific research and experimental development investment tax credits from related research and development expenses. Only scientific research and experimental development investment tax credits that are probable are deducted from net income for tax purposes.

2.16 Employee benefit obligations

2.16.1 Short-term employee benefits

Short-term employee benefits are the employee benefits that are expected to be settled within 12 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, bonus 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 a cost of sales or an operating expense in profit or loss.

2.16.2 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.

2.16.3 Other post-employment benefits

Other post-employment benefits include severance benefits and supplementary retirement benefits, including post-retirement benefits and post-retirement insurance benefits for certain employees and former 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 termination 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 Shareholder's equity in the year that they are recognized as other comprehensive income in the consolidated statement of comprehensive income.

When past service costs occur, they are recognized in profit or loss on the statement of comprehensive income at the earliest of when the amendment or curtailment occurs or when the Corporation recognizes the related restructuring or termination costs.

2.16.4 Other long-term employee benefit obligations

Other long-term employee benefits are employee benefits, other than post-employment benefits, that are not expected to be settled within 12 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 accounted for 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 worker's 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.

2.17 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.

2.18 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 property, plant and equipment, generally ensure its overall financial stability and pay a reasonable dividend to the Government of Canada. The shares are currently held in trust by the Minister of Finance for Her Majesty in Right of Canada.

2.19 Revenue

2.19.1 Revenue from contracts with customers recognized over time or at a point in time

The Corporation earns revenue from contracts with customers as performance obligations under the contract are satisfied by the Corporation. Performance obligations can be satisfied over time or at a point in time depending on when control of the asset is transferred to the customer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. For certain contracts, the Corporation transfers the control of the asset to the customer over time. The assessment of whether revenue is recognized over time or at a point in time is made at contract inception.

The Corporation transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Corporation's performance as the Corporation performs;
- the Corporation's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- the Corporation’s performance does not create an asset with an alternative use to the Corporation and the Corporation has an enforceable right to payment for performance completed to date.

Revenue from contracts with customers that is not recognized over time is recognized at the point in time when the Corporation transfers control of the promised asset to its customer. The indicators of the transfer of control that the Corporation considers include, but are not limited to, the following:

- the Corporation has a present right to payment for the asset transferred;
- the customer has legal title to the asset;
- the Corporation has transferred physical possession of the asset to the customer;
- the customer has the significant risks and rewards of ownership of the asset; and/or
- the customer has accepted the asset.

Canadian circulation revenue

The Corporation provides a full coin lifecycle management service for the Department of Finance of the Government of Canada including coin forecasting, production, logistics, recycling and distribution operations, circulation, and monitoring services.

Revenue associated with the production of Canadian circulation coins along with logistics, recycling and distribution is earned at a point in time when control is transferred. Control is usually transferred upon delivery of the coins or the related services.

Revenue associated with the forecasting and monitoring services of Canadian circulation coins is earned over time as the Department of Finance receives and benefits from the obligations performed by the Corporation related to these services on a continuous basis.

The transaction price for Canadian circulation revenue is based on the terms of the Corporation’s memorandum of understanding with the Government of Canada that the Corporation determined meets the definition of a contract for accounting purposes based on the Corporation’s customary business practices with the Government of Canada. Standard payment terms for Canadian circulation revenue is net five days.

Foreign circulation revenue
The Corporation's Foreign Circulation business produces and distributes finished circulation coins and blanks to a broad customer base around the world, including foreign central banks, mints, monetary authorities and finance ministries. The Corporation also produces high technology dies for international customers, which allows customers to strike their own coins.

Revenue from foreign circulation contracts is generally recognized at a point in time when the coins, blanks and dies (foreign circulation products) are shipped to or received by the customer. For certain contracts, the Corporation recognizes revenue as foreign circulation products are produced where the Corporation has established that there is no alternative use for the foreign circulation products and the Corporation has an enforceable right to payment for the foreign circulation products produced at any point in time over the term of the contract.

The transaction price for foreign circulation contracts is based on the individual contracts with customers. When the promised consideration in a contract includes a variable amount, such as penalties or discounts, the Corporation estimates the amount of variable consideration to which it will be entitled in exchange for transferring the promised goods or services to its customer as part of the determination of the transaction price.

The Corporation recognizes revenue in certain circumstances in which the delivery of foreign circulation products is delayed at the buyer's request, but the buyer takes title to the products and accepts billing. These are referred to as bill and hold arrangements. The revenue is recognized provided that the customer requested the arrangement, the products are identified separately and are ready for physical transfer, and the Corporation cannot use or redirect the products to another customer. When revenue is recognized on a bill-and-hold basis, the Corporation considers whether it has any remaining performance obligations, such as custodial services, and if material, a portion of the transaction price is allocated to any remaining performance obligations.

The standard payment terms for foreign circulation revenue varies from payment in advance to net 60 days depending on the customer. The term starts when the legal title to the foreign circulation products is transferred to the customer.

Bullion products and services revenue
The Corporation's Bullion Products and Services business provides customers with precious metal investment coins and bar products, supported by integrated precious metal refining, storage and Exchange Traded Receipts (ETR) capabilities.

Revenue for bullion products and ETR is generally earned at a point in time when the transaction is settled.

Revenue for storage services is earned at a point in time for deposits, transfers and withdrawals or over time as the customer receives and consumes the benefits provided by the Corporation's performance.

Revenue for refinery services is earned over time as the Corporation is enhancing an asset controlled by the customer.

Transactions for the sale of bullion products where the customer may also be the supplier of the precious metal used in the bullion products are evaluated to determine whether the Corporation is the principal, and whether the transactions should be recorded on a gross or net basis. In situations where the Corporation is not the principal in a transaction, revenue and cost of sales are recorded on a net basis and no revenue or cost is recognized for the precious metal.

The standard payment terms for precious metal investment coins and bar products revenue are payment in advance of shipment. The standard payment terms for refinery and storage services are usually net 30 days. For ETR revenue the payment terms only apply when there is a redemption and the payment terms for these transactions are payment in advance.

Numismatic revenue

The Corporation's Numismatic business designs, manufactures and sells collectible coins and medals to customers in Canada and around the world.

Revenue from the sale of numismatic coins and medals is generally recognized at a point in time when the control of the coins or medals is transferred to the customer. The normal payment terms vary from payment in advance to net 60 day terms.

The Corporation's Masters Club program is a loyalty program under which members receive reward points that can be redeemed on purchases for a limited period of time from their issuance. The revenue associated with those points is deferred and only recognized when the points are redeemed.

A provision for customer returns of numismatic coins is estimated based on the Corporation's return policy and historical experience. When material, an asset, measured by reference to the former carrying amount of the product returned less any expected costs to recover the product, is recognized for the Corporation's right to recover products from a customer on settling a refund liability. When the Corporation cannot reliably estimate customer returns, rebates and other similar allowances, revenue is not recorded.

A provision for warranty claims is estimated based on the Corporation's warranty policy and historical experience.

2.19.2 Payments received in advance from customers

Payments received in advance on sales are not recognized as revenue until the control of the related products or services is transferred to the customer. As such, a contract liability is initially recognized on the consolidated statement of financial position and remains until the revenue is recognized.

2.19.3 Contract costs

Commission fees payable related to foreign circulation contracts are capitalized as costs of obtaining a contract when they are incremental and they are expected to be recovered. Capital contract costs are amortized to profit or loss over the term of the contract these costs are related to, consistent with the transfer to the customer of the related goods or services. If the expected amortization period is one year or less the commission fee is expensed as incurred. There were no contract costs capitalized as at December 31, 2020 or 2019.

2.19.4 Contracts with a customer that include a significant financing component

The Corporation adjusts the promised amount of consideration to be received from a customer for the effects of a significant financing component if the Corporation expects, at contract inception, that the period between when the Corporation transfers a promised good or service to a customer and when the customer pays for that good or service will be more than one year. There were no contracts with a significant financing component as at December 31, 2020 or 2019.

2.20 Face Value redemptions liability

The Corporation determined that it cannot reliably estimate the redemptions of coins that were part of the Face Value coin program. The judgements exercised in reaching this determination are described in Note 3.2.1. The Face Value redemptions liability represents the expected net cash outflows to be incurred by the Corporation if all Face Value coins are redeemed, including the estimated costs of redemptions offset by the market value of the precious metal content of the coins that will be recovered by the Corporation when these coins are redeemed. If the Corporation is able to determine a reliable estimate of redemptions, the Face Value redemptions liability would be reduced in the period the estimate is determined and income would be recognized in the consolidated statement of comprehensive income.

3. Key sources of estimation uncertainty and critical judgements

3.1 Key sources of estimation uncertainty

The preparation of these consolidated financial statements requires the Corporation's management to exercise judgement to make complex or subjective estimates and assumptions that affect the reported amounts of assets and liabilities and 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 most significant items where estimates and assumptions are used are outlined below.

3.1.1 Face Value redemptions liability

The Face Value redemptions liability includes an estimate of the value of the precious metal content of outstanding Face Value program coins based on the current market price of silver, as well as an estimate of the costs to redeem outstanding Face Value coins based on current shipping and handling costs. Changes in these estimates would affect the carrying value of the Face Value redemptions liability as discussed in Note 2.20. These estimates are reviewed at the end of each reporting period. The carrying amount of the Face Value redemptions liability is included in Note 16.

3.1.2 Property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment and intangible assets with finite useful lives, and right-of-use assets are depreciated over their useful lives. Useful lives are based on management's estimates of the periods of service provided by these assets. The useful lives of these assets are reviewed annually for continued appropriateness. Changes to the useful life estimates would affect the timing of future depreciation expense and the future carrying value of assets. The carrying amounts of the property, plant and equipment, intangible assets and right-of-use assets as at the end of the reporting periods are included in Note 10, Note 12 and Note 13, respectively.

Determining whether property, plant and equipment, intangible assets and right-of-use assets are impaired requires an estimation of the recoverable amount of the assets or of the cash-generating units that displayed impairment indicators. The recoverable amount of the assets or of the cash-generating units is determined based on the higher of fair value less cost of disposal or the value in use, whereby the undiscounted future cash flows expected to arise from the cash-generating units is estimated and a discount rate represented by the Corporation's weighted average cost of capital is used in order to calculate the present value of the cash flows. The key estimates applied in determining the recoverable amount normally include estimated future metal prices, expected future revenues, future costs and discount rates. Changes to these estimates would affect the recoverable amounts of the cash-generating units and individual assets, and may then require a material adjustment to their respective carrying values.

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3.1.3 Employee benefit obligations

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 pension, 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 18.

3.1.4 Precious metal inventory and reconciliation

As a refinery, the Corporation refines precious metals, mainly gold, and the refining process results in by-products and the recovery of other precious metals. The Corporation relies on the best available sampling and assay methodologies to arrive at its best estimate of the precious metal content in by-products. Once final settlements are reached internally or with contract refineries and the actual precious metal content is known, these estimates are replaced by the actual values. The Corporation minimizes the amount of unrefined by-products in inventory at the time of the physical inventory counts to reduce the variability in the precious metal reconciliation results.

In addition, through the refining process the Corporation recovers precious metals. The Corporation estimates the amount of precious metal recovered based on historical experience.

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.

To the extent the Corporation uses unallocated precious metal pool balances in the production of finished goods, a liability is established equal to the ounces used measured at the fair value of the precious metal at the end of the reporting period. The precious metal requirements liability is included in other accounts payable and accrued liabilities in Note 14.

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.

3.1.5 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.

3.1.6 Provisions

Provisions are based on the Corporation's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions for individual events (i.e. restructuring, legal settlements, precious metal transactions or tax related items) are measured at the most likely amount while provisions for large populations of events (i.e. sales returns and allowances or warranties) are measured at a probability-weighted expected value. Management reviews and adjusts the provisions as at the end of each reporting period. If an outflow is determined to be no longer probable, the provision is reversed. Further information on the Corporation's provisions is provided in Note 15.

3.1.7 Income tax

The Corporation operates in a jurisdiction that 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 income tax provisions in the period in which such determination is made.

Deferred income tax assets and liabilities are composed of temporary differences between the carrying values and tax basis of assets and liabilities. Deferred income 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 income tax is calculated using tax rates that have been enacted or substantively enacted 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 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 Face Value redemptions liability

In making the judgement on the appropriate accounting treatment for transactions involving Face Value coins, the Corporation considered whether it could estimate the redemptions of Face Value coins. Face Value coins have different characteristics than other numismatic products as these products have a Face Value equal to their purchase price which, combined with the unlimited redemption period permitted by the Corporation's current redemption policies and practices make Face Value coins significantly more likely to be redeemed than other numismatic products. Consequently, the historical redemption patterns for other numismatic products cannot be used to estimate the redemptions for Face Value coins. In 2016, the Corporation determined that revenue could not be recognized on the sale of Face Value coins as a reliable estimate of redemptions could not be determined. As at December 31, 2020, the best estimate continues to be that all Face Value coins will be redeemed resulting in the Face Value redemptions liability. The primary indicators influencing the Corporation's ability to develop a more reliable estimate of redemptions are the movement in the market price of silver and the changes in the term over which redemptions may be accepted. When the Corporation determines it can reliably estimate the redemptions of Face Value coins a material change could occur to the carrying value of the Face Value redemptions liability as discussed in Note 2.20. The carrying amount of the Face Value redemptions liability is included in Note 16.

3.2.2 Long-lived asset impairment indicators

Long-lived 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.

For 2020 and 2019, no new indicators of impairment and no indicators which would cause the reversal of previous impairments were observed.

3.2.3 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 an outflow of resources in settlement is considered to be remote.

3.2.4 Determination of the amount and timing of revenue recognition and related expenses

The Corporation recognizes revenue over time or at a point in time. The accounting method chosen is dependent on when the transfer of control to the customer occurs. The Corporation considers control of a product or service to be transferred over time, therefore satisfying its performance obligation, and recognizing revenue over time when the Corporation's performance does not create an asset with an alternative use to the Corporation and the Corporation has an enforceable right to payment for performance completed to date. For the Corporation's circulation coin contracts for which revenue is recognized over time, the customer typically obtains control as the products are produced. This is due to the fact that circulation coins produced by the Corporation are by definition prohibited to be sold to any other customer and therefore the Corporation has no alternative use for these products. The Corporation also has an enforceable right to payment for work performed to date at all times throughout the duration of these contracts for an amount that includes a reasonable profit margin, demonstrated by the contractual terms, customer history and other relevant considerations. If these criteria cannot be demonstrated then the performance obligation is deemed not to be completed over time and instead control of the product is transferred to the customer at a point in time, which would typically be when the product is delivered to the customer.

For performance obligations recognized over time, the Corporation generally uses an output method which consists of the number of units produced. Using this method of accounting for performance obligations completed to date requires judgement and is based on the nature of the products to be provided. Revenue is then earned based on the number of units produced less any variable consideration that is or may become applicable. Expenses related to the revenue recognized are also accrued based on volumes produced. The costs to fulfil the contracts include labour, material, subcontractor costs, freight, applicable commissions and other direct costs as well as an allocation of indirect costs.

The transaction price and performance obligations are generally clearly defined in the Corporation's contracts with the customers. The allocation of the transaction price to performance obligations in the Corporation's contracts with customers generally represents the stand-alone selling price of each performance obligation. The transaction price for certain contracts with customers includes variable consideration and amounts payable by the Corporation to the customer. Variable consideration generally relates to penalties defined in contracts with customers for delayed performance or non-performance of the Corporation's performance obligations under the contract. Amounts payable to customers are assessed and are deducted from revenue unless the Corporation is receiving a specific service from the customer that can be identified. If a specific service is identified, the amount payable to a customer is recorded as an expense. Penalties are assessed at the end of each reporting period based on the performance under the applicable contracts in comparison to the agreed performance per the contract and are measured as defined by the contract. Variable consideration generally relates to the entire contract with a customer and is allocated proportionately to each performance obligation under the respective contract.

3.2.5 Leases

Extension options for leases

When the Corporation has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to determine the lease term at the inception of the lease. The Corporation reassesses whether or not an option would be reasonably certain to be exercised when a significant event or significant change in circumstances occurs. The use of extension and termination options gives the Corporation added flexibility in the event it identifies more suitable premises in terms of cost and/or location or determines that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when the economic benefits of exercising the option exceed the expected overall cost. As at December 31, 2020, potential lease payments, amounting to $2.9 million, have not been included in the lease liabilities as it is not reasonably certain the available extension or termination options will be exercised.

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 precious metal leases. These leases are not reflected in the Corporation's consolidated financial statements since these agreements do not meet the definition of a lease under IFRS 16 as the precious metal available to the Corporation under these leases is fungible and is therefore not an identified asset.

Calculating the appropriate discount rate

If the interest rate implicit in the lease can be readily determined, a lease is discounted using that rate. In the event that the Corporation is unable to determine the interest rate implicit in the lease, the Corporation's weighted average incremental borrowing rate is used as the discount factor.

3.2.6 Divestiture of MintChip™

In December 2015, the Company closed the sale of MintChip™ for a cash consideration of $5 million paid at closing and an $11 million, 4% interest-bearing, secured promissory note with interest payments due semi-annually and the principal amount due on December 16, 2022. Management is required to make a judgement with respect to the uncertainty over the collectability of the promissory note. At December 31, 2020 and 2019, it was determined that no asset would be recorded in the consolidated financial statements and any additional future consideration related to interest and principal repayments would be recognized as other income upon receipt of cash.

4. Application of new and revised IFRS pronouncements

4.1 New and revised IFRS pronouncements affecting amounts reported and/or disclosed in the consolidated financial statements for the year ended December 31, 2020.

The Corporation reviewed the new and revised accounting pronouncements that were issued and had mandatory effective dates of annual periods beginning on or after January 1, 2020. The following amendments were adopted by the Corporation on January 1, 2020 and did not have an impact on the consolidated financial statements.

Conceptual Framework for Financial Reporting

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting, which provides a set of concepts to assist the IASB in developing standards and to help preparers consistently apply accounting policies where specific accounting standards do not exist. In accordance with the revised Conceptual Framework financial information must be relevant and faithfully represented to be useful. This framework also provides revised definitions of an asset and a liability, as well as new guidance on measurement and derecognition, presentation and disclosure. The framework is not an accounting standard and does not override the requirements that exist in other IFRS standards.

Definition of Material

In October 2018, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements* (IAS 1) and IAS 8 – *Accounting policies, changes in estimates and errors* (IAS 8). The amendments clarify the definition of material and align the definition in both standards.

4.2 New and revised IFRS pronouncements issued, but not yet effective

The Corporation reviewed the revised accounting pronouncements that have been issued, but are not yet effective. The adoption of the following IFRS pronouncements may have a possible impact on the Corporation's consolidated financial statements in the future. The Corporation will continue to assess the possible impact through the effective date of each pronouncement.

Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. In June 2020, the IASB issued amendments to IFRS 17 targeted to address implementation concerns and challenges raised by stakeholders. IFRS 17 as amended is effective for annual periods beginning on or after January 1, 2023.

Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements* (IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023.

Property, Plant and Equipment — Proceeds before Intended Use

In May 2020, the IASB issued amendments to IAS 16 – *Property, Plant and Equipment* (IAS 16). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022.

Onerous Contracts — Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* (IAS 37). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after January 1, 2022.

Annual Improvements to IFRS Standards 2018–2020

In May 2020, the IASB issued the pronouncement that contains amendments to four IFRS Standards. The amendment to IFRS 9 – *Financial Instruments* clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The other three amendments were assessed as not having an impact on the Corporation's consolidated financial statements. The amendment is effective for annual periods beginning on or after January 1, 2022.

(In thousands of Canadian dollars, unless otherwise indicated)

5. Trade receivables, net and other receivables

As at December 31

		2020		2019
Receivables and accruals from contracts with customers	**$**	**19,352**	$	36,403
Receivables from contracts with related parties (Note 27)		**237**		650
Allowance for expected credit losses		**(34)**		(42)
Trade receivables, net	**$**	**19,555**	$	37,011
Lease receivables		**266**		251
Other current financial receivables		**917**		880
Other receivables		**11**		201
Total current trade receivables, net and other receivables	**$**	**20,749**	$	38,343
Non-current lease receivables		**253**		519
Total non-current trade receivables, net and other receivables	**$**	**253**	$	519
Trade receivables, net and other receivables	**$**	**21,002**	$	38,862

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

The following represents a reconciliation of the opening and closing balance of the lease receivable balance:

As at December 31

		2020		2019
Opening balance	**$**	**770**	$	1,004
Interest income (Note 23)		**22**		30
Sublease payments received		**(273)**		(264)
Closing balance	**$**	**519**	$	770

Total cash inflow for leases included in lease receivables for the year ended December 31, 2020 was $0.3 million (2019 - $0.3 million).

The Corporation sub-leases certain of its building office space leases (Note 13). These sub-lease arrangements are assessed as finance leases. The Corporation reviewed its credit risk exposure related to lease receivables as at December 31, 2020 and evaluated the risk to be minimal. The maturity analysis of lease receivables, including the undiscounted lease payments to be received, was as follows:

As at December 31

		2020		2019
Less than 1 year	**$**	**280**	$	273
1-2 years		**256**		280
2-3 years		**–**		257
Total undiscounted lease payments receivable	**$**	**536**	$	810
Unearned finance income		**(17)**		(40)
Net investment in the lease	**$**	**519**	$	770

(In thousands of Canadian dollars, unless otherwise indicated)

6. Prepaid expenses

As at December 31

		2020		2019
Prepaid expenses current	**$**	**2,209**	$	4,018
Prepaid expenses non-current		**412**		404
Total prepaid expenses	**$**	**2,621**	$	4,422

Included in prepaid expenses for 2019 was $1.8 million related to a five-year intellectual property and research and development agreement which has now expired. This agreement expired on December 31, 2020 and the prepaid balance from 2019 was fully recognized in profit in 2020.

7. Inventories

As at December 31

		2020		2019
Raw materials and supplies	**$**	**14,860**	$	62,272
Work in process		**25,753**		10,537
Finished goods		**17,004**		22,092
Total inventories	**$**	**57,617**	$	94,901

The amount of inventories recognized as cost of sales in 2020 is $2,358.2 million (2019 - $1,288.8 million).

The cost of inventories recognized as cost of sales in 2020 includes $2.8 million in write-downs of inventory to net realizable value (2019 - $4.5 million).

No inventory was pledged as security for borrowings as at December 31, 2020 or 2019.

8. Contract assets and liabilities

The contract assets related to the Corporation's rights to consideration for work completed, but not billed as at the end of the reporting period. The Corporation reviewed its credit risk exposure related to contract assets as at December 31, 2020 and evaluated the risk to be minimal as each related contract is subject to a contract specific risk assessment process. The contract liabilities related to the consideration received in advance from customers for which revenue has not yet been recognized and accrued expenses related to contract assets, as well as amounts relating to the customer loyalty program.

(In thousands of Canadian dollars, unless otherwise indicated)

Significant changes in the contract asset and liability balances were as follows:

As at December 31

	2020	
	Contract Assets	**Contract Liabilities**
Opening balance	**$ 11,778**	**$ 64,294**
Revenue recognized[1]	**–**	**(58,037)**
Cash received, excluding amounts recognized during the period	**–**	**9,326**
Transfers from contract liabilities to payables	**–**	**(3,358)**
Foreign exchange revaluation	**(698)**	**72**
Transfers from contract assets to receivables	**(41,068)**	**–**
Increases resulting from changes in the measure of progress[1]	**61,104**	**4,859**
Closing balance	**$ 31,116**	**$ 17,156**

[1] Revenue recognized includes $1.5 million and increases resulting from changes in the measure of progress in contract liabilities includes $1.0 million, both of which are related to the Corporation's memorandum of understanding with the Department of Finance (Note 27).

As at December 31

	2019	
	Contract Assets	Contract Liabilities
Opening balance	$ 17,304	$ 14,590
Revenue recognized[1]	–	(6,976)
Cash received, excluding amounts recognized during the period	(2,492)	57,155
Transfers from contract liabilities to payables	–	(4,533)
Foreign exchange revaluation	(691)	(127)
Transfers from contract assets to receivables	(49,678)	–
Increases resulting from changes in the measure of progress[1]	47,335	4,185
Closing balance	$ 11,778	$ 64,294

[1] Revenue recognized includes $2.0 million and increases resulting from changes in the measure of progress in contract liabilities includes $2.1 million, both of which are related to the Corporation's memorandum of understanding with the Department of Finance (Note 27).

Contract liabilities are composed of the following:

As at December 31

	2020	2019
Customer prepayments	**$ 12,910**	$ 59,295
Loyalty program	**980**	864
Deferred revenue from a related party (Note 27)	**174**	598
Accrued liabilities related to revenue recognized over time	**3,092**	3,537
Total contract liabilities	**$ 17,156**	$ 64,294

(In thousands of Canadian dollars, unless otherwise indicated)

9. Financial instruments and financial risk management

9.1 Capital risk management

The Corporation's objectives for managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of organizational growth to provide returns to 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, 2019.

The capital structure of the Corporation consists of a loan payable as detailed in Note 17 and shareholder's equity which is composed of issued capital, accumulated other comprehensive income and retained earnings.

The Corporation's senior management reviews the Corporation's capital structure periodically. As part of the review, senior management considers the cost of the capital and the associated risks in order to comply with the borrowing limits stipulated by the *Royal Canadian Mint Act*. The Corporation manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets, required changes to accounting standards, 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 may borrow money from the Consolidated Revenue Fund, subject to the approval of the Minister of Finance with respect to the term 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, 2020, approved short-term borrowings for working capital needs within this limit were not to exceed $25 million (2019 - $25 million) or the US dollar equivalent.

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, 2020 or 2019.

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

	2020	2019
Loan payable (current and non-current)	**$ 6,004**	$ 8,993
Shareholder's equity	**$ 167,170**	$ 150,206
Debt to Equity ratio	**1:28**	1:17

Debt to Assets ratio

As at December 31

	2020	2019
Loan payable (current and non-current)	**$ 6,004**	$ 8,993
Total assets	**$ 379,350**	$ 429,905
Debt to Assets ratio	**1:63**	1:48

In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to its shareholder, the Government of Canada, 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*.

(In thousands of Canadian dollars, unless otherwise indicated)

The Corporation remitted dividends of $20 million to the Government of Canada in 2020 (2019 - $40 million). The Corporation employs a dividend framework to calculate dividends payable to its shareholder. The calculated dividend amount represents projected excess year end cash over a pre-determined cash reserve requirement and is generally paid in the fourth quarter of each year.

9.2 Classification and fair value measurements of financial instruments

9.2.1 Carrying amount and fair value of financial instruments

The carrying amount and fair value of the Corporation's financial assets and financial liabilities are presented in the following table:

As at December 31

	2020		2019	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
Financial Assets				
Cash and cash equivalents	**$ 67,306**	**$ 67,306**	$ 65,506	$ 65,506
Trade receivables, net and other receivables	**$ 20,472**	**$ 20,472**	$ 37,891	$ 37,891
Derivative financial assets:				
Foreign currency forwards	**$ 8,579**	**$ 8,579**	$ 684	$ 684
Interest rate swap	**$ –**	**$ –**	$ 35	$ 35
Financial Liabilities				
Trade payables, other payables and accrued liabilities	**$ 44,452**	**$ 44,452**	$ 44,473	$ 44,473
Loan payable	**$ 6,004**	**$ 6,000**	$ 8,993	$ 8,996
Derivative financial liabilities:				
Foreign currency forwards	**$ 48**	**$ 48**	$ –	$ –
Interest rate swap	**$ 117**	**$ 117**	$ –	$ –

9.2.2 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 be disclosed at 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 cash equivalents was classified as level 1 of the fair value hierarchy as at December 31, 2020 and 2019. The fair value measurements of all other financial instruments held by the Corporation were classified as level 2 of the fair value hierarchy as at December 31, 2020 and 2019. There were no transfers of financial instruments between levels during 2020.

9.2.3 Classification and fair value techniques of financial instruments

The Corporation holds financial instruments in the form of cash and cash equivalents, trade receivables, net and other receivables, derivative assets, trade payables, other payables and accrued liabilities, loan payable and derivative liabilities.

(In thousands of Canadian dollars, unless otherwise indicated)

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

i) The carrying amounts of cash and cash equivalents, trade receivables, net and other receivables and trade payables, other payables and accrued liabilities approximate their fair values as a result of the relatively short-term nature of these financial instruments.

ii) The fair value of the loan payable is estimated based on a discounted cash flow approach using current market rates.

iii) The fair values of the Corporation's foreign currency forward contracts and interest rate swap are based on estimated credit-adjusted forward market prices. The Corporation takes counterparty credit risk and its own credit risk into consideration for the fair value of financial instruments.

9.2.4 Interest income and expense

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

For the year ended December 31

		2020		2019
Financial assets held at amortized cost:				
Interest income earned on cash and cash equivalents (Note 23)	**$**	**1,378**	$	1,985
Other financial liabilities:				
Interest expense on loan payable (Note 23)	**$**	**184**	$	244

9.3 Financial risk management objectives and framework

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

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation’s financial risk management framework. The Audit Committee assists the Board of Directors and is responsible for review, approval and monitoring of the Corporation’s financial risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities.

9.3.1 Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation’s receivables from customers, cash and cash equivalents, 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 Corporation’s maximum credit exposure.

9.3.1.1 Credit risk management of receivables from customers

The Corporation’s exposure to credit risk associated with financial trade receivables and other financial receivables is influenced mainly by the individual characteristics of each customer, however the Corporation also considers the demographics of its customer base, including the risk associated with the type of customer and country in which the customer operates.

The Corporation manages this risk by monitoring the creditworthiness of customers and obtaining prepayment or other forms of payment security from customers with a high level of credit risk. The Corporation has established processes over contracting with foreign customers in order to manage the risk relating to these customers. The Corporation’s management reviews the detailed trade receivables listing on a regular basis for changes in the factors impacting the customers’ ability to pay outstanding receivable balances, including changes in customer business and the overall economy. An allowance for expected credit losses (ECL) is provided for customer accounts that could present collectability issues.

(In thousands of Canadian dollars, unless otherwise indicated)

The Corporation's maximum exposure to credit risk for financial trade receivables and other financial receivables by geographic regions was as follows:

As at December 31	**2020**	2019
Asia and Australia	**$ 12,302**	$ 16,384
Latin America and Caribbean	**6,825**	11,055
Canada	**688**	8,367
United States	**612**	1,778
Europe, Middle East and Africa	**45**	307
Total financial trade receivables, net and other financial receivables	**$ 20,472**	$ 37,891

The maximum exposure to credit risk for financial trade receivables, net and other financial receivables by type of customer was as follows:

As at December 31	**2020**	2019
Central and institutional banks	**$ 14,141**	$ 28,287
Consumers, dealers and others	**5,075**	5,768
Governments (including governmental departments and agencies)	**1,256**	3,836
Total financial trade receivables, net and other financial receivables	**$ 20,472**	$ 37,891

The Corporation established an allowance for ECLs based on a provision matrix that reflected the estimated impairment of financial trade receivables and other financial receivables at the end of the reporting period. The provision matrix was based on historical observed default rates and was adjusted for forward-looking estimates. The Corporation sets different payment terms depending on the customer and product, and excluding prepayments, the Corporation's standard payment terms are generally 30 days. As at December 31, 2020, the Corporation's rate of credit losses was less than 1% (2019 – less than 1%) of total financial trade receivables and other financial receivables.

The aging of financial trade receivables and other financial receivables was as follows:

As at December 31	**2020**		2019	
	Gross carrying amount	**Lifetime ECL allowance**	Gross carrying amount	Lifetime ECL allowance
0–30 days	**$ 14,710**	**$ 4**	$ 15,972	$ 1
31–60 days	**5,020**	**6**	9,181	17
61–90 days	**436**	**1**	5,163	23
Over 90 days	**340**	**23**	7,617	1
Total	**$ 20,506**	**$ 34**	$ 37,933	$ 42
Net		**$ 20,472**		$ 37,891

The change in the lifetime ECL allowance was as follows:

As at December 31	**2020**	2019
Opening balance	**$ 42**	$ 274
Additions	**8**	395
Write-offs	**(16)**	(627)
Closing balance	**$ 34**	$ 42

(In thousands of Canadian dollars, unless otherwise indicated)

9.3.1.2 Cash and cash equivalents

The Corporation's surplus funds are maintained in commercial bank accounts or invested to earn investment income, while maintaining the safety of principal and providing adequate liquidity to meet cash flow requirements. The Corporation manages its credit risk relating to cash and cash equivalents 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 it 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.

9.3.1.3 Derivative instruments

Credit risk relating to foreign currency forward contracts and other derivative instruments arises from the possibility that the counterparties to these agreements may default on their respective obligations under the agreements in instances where these agreements have positive fair value for the Corporation. These counterparties are large international financial institutions and to date, no such counterparty has failed to meet its financial obligation to the Corporation. Additionally, the Corporation manages its exposure by contracting only with creditworthy counterparties in accordance with the Minister of Finance's *Financial Risk Management Guidelines for Crown Corporations*.

9.3.2 Liquidity risk

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

The following table presents the contractual terms to maturity of non-derivative financial liabilities and derivative instruments, reflecting undiscounted net disbursements, owed by the Corporation.

As at December 31, 2020

	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						
Trade payables, other payables and accrued liabilities	$ (44,452)	$ (44,452)	$ (44,312)	$ (140)	$ –	$ –
Loan payable	$ (6,004)	(6,159)	$ (3,106)	$ (3,053)	–	–
Derivative instruments						
Foreign currency forwards	$ (48)	$ (36,968)	$ (36,968)	$ –	$ –	$ –
Interest rate swap	$ (117)	$ (117)	$ –	$ (117)	$ –	$ –

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2019

	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						
Trade payables, other payables and accrued liabilities	$ (44,473)	$ (44,473)	$ (44,258)	$ (215)	$ –	$ –
Loan payable	$ (8,993)	$ (9,314)	$ (3,161)	$ (3,107)	$ (3,046)	$ –

9.3.3 Market risk

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

The Corporation uses, from time to time, derivative instruments, such as foreign currency forward contracts, interest rate exchange agreements and commodity swap and forward contracts to manage its 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. In accordance with the Corporation's policy, derivative instruments are not used for trading or speculative purposes.

9.3.3.1 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 in US dollars. The Corporation manages its exposure to exchange rate fluctuations between the foreign currency and the Canadian dollar by entering into foreign currency forward contracts. The Corporation also uses such contracts in managing its overall cash requirements.

Based on the forward exchange contracts as at December 31, 2020, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the Canadian dollar against the US dollar would increase profit for the year by $5.6 million (2019 - $2.3 million). A hypothetical 10% weakening in the Canadian dollar against the US dollar would have the equal, but opposite effect.

The effects on the remaining US dollar exposure on financial assets and liabilities of a 10% increase or decrease in the Canadian dollar against the US dollar at December 31, 2020, all other variables held constant, would have been a decrease or increase in profit for the year of $1.1 million (2019 - $2.4 million).

9.3.3.2 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 and cash equivalents. The Corporation's Bankers' Acceptance interest rate swap loan instruments 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's interest rate swap exposes the Corporation to fair value interest rate risk. An increase of 50 basis points in interest rates as at December 31, 2020 would not have a significant effect on the interest rate swap derivative asset/liability (2019 – $0.1 million). A decrease of 50 basis points in interest rates would have an equal, but opposite impact.

(In thousands of Canadian dollars, unless otherwise indicated)

9.3.3.3 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. For numismatic sales the Corporation enters into short term lease or fixed-price purchase commitments for precious and base metals to mitigate the commodity price risk (Note 28.1 and Note 28.3).

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 volume is not significant.

9.4 Foreign currency forwards and interest rate swap

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

As at December 31, 2020

		Designated as hedges		Not designated as hedges		Total derivatives
	Maturities	**Notional value**	**Fair value**	**Notional value**	**Fair value**	**Fair value**
Derivative financial assets						
Current						
Foreign currency forwards	2021	$ –	$ –	$ **109,681**	$ **6,901**	$ **6,901**
Total current		$ –	$ –	$ **109,681**	$ **6,901**	$ **6,901**
Non-current						
Foreign currency forwards	2022	$ –	$ –	$ **18,096**	$ **1,678**	$ **1,678**
Total non-current		$ –	$ –	$ **18,096**	$ **1,678**	$ **1,678**
Total		$ –	$ –	$ **127,777**	$ **8,579**	$ **8,579**
Derivative financial liabilities						
Current						
Foreign currency forwards	2021	$ –	$ –	$ **36,968**	$ **48**	$ **48**
Total current		$ –	$ –	$ **36,968**	$ **48**	$ **48**
Non-current						
Interest rate swap	2022	$ **6,000**	$ **117**	$ –	$ –	$ **117**
Total non-current		$ **6,000**	$ **117**	$ –	$ –	$ **117**
Total		$ **6,000**	$ **117**	$ **36,968**	$ **48**	$ **165**

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2019

		Designated as hedges		Not designated as hedges		Total derivatives
	Maturities	**Notional value**	**Fair value**	**Notional value**	**Fair value**	**Fair value**
Derivative financial assets						
Current						
Foreign currency forwards	2020	$ –	$ –	$ 34,315	$ 684	$ 684
Total current		$ –	$ –	$ 34,315	$ 684	$ 684
Non-current						
Interest rate swap	2022	$ 9,000	$ 35	$ –	$ –	$ 35
Total non-current		$ 9,000	$ 35	$ –	$ –	$ 35
Total		$ 9,000	$ 35	$ 34,315	$ 684	$ 719

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. As at December 31, 2020, the amounts will be reclassified to profit or loss over periods up to 2 years (2019 – 3 years). The amount to be reclassified in the next 12 months is not significant.

10. Property, plant and equipment

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

As at December 31

	2020	2019
Cost	**$ 440,759**	$ 434,776
Accumulated depreciation and impairment	**(290,628)**	(275,269)
Net book value	**$ 150,131**	$ 159,507

Net book value by asset class

As at December 31

	2020	2019
Land and land improvements	**$ 3,058**	$ 3,063
Buildings and improvements	**82,740**	86,482
Equipment	**63,302**	67,686
Capital projects in process	**1,031**	2,276
Net book value	**$ 150,131**	$ 159,507

(In thousands of Canadian dollars, unless otherwise indicated)

Reconciliation of the opening and closing balances of property, plant and equipment for 2020 and 2019:

	Land and improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance as December 31, 2018	$ 4,094	$ 165,240	$ 257,328	$ 2,357	$ 429,019
Additions	–	1,541	5,893	2,276	9,710
Transfers	–	187	2,170	(2,357)	–
De-recognition	–	(605)	(3,177)	–	(3,782)
Disposals	–	–	(171)	–	(171)
Balance as December 31, 2019	$ 4,094	$ 166,363	$ 262,043	$ 2,276	$ 434,776
Additions	**–**	**1,362**	**3,590**	**1,031**	**5,983**
Transfers	**–**	**13**	**2,263**	**(2,276)**	**–**
Balance at December 31, 2020	**$ 4,094**	**$ 167,738**	**$ 267,896**	**$ 1,031**	**$ 440,759**
Accumulated depreciation and impairment					
Balance as at December 31, 2018	$ 1,026	$ 75,667	$ 188,156	$ –	$ 264,849
Depreciation	5	4,819	9,545	–	14,369
De-recognition	–	(605)	(3,177)		(3,782)
Disposals	–	–	(167)	–	(167)
Balance as at December 31, 2019	$ 1,031	$ 79,881	$ 194,357	$ –	$ 275,269
Depreciation	**5**	**5,117**	**10,237**	**–**	**15,359**
Balance as at December 31, 2020	**$ 1,036**	**$ 84,998**	**$ 204,594**	**$ –**	**$ 290,628**
Net book value as at December 31, 2020	**$ 3,058**	**$ 82,740**	**$ 63,302**	**$ 1,031**	**$ 150,131**

Included in property, plant and equipment additions was a total accrual of $1.1 million (2019 - $2.4 million).

No asset was pledged as security for borrowings as at December 31, 2020 or 2019.

11. Investment property

As at December 31

	2020	2019
Cost	**$ 236**	$ 236

The fair value of the land is $5.3 million (2019 - $2.6 million). The fair value measurement of the investment property is classified as level 2 of the fair value hierarchy (see Note 9.2.2 for definitions). The valuation was performed using a market approach with market prices for similar properties in the relevant location as observable inputs. A new valuation is performed only when there is a significant change in the market price. The most recent valuation was performed in October 2020.

No indicators of impairment were found for investment property as at December 31, 2020 or 2019.

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

(In thousands of Canadian dollars, unless otherwise indicated)

12. Intangible assets

The composition of the net book value of the Corporation's intangible assets is presented in the following tables:

As at December 31

		2020		2019
Cost	**$**	**37,477**	$	35,579
Accumulated amortization and impairment		**(32,375)**		(29,240)
Net book value	**$**	**5,102**	$	6,339

Reconciliation of the opening and closing balances of intangibles for 2020 and 2019:

		Software		Capital projects in process		Total
Cost						
Balance as at December 31, 2018	$	34,083	$	134	$	34,217
Additions		1,480		309		1,789
Transfers		134		(134)		–
De-recognition		(427)		–		(427)
Balance as at December 31, 2019	$	35,270	$	309	$	35,579
Additions		**1,890**		**8**		**1,898**
Balance as at December 31, 2020	**$**	**37,160**	**$**	**317**	**$**	**37,477**
Accumulated amortization and impairment						
Balance as at December 31, 2018	$	25,827	$	–	$	25,827
Amortization		3,840		–		3,840
De-recognition		(427)		–		(427)
Balance as at December 31, 2019	$	29,240	$	–	$	29,240
Amortization		**3,135**		**–**		**3,135**
Balance as at December 31, 2020	**$**	**32,375**	**$**	**–**	**$**	**32,375**
Net book value as at December 31, 2020	**$**	**4,785**	**$**	**317**	**$**	**5,102**

Included in intangible asset additions was a total accrual of $0.2 million (2019 - $0.1 million).

13. Leases

The Corporation has leases for buildings and equipment. With the exception of leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Leases of equipment are generally limited to a lease term of 4 to 15 years. Leases of buildings generally have a lease term ranging from 5 years to 10 years. Lease payments are generally fixed.

Each lease generally imposes a restriction that, unless there is a contractual right for the Corporation to sublease the asset to another party, the right-of-use asset can only be used by the Corporation. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term.

(In thousands of Canadian dollars, unless otherwise indicated)

The Corporation is prohibited from selling or pledging the underlying leased assets as security. For leases of buildings, the Corporation is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Corporation must insure buildings and equipment under lease and incur maintenance fees on such items in accordance with the lease contracts.

The Corporation subleases office space related to certain leases. (Note 5)

Right-of-use assets

Right-of-use assets represent assets the Corporation is using under lease agreements and other contracts assessed as containing a lease.

The composition of the right-of-use assets is presented in the following tables:

As at December 31

		2020		2019
Cost	**$**	**9,753**	$	9,946
Accumulated depreciation		**(4,105)**		(2,090)
Net book value	**$**	**5,648**	$	7,856

Net book value by right-of-use asset class

As at December 31

		2020		2019
Buildings	**$**	**4,127**	$	5,252
Equipment		**1,521**		2,604
Net book value	**$**	**5,648**	$	7,856

The following represents a reconciliation of the opening and closing balance of the right-of-use assets:

		Building		**Equipment**		**Total**
Cost						
Balance as at January 1, 2019	$	6,219	$	3,753	$	9,972
Transfer to Property, Plant and Equipment		–		(26)		(26)
Balance as at December 31, 2019	$	6,219	$	3,727	$	9,946
Renewal		**–**		**29**		**29**
De-recognition		**(222)**		**–**		**(222)**
Balance as at December 31, 2020	**$**	**5,997**	**$**	**3,756**	**$**	**9,753**
Accumulated depreciation						
Balance as at January 1, 2019	$	–	$	–	$	–
Depreciation		967		1,141		2,108
Transfer to Property, Plant and Equipment		–		(18)		(18)
Balance as at December 31, 2019	$	967	$	1,123	$	2,090
Depreciation		**903**		**1,112**		**2,015**
Balance as at December 31, 2020	**$**	**1,870**	**$**	**2,235**	**$**	**4,105**
Net book value as at December 31, 2020	**$**	**4,127**	**$**	**1,521**	**$**	**5,648**

(In thousands of Canadian dollars, unless otherwise indicated)

Lease liabilities

The following represents a reconciliation of the opening and closing balance of the lease liability balance:

As at December 31, 2020

		Building		**Equipment**		**Total**
Opening balance	**$**	**6,952**	**$**	**2,646**	**$**	**9,598**
Interest expense (Note 23)		**204**		**72**		**276**
Lease payments[1]		**(2,012)**		**(1,175)**		**(3,187)**
De-recognition		**(141)**		**–**		**(141)**
Renewal		**–**		**28**		**28**
Closing balance	**$**	**5,003**	**$**	**1,571**	**$**	**6,574**

[1] Lease payments include a termination payment of $0.5 million related to leased office space.

As at December 31, 2019

		Building		Equipment		Total
Opening balance	$	8,198	$	3,753	$	11,951
Interest expense (Note 23)		259		109		368
Lease payments		(1,505)		(1,208)		(2,713)
Transfer to Property, Plant and Equipment		–		(8)		(8)
Closing balance	$	6,952	$	2,646	$	9,598

The lease liabilities are presented in the statement of financial position as follows:

As at December 31, 2020

		Building		**Equipment**		**Total**
Current	**$**	**1,159**	**$**	**1,109**	**$**	**2,268**
Non-current		**3,844**		**462**		**4,306**
Lease liabilities	**$**	**5,003**	**$**	**1,571**	**$**	**6,574**

As at December 31, 2019

		Building		Equipment		Total
Current	$	1,359	$	1,093	$	2,452
Non-current		5,593		1,553		7,146
Lease liabilities	$	6,952	$	2,646	$	9,598

Total cash outflow for leases included in lease liabilities for the year ended December 31, 2020 was $3.2 million (December 31, 2019 - $2.7 million).

The undiscounted maturity analysis of lease liabilities as at December 31, 2020 was as follows:

		2021		**2022**		**2023**		**2024**		**2025**		**2026 and thereafter**		**Total**
Lease payments	**$**	**2,352**	**$**	**1,362**	**$**	**856**	**$**	**855**	**$**	**856**	**$**	**846**	**$**	**7,127**
Finance charges		**(193)**		**(132)**		**(98)**		**(71)**		**(44)**		**(15)**		**(553)**
Net present values	**$**	**2,159**	**$**	**1,230**	**$**	**758**	**$**	**784**	**$**	**812**	**$**	**831**	**$**	**6,574**

(In thousands of Canadian dollars, unless otherwise indicated)

Lease payments not recognized as a liability

The Corporation does not recognize a lease liability for short term leases or for leases of low-value assets as defined in note 2.12. Payments made under such leases are expensed on a straight-line basis.

At December 31, 2020, the Corporation was no longer committed to any low-value leases (December 31, 2019 – $0.1 million) (Note 28.3).

No expense relating to payments related to the low-value leases was included in the measurement of the lease liability for the year ended December 31, 2020 (December 31, 2019 – $0.2 million).

14. Trade payables, other payables and accrued liabilities

As at December 31

		2020		2019
Trade payables	**$**	**5,895**	$	3,960
Employee compensation payables and accrued liabilities		**24,616**		23,956
Other current financial liabilities[1]		**13,801**		16,342
Other accounts payables and accrued liabilities		**2,009**		358
Total current trade payables, other payables and accrued liabilities	**$**	**46,321**	$	44,616
Other non-current financial liabilities[1]		**140**		215
Total non-current trade payables, other payables and accrued liabilities	**$**	**140**	$	215
Trade payables, other payables and accrued liabilities	**$**	**46,461**	$	44,831

1 Other financial liabilities include payables that are not trade in nature, as well as various operating and capital accruals.

15. Provisions

The following table presents the changes in the provisions:

As at December 31

		2020		2019
Opening balance	**$**	**3,291**	$	7,920
Additional provisions recognized		**2,646**		3,392
Payments		**(499)**		(6,170)
De-recognition of provisions[1]		**(870)**		(1,839)
Foreign exchange gain		**(234)**		(12)
Closing balance	**$**	**4,334**	$	3,291

1 De-recognition of provisions for 2019 includes $1.0 million of onerous lease provisions which were reclassified against right-of-use assets on January 1, 2019.

(In thousands of Canadian dollars, unless otherwise indicated)

Provisions include the following:

As at December 31

		2020		2019
Sales returns and warranty	**$**	**3,548**	$	2,427
Other provisions		**786**		864
Total provisions	**$**	**4,334**	$	3,291

		2020		2019
Current portion	**$**	**3,183**	$	1,918
Non-current portion		**1,151**		1,373
Total provisions	**$**	**4,334**	$	3,291

16. Face Value redemptions liability

As at December 31

		2020		2019
Face Value redemptions liability	**$**	**177,685**	$	178,616
Precious metal recovery		**(63,699)**		(44,501)
Face Value redemptions liability, net		**113,986**		134,115
Less: Current portion		**(527)**		(1,091)
Non-current Face Value redemptions liability, net	**$**	**113,459**	$	133,024

As at December 31

		2020		2019
Opening balance	**$**	**134,115**	$	139,819
Redemptions, net		**(658)**		(1,256)
Revaluation		**(19,471)**		(4,448)
Closing balance	**$**	**113,986**	$	134,115

As at December 31, 2020, the Corporation determined that it continues to be unable to reliably estimate the redemptions of Face Value coins.

The Face Value redemptions liability represents the expected cash outflows if all Face Value coins are redeemed, including the costs of redemptions offset by the precious metal content that will be reclaimed by the Corporation when the coins are redeemed. The precious metal recovery component of the liability is based on the market value of silver as at the end of each reporting period. The impact of the revaluation of the precious metal recovery component of the liability was a decrease of $19.5 million for the year ended December 31, 2020 (2019 – decrease of $4.4 million).

The current portion of the Face Value redemptions liability is based on the redemptions for the last 12 months, as the Corporation determined that it continues to be unlikely that all outstanding Face Value coins will be redeemed in the next 12 months as Face Value coins are widely held and the redemption process takes time to complete.

The Corporation continues to monitor the redemption levels of Face Value coins to ensure requisite funding for future redemptions is maintained.

(In thousands of Canadian dollars, unless otherwise indicated)

17. Loan payable

As at December 31

		2020		2019
Loan	**$**	**5,999**	$	8,993
Accrued interest		**5**		–
Total loan payable	**$**	**6,004**	$	8,993
Current	**$**	**3,005**	$	3,000
Non-current		**2,999**		5,993
Total loan payable	**$**	**6,004**	$	8,993

The loan payable is unsecured and consists of the following borrowing facility:

A 10 year $30 million Bankers' Acceptance (BA) /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 BA and an interest rate swap to lock in the BA refinancing. The loan is being repaid by $3 million per year for 10 years. As at December 31, 2020, the balance of the principal was $6.0 million (2019 - $9.0 million) and the fair value of the Bankers' Acceptance was $6.0 million (2019 – $9.0 million).

18. Employee benefit obligations

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 Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate for 2020 was dependent on the employees' employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate was 1.01 times (2019 – 1.01) the employees' contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate was 1.00 (2019 – 1.00) times the employees' contribution.

The Corporation made total contributions of $10.3 million in 2020 (2019 – $10.6 million). The estimated contribution for 2021 is $10.9 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 (OPEB)

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 thousands of Canadian dollars, unless otherwise indicated)

iii) Other long-term employee benefits (OLTEB)

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 obligations were as follows:

As at December 31

		2020		2019
Post-employment benefits	**$**	**595**	$	635
Other long-term employee benefits		**3,310**		2,466
Employee benefit obligation current	**$**	**3,905**	$	3,101
Post-employment benefits	**$**	**11,349**	$	10,062
Other long-term employee benefits		**2,074**		1,414
Employee benefit obligation non-current	**$**	**13,423**	$	11,476
Total employee benefits obligation	**$**	**17,328**	$	14,577

Movement of employee benefits obligations were as follows:

As at December 31

	Post employment benefits		Other long-term employee benefits		Totals	
	2020	2019	**2020**	2019	**2020**	2019
Opening balance	**$ 10,697**	$ 9,343	**$ 3,880**	$ 3,953	**$ 14,577**	$ 13,296
Current service cost	**731**	411	**3,719**	3,678	**4,450**	4,089
Interest cost	**341**	382	**155**	194	**496**	576
Benefits paid	**(628)**	(651)	**(3,121)**	(3,583)	**(3,749)**	(4,234)
Actuarial (gains) losses:						
from other assumptions	**(293)**	85	**(29)**	20	**(322)**	105
from demographic assumptions	**258**	178	**550**	(505)	**808**	(327)
from financial assumptions	**838**	949	**230**	123	**1,068**	1,072
Closing balance	**$ 11,944**	$ 10,697	**$ 5,384**	$ 3,880	**$ 17,328**	$ 14,577

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

Included in the actuarial (gains) losses 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

		2020		2019
Pension benefits contribution	**$**	**10,338**	$	10,576
Other post-employment benefits		**1,072**		793
Other long-term employee benefits		**4,625**		3,510
Total employee benefits expenses	**$**	**16,035**	$	14,879

(In thousands of Canadian dollars, unless otherwise indicated)

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

For the year ended December 31

		2020		2019
In Profit for the period				
Pension benefits contribution	**$**	**10,338**	$	10,576
Current service cost		**4,450**		4,089
Interest cost		**496**		576
Actuarial loss (gain) for other long-term employee benefits		**751**		(362)
	$	**16,035**	$	14,879
In Other comprehensive income				
Actuarial loss for post-employment benefits		**804**		1,212
Total amounts recognized in the consolidated statement of comprehensive income	**$**	**16,839**	$	16,091

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

As at December 31

	2020	2019
Accrued benefit obligation		
Discount rate	**2.22%**	2.97%
Rate of compensation increase – Union	**2.00%**	2.00%
Rate of compensation increase – Non-union	**3.00%**	3.00%
Benefit costs for the year ended		
Discount rate	**1.67%**	2.62%
Rate of compensation increase – Union	**2.00%**	2.00%
Rate of compensation increase – Non-union	**3.00%**	3.00%
Assumed health care cost trend rates		
Initial health care cost trend rate – OPEB/OLTEB Medical	**4.90%**	5.00%
Cost trend rate declines to	**4.00%**	4.00%
Initial health care cost trend rate – OPEB/OLTEB Dental	**4.00%**	4.00%

If all other assumptions are held constant, a hypothetical increase of one percentage point in the following assumed rates would increase (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 would have approximately the opposite result.

For the year ended December 31

		2020		2019
Medical cost trend rates:				
Current service cost and interest cost	**$**	**129**	$	31
Defined benefit obligation	**$**	**848**	$	624
Discount rates:				
Current service cost and interest cost	**$**	**(57)**	$	9
Defined benefit obligation	**$**	**(1,649)**	$	(1,351)
Salary rates:				
Current service cost and interest cost	**$**	**68**	$	57
Defined benefit obligation	**$**	**707**	$	596

(In thousands of Canadian dollars, unless otherwise indicated)

The weighted average duration of the defined benefit obligation is 11 years (2019 – 11 years).

The distribution of the timing of benefit payments is shown in the table below:

For the year ended December 31, 2020

	Within 1 Year	2 to 5 Years	6 to 11 Years
Expected pension benefit payments	**$ 4,386**	**$ 5,107**	**$ 4,182**

For the year ended December 31, 2019

	Within 1 Year	2 to 5 Years	6 to 11 Years
Expected pension benefit payments	$ 4,161	$ 4,405	$ 3,742

The Corporation is subject to the *Government Employees Compensation Act* and, therefore, is not mandatorily covered under any provincial worker's compensation act. The Corporation is a self-insured employer, responsible for worker's compensation benefits incurred since incorporation. The Corporation's unfunded obligation for worker's compensation benefits is based on known awarded disability and survivor pensions and other potential future awards for accidents that occurred up to the measurement date. Worker's compensation benefits are provided according to the respective provincial worker's compensation legislation.

19. Employee compensation expenses

For the year ended December 31

	2020	2019
Included in cost of sales:		
Salaries and wages including short-term employee benefits	**$ 30,065**	$ 34,146
Pension costs	**5,251**	5,380
Other long-term employee and post-employment benefits	**3,551**	2,480
Termination benefits	**–**	(144)
Included in marketing and sales expenses:		
Salaries and wages including short-term employee benefits	**13,587**	14,056
Pension costs	**1,451**	1,527
Other long-term employee and post-employment benefits	**727**	464
Termination benefits	**206**	(132)
Included in administration expenses:		
Salaries and wages including short-term employee benefits	**37,161**	34,864
Pension costs	**3,721**	3,464
Other long-term employee and post-employment benefits	**2,224**	1,376
Termination benefits	**273**	49
Total employee compensation and benefits expense	**$ 98,217**	$ 97,530

(In thousands of Canadian dollars, unless otherwise indicated)

20. Revenue

20.1 Revenue by performance obligations

For the year ended December 31

	2020	2019
Performance obligations satisfied at a point in time		
Sale of goods	**$ 2,332,107**	$ 1,284,903
Rendering of services	**33,945**	24,041
Total revenue recognized at a point in time	**$ 2,366,052**	$ 1,308,944
Performance obligations satisfied over time		
Sale of goods	**$ 61,106**	$ 47,334
Rendering of services	**100,393**	97,133
Total revenue recognized over time	**$ 161,499**	$ 144,467
Total revenue	**$ 2,527,551**	$ 1,453,411

Revenue from the sale of goods is presented net of cost of sales in cases where the Corporation is not the principal in the transaction (Customer inventory deals). The following is a reconciliation of the gross revenue from the sale of goods and the net revenue presented:

For the year ended December 31

	2020	2019
Gross revenue from the sale of goods	**$ 3,628,755**	$ 1,806,385
Less: Customer inventory deals	**(1,235,542)**	(474,148)
Net revenue from the sale of goods	**$ 2,393,213**	$ 1,332,237

20.2 Disaggregation of Revenue

In the following table, revenue is disaggregated by primary geographical region of the customer and program or business.

For the year ended December 31

Primary Geographic Regions	**2020**	2019
North America	**$ 1,649,514**	$ 822,799
Europe, Middle East and Africa	**685,174**	453,708
Asia and Australia	**187,372**	155,774
Latin America and Caribbean	**5,491**	21,130
Total revenue	**$ 2,527,551**	$ 1,453,411

For the year ended December 31

Program and Businesses	**2020**	2019
Canadian Circulation program	**$ 87,957**	$ 95,169
Foreign Circulation	**64,147**	65,391
Bullion Products and Services	**2,283,528**	1,176,031
Numismatics	**91,919**	116,820
Total revenue	**$ 2,527,551**	$ 1,453,411

For the year ended December 31, 2020 four (2019 – four) customers each made up 10% or more of the Corporation's revenue.

(In thousands of Canadian dollars, unless otherwise indicated)

20.3 Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that were unsatisfied, or partially unsatisfied, as at December 31, 2020.

For the year ended December 31

	2021	2022	2023	Total
Total revenue	**$ 215,946**	**$ 96,805**	**$ 228**	**$ 312,979**

The Corporation has other contracts with terms longer than 12 months that include unsatisfied performance obligations that are dependent on volumes. These contracts, as well as any volume dependent components in other contracts, are excluded from the table above as the Corporation cannot reliably measure the unsatisfied performance obligations. Under these contracts, customers have the option to increase or decrease the volume over the terms of their respective contracts and therefore, the unsatisfied performance obligation, would be impacted by this decision.

21. Depreciation and amortization expenses

For the year ended December 31

	2020	2019
Depreciation of property, plant and equipment	**$ 15,359**	$ 14,369
Amortization of intangible assets	**3,135**	3,840
Depreciation of right-of-use assets	**2,015**	2,108
Total depreciation and amortization expenses	**$ 20,509**	$ 20,317

Depreciation and amortization expenses were allocated to the following expense categories:

For the year ended December 31

	2020	2019
Cost of sales	**$ 12,637**	$ 12,176
Marketing and sales expenses	**2,835**	2,913
Administration expenses	**5,037**	5,228
Total depreciation and amortization expenses	**$ 20,509**	$ 20,317

22. Net foreign exchange gain (loss)

For the year ended December 31

	2020	2019
Foreign exchange loss, balance sheet revaluation	**$ (663)**	$ (3,630)
Foreign exchange gain, forward contracts	**4,289**	1,845
Foreign exchange gain (loss), other	**483**	(43)
Total foreign exchange gain (loss)	**$ 4,109**	$ (1,828)

(In thousands of Canadian dollars, unless otherwise indicated)

23. Finance income, net

Finance income, net for the reporting periods consist of the following:

For the year ended December 31

		2020		2019
Interest expense on loan payable (Note 9.2.4)	$	**(184)**	$	(244)
Interest expense for leasing arrangements (Note 13)		**(276)**		(368)
Interest expense on income taxes payable		**-**		(1,087)
Other interest expense		**(2)**		-
Total interest expense	$	**(462)**	$	(1,699)
Interest income on cash and cash equivalents (Note 9.2.4)	$	**1,378**	$	1,985
Interest income from sub-leasing arrangements (Note 5)		**22**		30
Other interest income		**32**		2
Total interest income	$	**1,432**	$	2,017
Total finance income, net	$	**970**	$	318

24. Income taxes

The major components of income tax expense were as follows:

For the year ended December 31

		2020		2019
Current income tax expense	$	**6,340**	$	7,508
Foreign tax expense		**405**		442
Adjustments for prior years		**24**		(101)
Income tax recovery recognized directly in equity		**–**		(4)
Total current income tax expense	$	**6,769**	$	7,845
Origination and reversal of temporary differences	$	**6,465**	$	4,088
Adjustments for prior years		**(643)**		347
Total deferred income tax expense	$	**5,822**	$	4,435
Total income tax expense recognized in profit	$	**12,591**	$	12,280

The Corporation's effective income tax expense for the year is different from its expense at its Federal statutory income tax rate of 25% (2019 – 25%) due to the differences noted below:

For the year ended December 31

		2020		2019
Profit before income tax for the year	$	**50,313**	$	47,071
Income tax rate		**25%**		25%
Computed income tax expense		**12,578**		11,768
Non-deductible expense		**672**		326
Adjustments for prior years		**(619)**		246
Other net amounts		**(40)**		(60)
Income tax expense recognized in profit	$	**12,591**	$	12,280

(In thousands of Canadian dollars, unless otherwise indicated)

The major components of deferred income tax recognized in other comprehensive income for the year were as follows:

For the year ended December 31

	2020			2019		
	Before income tax	**Income tax recovery**	**Net of income tax**	Before income tax	Income tax recovery	Net of income tax
Net unrealized (losses) gains on cash flow hedges	**$ (153)**	**$ 38**	**$ (115)**	$ (87)	$ 22	$ (65)
Net actuarial (losses) gains on defined benefit plan	**(804)**	**161**	**(643)**	(1,212)	242	(970)
Total other comprehensive income	**$ (957)**	**$ 199**	**$ (758)**	$ (1,299)	$ 264	$ (1,035)

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities in 2020 and 2019 are presented below:

As at December 31, 2020

	Opening balance	**Recognized in profit**	**Recognized in other comprehensive income**	**Closing balance**
Deferred income tax assets:				
Employee benefit obligation	**$ 3,644**	**$ 527**	**$ 161**	**$ 4,332**
Trade payables, other payables and accrued liabilities	**3,305**	**(909)**	**–**	**2,396**
Face value redemption liability	**33,872**	**(5,088)**	**–**	**28,784**
Right-of-use assets	**243**	**(141)**	**–**	**102**
Total deferred income tax assets	**$ 41,064**	**$ (5,611)**	**$ 161**	**$ 35,614**
Deferred income tax liabilities:				
Property, plant and equipment	**(7,129)**	**1,327**	**–**	**(5,802)**
Derivative financial assets	**(180)**	**(1,961)**	**38**	**(2,103)**
Intangible assets	**(1,585)**	**370**	**–**	**(1,215)**
Investments tax credits	**(139)**	**53**	**–**	**(86)**
Total deferred income tax liabilities	**$ (9,033)**	**$ (211)**	**$ 38**	**$ (9,206)**
Net deferred income tax asset	**$ 32,031**	**$ (5,822)**	**$ 199**	**$ 26,408**

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2019

		Opening balance		Recognized in profit		Recognized in other comprehensive income		Closing balance
Deferred income tax assets:								
Employee benefit obligation	$	3,864	$	(462)	$	242	$	3,644
Trade payables, other payables and accrued liabilities		4,621		(1,316)		–		3,305
Face value redemption liability		35,313		(1,441)		–		33,872
Right-of-use assets		–		243		–		243
Total deferred income tax assets	$	43,798	$	(2,976)	$	242	$	41,064
Deferred income tax liabilities:								
Property, plant and equipment		(6,061)		(1,068)		–		(7,129)
Derivative financial assets		486		(688)		22		(180)
Intangible assets		(1,829)		244		–		(1,585)
Investments tax credits		(194)		55		–		(139)
IFRS 15 adjustment to opening retained earnings		(4)		4		–		–
Total deferred income tax liabilities	$	(7,602)	$	(1,453)	$	22	$	(9,033)
Net deferred income tax asset	$	36,196	$	(4,429)	$	264	$	32,031

Deferred tax assets have been recognized in respect of all income tax losses and other temporary differences giving rise to deferred tax assets where management believes it is probable there is sufficient future taxable profit available against which the Corporation can utilize the benefits. A deferred tax asset has not been recognized in respect of deductible temporary differences totalling $5.3 million beginning in 2020 related to capital losses because it is not probable there are sufficient future taxable capital gains available to utilize the benefits.

25. Scientific research and experimental development expenses, net

For the year ended December 31

		2020		2019
Scientific research and experimental development expenses	**$**	**5,213**	$	5,303
Scientific research and experimental development investment tax credit		**(345)**		(557)
Scientific research and experimental development expenses, net	**$**	**4,868**	$	4,746

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

(In thousands of Canadian dollars, unless otherwise indicated)

26. Supplemental cash flow information

Adjustments to other (revenues) expenses, net were comprised of the following:

For the year ended December 31

		2020		2019
Expenses				
Employee benefits expenses	**$**	**16,035**	$	14,879
Employee benefits paid		**(14,074)**		(14,854)
Inventory write-downs		**(1,415)**		(3,476)
Provisions		**1,044**		2,516
Prepaid expenses		**1,845**		1,799
Gains on disposal of assets		**–**		4
Other non-cash expenses, net		**(272)**		(232)
Revenue				
Foreign circulation revenue		**(11,446)**		(9,256)
Bullion service revenue		**(11,653)**		(12,225)
Adjustments to other (revenues) expenses, net	**$**	**(19,936)**	$	(20,845)

The net change in operating assets and liabilities shown in the consolidated statement of cash flow was comprised of the following:

For the year ended December 31

		2020		2019
Trade receivables, net and other receivables	**$**	**59,209**	$	50,973
Inventories		**(52,001)**		(55,405)
Prepaid expenses		**(44)**		(2,213)
Trade payables, other payables and accrued liabilities		**(610)**		(8,618)
Contract liabilities		**9,326**		57,155
Provisions		**499**		(6,170)
Net change in operating assets and liabilities	**$**	**16,379**	$	35,722

Income tax paid, net of income tax received, was comprised of the following:

For the year ended December 31

		2020		2019
Income tax paid	**$**	**(2,706)**	$	(17,751)
Income tax received		**–**		51
Income tax paid, net of income tax received	**$**	**(2,706)**	$	(17,700)

Interest received, net of interest paid was comprised of the following:

For the year ended December 31

		2020		2019
Interest received	**$**	**1,486**	$	1,538
Interest paid		**(171)**		(1,485)
Interest received, net of interest paid	**$**	**1,315**	$	53

(In thousands of Canadian dollars, unless otherwise indicated)

27. Related party transactions

Government of Canada

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 the disclosure exemption regarding "government related entities", the Corporation is exempt from certain disclosure requirements of IAS 24 – *Related Party Disclosures* 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.

Transactions with related parties that are considered to be individually or collectively significant, include transactions with the Government of Canada, and departments thereof and all federal Crown corporations.

The majority of transactions with the Government of Canada were with the Department of Finance related to the production, management and delivery of Canadian circulation coins which are governed by the terms outlined in the memorandum of understanding signed on June 13, 2018 which is effective from January 1, 2018 to December 31, 2021.

The transactions with Department of Finance were as follows:

For the year ended December 31

	2020	2019
Revenue	**$ 83,173**	$ 87,787

As at December 31

	2020	2019
Trade receivable (Note 5)	**$ 237**	$ 650
Contract liabilities (Note 8)	**$ 174**	$ 598

During the year, the majority of transactions with Crown corporations were for the sales of numismatic products.

Key management personnel

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

Compensation of key management personnel were as follows:

For the year ended December 31

	2020	2019
Wages, bonus and short-term benefits	**$ 2,543**	$ 2,989
Post-employment and termination benefits	**902**	866
Other long-term benefits	**94**	58
Total compensation	**$ 3,539**	$ 3,913

(In thousands of Canadian dollars, unless otherwise indicated)

28. Commitments, contingencies and guarantees

28.1 Precious metal commitments

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 metal leases. As at December 31, 2020, the Corporation had $21.0 million in outstanding precious metal purchase commitments (December 31, 2019 – $23.0 million).

At the end of the period, the Corporation had entered into precious metal leases as follows:

As at December 31

Ounces	**2020**	2019
Gold	**397,030**	178,941
Silver	**7,202,296**	6,581,392
Platinum	**9,211**	14,558

The fees for these leases are based on market value. The precious metal lease payments expensed for 2020 were $7.9 million (2019 - $2.5 million). The value of the metals under these leases is not reflected in the Corporation's consolidated financial statements as stated in note 3.2.5.

28.2 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 that 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 at December 31, 2020, under the guarantees and bid bonds, the maximum potential amount of future payments is $16.3 million (2019 - $16.5 million).

28.3 Other commitments and contingencies

Total estimated minimum remaining future commitments were as follows:

As at December 31

	2021	2022	2023	2024	2025	2026 and thereafter	Total
Other commitments	$ 55,180	$ 13,929	$ 997	$ 150	$ 49	$ 6	$ 70,311
Base metal commitments	36,004	8,099	–	–	–	–	44,103
Capital commitments	4,236	34	–	–	–	–	4,270
Total	$ 95,420	$ 22,062	$ 997	$ 150	$ 49	$ 6	$118,684

Other commitments include firm contracts with suppliers for goods and services, excluding precious metals commitments, as well as the non-lease components of leases of right-of-use assets.

Base metal commitments are firm fixed-price purchase commitments that are entered into in order to facilitate the production of circulation and non-circulation coins, for Canada and other countries, and to manage the risks associated with changes in metal prices.

The Corporation committed to spend approximately $4.3 million as at December 31, 2020 (2019 - $2.3 million) on capital projects.

In addition, 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. A $0.8 million provision for potential legal obligations is included in other provisions (Note 15) as at December 31, 2020 (2019 - $0.8 million). The amount and timing of the settlement of the provision is uncertain.

Other than the changes noted above, there have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2019.

Statistics

Table 1 — Canadian circulation coinage

Production up to December 31, 2020

	2020	2019	2018
$2	**17,235,000**	25,995,000	26,730,000
$1	**15,636,000**	26,670,000	33,930,000
25¢	**96,000,000**	80,160,000	102,560,000
10¢	**68,750,000**	159,775,000	118,525,000
5¢	**31,752,000**	92,736,000	87,528,000

Table 2 — Canadian circulation coinage

Commemorative/regular design production in 2018 – 2020

	2020	2019	2018
$2	**11,235,000**	22,995,000	23,730,000
$2 - 100th Anniversary of Armistice	**–**	–	3,000,000
$2 - 75th Anniversary of D-Day	**–**	3,000,000	–
$2 - 75th Anniversary of the end of the Second World War	**3,000,000**	–	–
$2 - 100th Anniversary of the birth of Bill Reid	**3,000,000**	–	–
$1	**12,636,000**	23,670,000	33,930,000
$1 - 50th Anniversary of the Decriminalization of Homosexuality	**–**	3,000,000	–
$1 - 75th Anniversary of the United Nations Charter	**3,000,000**	–	–
25¢	**96,000,000**	80,160,000	102,560,000
10¢	**68,750,000**	159,775,000	118,525,000
5¢	**31,752,000**	92,736,000	87,528,000

Executive Officers

Marie Lemay, ICD.D
President and
Chief Executive Officer

Jennifer Camelon, CPA, CA, ICD.D
Senior Vice-President
Finance and Administration
and Chief Financial Officer

Tom Froggatt
Chief Commercial Officer

Michel Boucher
Vice-President, Human
Resources

Simon Kamel
Vice-President, General Counsel
and Corporate Secretary,
Corporate and Legal Affairs

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