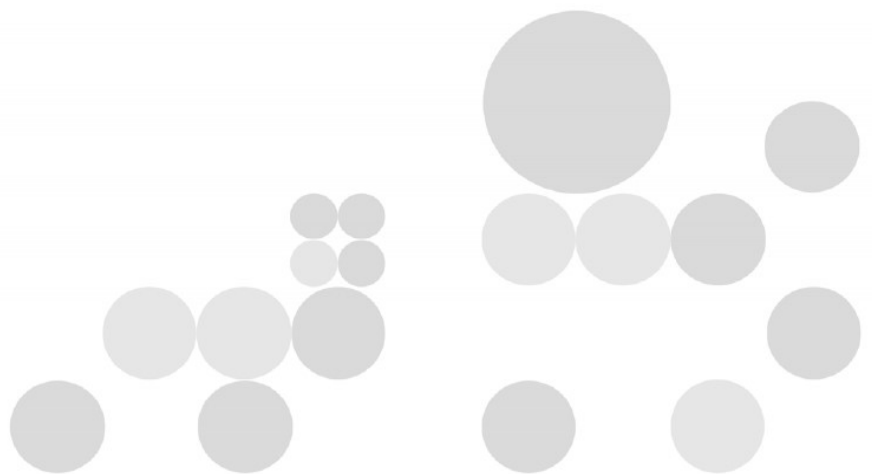




FIRST QUARTER FINANCIAL REPORT

FISCAL 2024

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NARRATIVE DISCUSSION

BASIS OF PRESENTATION

The Royal Canadian Mint (the “Mint”) prepared this report as required by section 131.1 of the *Financial Administration Act*¹ using the standard issued by the Treasury Board of Canada Secretariat. This narrative should be read in conjunction with the unaudited condensed consolidated financial statements.

The Mint prepared these unaudited condensed consolidated financial statements for the 13 weeks ended March 30, 2024 and April 1, 2023 in compliance with International Financial Reporting Standards (IFRS). Although the Mint’s year-end of December 31 matches the calendar year-end, the Mint’s quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Mint’s quarters contains 13 weeks. In 2024, the first 13 weeks included 90 days compared to 91 days in the first 13 weeks of 2023. Financial results reported in this narrative are presented in Canadian dollars and rounded to the nearest million, unless otherwise noted. The information in this narrative is current to May 23, 2024, unless otherwise noted.

MATERIALITY

In assessing what information to provide in this narrative, 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 narrative.

FORWARD LOOKING STATEMENTS

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

¹ Financial Administration Act, R.S.C., 1985, c. F-11

NON-GAAP FINANCIAL MEASURES

This narrative includes non-GAAP financial measures which are clearly denoted where presented. Non-GAAP financial measures are not standardized under IFRS and might not be comparable to similar financial measures disclosed by other corporations reporting under IFRS.

OVERVIEW OF THE CORE MANDATE AND THE BUSINESS

The Royal Canadian Mint is a Crown corporation owned solely by the Government of Canada. It is required by the *Royal Canadian Mint Act* to mint coins in anticipation of profit and to carry out other related activities. The Mint aims to be an agile, resilient Crown corporation focused on the future and prepared to act on opportunities to create value for Canada. The Mint has two primary businesses: Circulation and Precious Metals.

Circulation Business

The Royal Canadian Mint is Canada's national mint and a global leader in circulation coinage and precious metals. As part of its core mandate, the Mint manages the circulation of Canada's coinage from its weekly forecasting and world-class production to eventual retirement. This end-to-end responsibility, along with the management of inventories across the nation, enables the Mint to effectively deliver a reliable and inclusive payment option for Canadians. Integrating environmental, social and corporate governance (ESG) 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 more durable and secure multi-ply plated steel (MPPS) coins.

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.

Precious Metals Business

The Bullion Products & Services business provides critical support to the essential Canadian mining and financial sectors through its 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 softer 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 direct legal title and beneficial ownership in physical bullion held in the custody of the Mint at its facilities on an unallocated basis. These programs contribute to the efficient operation of the Mint's production facilities, including reduced precious metal lease requirements, while generating management fee revenue.

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, the Opulence line, hybrid and premium bullion products and the use of vibrant colour that allow the Mint to create unique and compelling products. The Mint sells numismatic products through its outbound sales and e-commerce platforms, and through its boutiques in Ottawa and Winnipeg, as well as through its dealers and partners, both domestically and internationally.

SIGNIFICANT CORPORATE EVENTS

New Coin Offerings

2024 \$20 Fine Silver Coin – The Royal Canadian Air Force Centennial

The year 2024 marks 100 years since a professional air force was created for the defence of Canadian freedom and sovereignty. To honour the Royal Canadian Air Force (RCAF), a national institution dedicated to our national security, and the generations of personnel who have served it through peace and war, the Mint has launched the 2024 \$20 Fine Silver Coin – The Royal Canadian Air Force Centennial.

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MANAGEMENT REPORT

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(Unaudited)

Double-sided Extraordinarily High Relief (EHR) on gold and silver Year of the Dragon coins

The Mint has once again raised the bar in the world by launching its first-ever coins dramatically defining a design in EHR on both their obverse and reverse. The 2024 \$350 Pure Gold Coin and \$50 Fine Silver Coin – Year of the Dragon are the latest innovations to come from the Mint’s research and development team.

Coin commemorating Black History

In launching the latest issue in its ongoing Commemorating Black History fine silver coin series, the Mint is honouring the community of Amber Valley, Alberta, founded in 1910 by African American families from Oklahoma, Texas and other surrounding states. Their inspiring tale of spirit and determination is forever preserved on a beautiful 99.99% pure silver collector coin.

Launch of New Portal for Refinery Customers

The Mint launched its new Business Refinery Portal, a user-friendly gateway for refinery customers to manage their accounts with the Mint. This successful rollout is the latest milestone in the Mint’s business transformation journey to upgrade its business to business (B2B) digital capabilities.

Environmental, Social and Corporate Governance (ESG) Initiatives

Task force on climate-related Financial Disclosures (TCFD)

The Mint’s inaugural Impact Report, highlighting its ESG strategy, was released alongside the 2023 Annual Report on May 8, 2024. The Impact Report included an important update on the Mint’s TCFD disclosures as it prepares for the required TCFD disclosures for 2024.

Amalgamated Transit Union (ATU) and Public Service Alliance of Canada (PSAC) Union Agreements

In Q1 2024, the Mint concluded its contract negotiations with the Amalgamated Transit Union representing the Mint’s Protective Services Officers in Ottawa, as well as with the PSAC representing the Mint’s Protective Services Officers in Winnipeg. The renewed collective agreements expire on December 31, 2025.

National Capital Region’s Top Employers (2024)

On February 5, 2024, the Mint was selected as one of the National Capital Region’s Top Employers (2024) for the fourth consecutive year. Its investment in the education of the next

ROYAL CANADIAN MINT
MANAGEMENT REPORT

13 weeks ended March 30, 2024
(Unaudited)

generation with academic scholarships for children of employees was highlighted in this recognition.

OPERATING HIGHLIGHTS AND ANALYSIS OF RESULTS

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.

	13 weeks ended			
	March 30, 2024	April 1, 2023	\$ Change	% Change
Revenue	\$ 314.7	\$ 769.7	(455.0)	(59)
Profit for the period	\$ 4.6	\$ 12.5	(7.9)	(64)
Profit before income tax and other items ¹	\$ 4.8	\$ 17.3	(12.5)	(72)
Profit before income tax and other items margin ²	1.5%	2.2%		

¹ Profit before income tax and other items is a non-GAAP financial measure. A reconciliation from profit for the period to profit before income tax and other items is included on page 11.

² Profit before tax and other items margin is a non-GAAP financial measure and its calculation is based on profit before income tax and other items

Profit for the 13 weeks ended March 30, 2024 was \$7.9 million lower than the same period in 2023 from the continued slow-down in global bullion demand that started in second half of 2023. These results were partially offset by higher foreign circulation coin volumes combined with a planned lower level of operating expenses to support the Mint's on-going operations and digital program and business transformation initiatives.

	As at			
	March 30, 2024	December 31, 2023	\$ Change	% Change
Cash	\$ 54.9	\$ 59.8	(4.9)	(8)
Inventories	\$ 69.5	\$ 68.8	0.7	1
Capital assets	\$ 172.3	\$ 173.0	(0.7)	-
Total assets	\$ 375.6	\$ 380.4	(4.8)	(1)
Working capital	\$ 96.5	\$ 97.8	(1.3)	(1)
Dividends paid	\$ 4.0	\$ -	4.0	100

Working capital decreased 1% from December 31, 2023. Cash decreased 8% from December 31, 2023 due to capital investments of \$6.3 million and dividend payments of \$4.0 million, partially offset by cash flows generated from operations.

ROYAL CANADIAN MINT
MANAGEMENT REPORT

13 weeks ended March 30, 2024
(Unaudited)

Revenue by program and business

	13 weeks ended			
	March 30, 2024	April 1, 2023	\$ Change	% Change
Canadian Circulation	\$ 19.1	\$ 19.5	(0.4)	(2)
Foreign Circulation	9.3	2.5	6.8	272
Total Circulation	\$ 28.4	\$ 22.0	6.4	29
Bullion Products and Services	\$ 251.6	\$ 710.4	(458.8)	(65)
Numismatics	34.7	37.3	(2.6)	(7)
Total Precious Metals	\$ 286.3	\$ 747.7	(461.4)	(62)
Total revenue	\$ 314.7	\$ 769.7	(455.0)	(59)

The Mint takes an integrated approach to managing the Circulation and Precious Metals businesses. This approach allows the Mint to allocate resources within these businesses in order to respond to customer and market demands.

Canadian Circulation

During the 13 weeks ended March 30, 2024, revenues from the Canadian Circulation Program decreased 2% to \$19.1 million compared to \$19.5 million in the same period in 2023. The decrease is mainly due to a lower volume of metric tons processed from the Alloy Recovery Program due in part to the timing of settlements.

Coin supply

<i>(in millions of coins)</i>	13 weeks ended			
	March 30, 2024	April 1, 2023	Change	% Change
Financial institutions deposits	426	440	(14)	(3)
Recycled coins	36	34	2	6
New coins sold to financial institutions and others	11	11	-	-
Total coin supply	473	485	(12)	(2)

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. In the first 13 weeks of 2024, demand decreased 2% compared to the same period in 2023.

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(Unaudited)

Financial institutions deposits are the primary coin supply channel that fulfills coin demand and are typically made up of coins from transit, parking, vending, etc. In the first 13 weeks of 2024, decreases in financial institution deposits were partially offset by an increase in coins from the recycling program.

Department of Finance Inventory

<i>(in millions of dollars)</i>	As at		
	March 30, 2024	April 1, 2023	\$ Change
Opening inventory	\$ 90.0	\$ 102.0	(12.0)
New coins produced and sold to Department of Finance	12.2	6.1	6.1
New coins sold to financial institutions and others	(2.5)	(2.6)	0.1
Ending inventory	\$ 99.7	\$ 105.5	(5.8)

The Mint actively manages inventory supply levels from financial institutions 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 March 30, 2024 was \$99.7 million, which was within the inventory limit outlined in the Mint's memorandum of understanding with the Department of Finance

Foreign Circulation

Revenue from the Foreign Circulation business increased by almost three-fold for the 13 weeks ended March 30, 2024 to \$9.3 million compared to \$2.5 million in the same period in 2023. The increase in foreign circulation revenue reflects five-fold higher volumes produced and shipped year over year.

ROYAL CANADIAN MINT
MANAGEMENT REPORT

13 weeks ended March 30, 2024
(Unaudited)

Bullion Products and Services

	13 weeks ended			
	March 30, 2024	April 1, 2023	\$ Change	% Change
Gross revenue	\$ 676.7	\$ 1,235.6	(558.9)	(45)
Less: Customer inventory deals	(425.1)	(525.2)	100.1	(19)
Net revenue	\$ 251.6	\$ 710.4	(458.8)	(65)

(thousands of ounces)	13 weeks ended			
	March 30, 2024	April 1, 2023	Change	% Change
Gold	173.6	318.7	(145.1)	(46)
Less: ounces from customer inventory deals	(135.2)	(196.3)	61.1	(31)
Net gold ounces	38.4	122.4	(84.0)	(69)
Silver	4,501.0	9,008.2	(4,507.2)	(50)
Less: ounces from customer inventory deals	(1,593.4)	(685.3)	(908.1)	133
Net silver ounces	2,907.6	8,322.9	(5,415.3)	(65)

Bullion Products and Services net revenue for the 13 weeks ended March 30, 2024 decreased 65% compared to the same period in 2023. The decrease in revenue was mainly driven by lower gold and silver net bullion volumes sold, partially offset by the higher market price of gold and silver.

Numismatics

Numismatics revenue decreased 7% to \$34.7 million during the 13 weeks ended March 30, 2024 from \$37.3 million in the same period of 2023. The decrease in revenue was primarily due to high demand in Q1 2023 for the *Queen Elizabeth II's Reign* products.

	13 weeks ended			
	March 30, 2024	April 1, 2023	\$ Change	% Change
Gold	\$ 14.9	\$ 16.3	(1.4)	(9)
Silver	15.7	13.9	1.8	13
Other revenue ¹	4.1	7.1	(3.0)	(42)
Total revenue	\$ 34.7	\$ 37.3	(2.6)	(7)

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

ROYAL CANADIAN MINT
MANAGEMENT REPORT

13 weeks ended March 30, 2024
(Unaudited)

Expenses, other income and income tax

Expenses (income)	March 30, 2024	13 weeks ended		
		April 1, 2023	\$ Change	% Change
Cost of sales	\$ 278.1	\$ 721.3	(443.2)	(61)
Operating expenses				
Marketing and sales	\$ 6.4	\$ 6.5	(0.1)	(2)
Administration	24.2	25.9	(1.7)	(7)
Total operating expenses	\$ 30.6	\$ 32.4	(1.8)	(6)
Income tax expense	\$ 1.6	\$ 4.2	(2.6)	(62)

Cost of sales for the 13 weeks ended March 30, 2024 decreased to \$278.1 million compared to \$721.3 million during the same period in 2023. The overall decrease in cost of sales was in line with the 59% decrease in overall revenue, excluding the \$2.1 million increase in the revaluation gain on the Face Value redemptions liability which is recognized in cost of sales.

Overall, operating expenses for the 13 weeks ended March 30, 2024 decreased 6% to \$30.6 million from \$32.4 million in the same period in 2023. Administration expenses decreased 7% mainly due to a decrease in consulting expenses supporting the digital program and business transformation, as well as the prudent containment of overall operating expenses.

Income tax expense decreased \$2.6 million compared to 2023 in line with the decrease in operating profit quarter over quarter.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

	13 weeks ended		
	March 30, 2024	April 1, 2023	\$ Change
Cash and cash equivalents, at the end of the period	\$ 54.9	\$ 109.4	(54.5)
Cash flow from operating activities	\$ 6.0	\$ 52.4	(46.4)
Cash flow used in investing activities	\$ (6.2)	\$ (20.7)	14.5
Cash flow used in financing activities	\$ (4.5)	\$ (0.4)	(4.1)

Cash from operating activities for the 13 weeks ended March 30, 2024 decreased \$46.4 million compared to the same period in 2023 primarily due to lower net cash inflows from bullion sales and timing of cash receipts from customers and payments to suppliers.

ROYAL CANADIAN MINT
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13 weeks ended March 30, 2024
(Unaudited)

Cash used in investing activities decreased \$14.5 million for the 13 weeks ended March 30, 2024, as compared to the same period in 2023 mainly due to the purchase of a short-term investment in 2023.

Cash used in financing activities increased \$4.1 million for the 13 weeks ended March 30, 2024 as compared to the same period in 2023. The Corporation declared and paid a \$4.0 million dividend to the Government of Canada, which represented the cash balance over a pre-determined cash reserve requirement, for the year ended December 31, 2023, defined in the Mint's Corporate Plan.

Borrowing facilities

See note 17 in the December 31, 2023 audited consolidated financial statements for details on the Mint's borrowing facilities. The Mint entered and closed the period with total outstanding long-term loans of \$18.1 million, which is within the Mint's approved borrowing limit as prescribed by the *Royal Canadian Mint Act*. The Mint entered and closed the period with a long-term debt-to-equity ratio of 1:09.

RECONCILIATION FROM PROFIT FOR THE PERIOD TO PROFIT BEFORE INCOME TAX AND OTHER ITEMS

Profit before income tax and other items is a non-GAAP financial measure used by management and other stakeholders to compare the Mint's financial results before the impact of non-cash changes in valuations, taxes and other items. A reconciliation from profit for the period to profit before income tax and other items is as follows:

	13 weeks ended	
	March 30, 2024	April 1, 2023
Profit for the period	\$ 4.6	\$ 12.5
Add (deduct):		
Income tax expense	1.6	4.2
Shareholder directed donations	0.2	0.2
Net foreign exchange loss	0.3	0.2
Face Value revaluation (gain) loss ¹	(1.9)	0.2
Profit before income tax and other items	\$ 4.8	\$ 17.3

¹ 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 which excludes the impact of a foreign exchange gain of \$1.4 million (2023 - \$nil million loss).

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 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 strategic 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 strategic 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 key corporate level risks that could materially impact the Mint's ability to achieve its corporate strategy objectives are identified in the Mint's 2023 Annual Report.

CRITICAL ACCOUNTING ESTIMATES, ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING POLICY DEVELOPMENTS

See note 3 in the audited consolidated financial statements for the year ended December 31, 2023 for a discussion of critical accounting estimates, as well as note 3 in the accompanying unaudited condensed financial statements for the 13 weeks ended March 30, 2024 for a discussion regarding the adoption of new accounting standards and accounting policy developments.

OUTLOOK

The financial goal for 2024 is a profit before tax and other items of \$8.8 million, as approved in the Mint's 2024-2028 Corporate Plan. The Mint is also committed to meeting the required government spending reductions in its 2024 operating expenses as set out in its Corporate Plan.

Continuing in 2024 with the implementation of its One Mint Strategy which was approved in 2020, the Mint will continue to evolve its domestic circulation coin lifecycle management practices and will aim to seize the best foreign circulation opportunities. The Mint will continue to build its precious metals capacity, focus its numismatic offerings, and pursue operational efficiencies. The Mint is also making investments in its digital capabilities and ESG initiatives to continue to build its agility and resiliency as it continues to add value for Canada. The Mint is closely monitoring the impact of economic and geopolitical events around the globe, including the impact on its global supplier network, and identifies contingency plans when required in order to support the business.

Circulation business

Canadian circulation

The Mint anticipates coin demand and supply levels in 2024 to be similar to last year as ecosystem activities appear to have reached consistent levels.

Although digital payment choices are widely available and popular with consumers, a quarter of Canadians describe themselves as regular users of cash. Cash using consumers value the option of choosing how they pay, while for others, physical currency is a necessity in order to complete their trade and commerce transactions. In order to ensure coins are available to support these transactions, the ecosystem is steadily circulating coins at consistent levels across the country.

At an aggregate level coin activity may be comparable to last year, but geographical disparities in coin activity could emerge as various businesses and consumer preferences evolve region by region. The dynamic nature of the ecosystem makes it crucial for the Mint to keep a pulse on changing market requirements and to ensure the coin distribution system delivers the right mix of denominations across Canada in a timely and cost-effective manner.

ROYAL CANADIAN MINT
MANAGEMENT REPORT

13 weeks ended March 30, 2024
(Unaudited)

Foreign circulation

It is expected that over the next twelve months, tenders for approximately 3 billion coins and blanks will be released, of which the Mint expects 2 to 2.5 billion pieces to be addressable within its capabilities.

While cash demand in advanced economies has reached a relative plateau, demand in emerging economies remains consistent, as everyday trade and commerce is highly dependent on cash. Many economies are experiencing the impacts of inflation and/or currency devaluation, putting pressure on procurement budgets. Inflation has a two-pronged effect on coin demand: demand for lower-value coins is reduced as their spending power erodes, while demand for higher-value coin denominations and opportunities to convert banknotes to coins increase.

Many Central Banks are looking for cost-reduction initiatives in their currency programs, and the recent volatility in alloy prices strengthens the business case for plated alternatives. The Mint is focusing on new opportunities as excess supply continues to heighten competitive pressure on pricing in its traditional supply base.

Precious metals business

Bullion products and services

The Mint continues to monitor the slowdown in the Bullion market which started during the third quarter of 2023 and continues to review the pricing and mix of its bullion products as market conditions evolve. In the next twelve months, the Mint will continue to focus on its customer, market and distribution strategies, gold refining, gold products and selective storage opportunities in support of its market share, while carefully managing operating costs.

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 Mint continues to implement and pursue product strategies intended to reach new customers in new and emerging markets.

FORWARD LOOKING STATEMENTS

The unaudited condensed consolidated financial statements and the narrative, 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 narrative, as well as in Note 8 – Financial Instruments and Financial Risk Management to the Mint's unaudited condensed 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 the unaudited condensed consolidated financial statements and narrative are made only as of May 23, 2024, 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.

ROYAL CANADIAN MINT
MANAGEMENT REPORT

13 weeks ended March 30, 2024
(Unaudited)

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these unaudited condensed consolidated financial statements in accordance with *IAS 34 Interim Financial Reporting* and requirements in the Treasury Board of Canada's Directive on Accounting Standards: *GC 5200 Crown Corporations Quarterly Financial Reports* and for such internal controls as management determines are necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the unaudited condensed consolidated financial statements.

Based on our knowledge, these unaudited condensed consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Royal Canadian Mint, as at the date of and for the periods presented in the unaudited condensed consolidated financial statements.



Marie Lemay
President and Chief Executive Officer



Francis Mensah, MBA, CFA, CPA, CMA
Vice-President, Finance and Administration
and Chief Financial Officer



Jana Fritz, CPA, CA
Senior Director, Finance and Chief
Accountant

Ottawa, Canada

May 23, 2024

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited (CAD thousands)

	Notes	As at	
		March 30, 2024	December 31, 2023
Assets			
Current assets			
Cash		\$ 54,896	\$ 59,825
Trade receivables, net and other receivables	5	14,183	16,888
Income tax receivable		6,899	7,947
Prepaid expenses and other advances		4,712	3,640
Inventories	6	69,514	68,825
Contract assets	7	24,915	17,527
Derivative financial assets	8	21	2,764
Total current assets		175,140	177,416
Non-current assets			
Prepaid expenses and other advances		466	411
Contract assets	7	483	2,908
Deferred income tax assets		27,203	26,707
Property, plant and equipment	9	163,377	163,500
Investment property		219	219
Intangible assets	9	3,690	3,857
Right-of-use assets	10	5,019	5,375
Total non-current assets		200,457	202,977
Total assets		\$ 375,597	\$ 380,393
Liabilities			
Current liabilities			
Trade payables, other payables and accrued liabilities	11	\$ 46,690	\$ 51,449
Provisions	12	4,594	2,229
Face Value redemptions liability	13	365	390
Contract liabilities	7	14,874	14,303
Loan payable		6,119	6,024
Lease liabilities	10	1,658	1,635
Employee benefit obligations		3,771	3,595
Derivative financial liabilities	8	537	6
Total current liabilities		78,608	79,631
Non-current liabilities			
Provisions	12	907	928
Face Value redemptions liability	13	113,362	116,792
Contract liabilities	7	-	518
Loan payable		12,000	12,000
Lease liabilities	10	3,726	4,180
Employee benefit obligations		11,129	11,129
Total non-current liabilities		141,124	145,547
Total liabilities		219,732	225,178
Shareholder's equity			
Share capital (authorized and issued 4,000 non-transferable shares)		40,000	40,000
Retained earnings		115,865	115,215
Total shareholder's equity		155,865	155,215
Total liabilities and shareholder's equity		\$ 375,597	\$ 380,393

Commitments, contingencies and guarantees (Note 20)

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited (CAD thousands)

	Notes	13 weeks ended	
		March 30, 2024	April 1, 2023
Revenue	15	\$ 314,664	\$ 769,692
Cost of sales	9,16,17	278,116	721,272
Gross profit		36,548	48,420
Marketing and sales expenses	16,17	6,444	6,532
Administration expenses	9,16,17	24,152	25,856
Operating expenses		30,596	32,388
Net foreign exchange loss		249	192
Operating profit		5,703	15,840
Finance income, net		556	827
Other (expense) income		(3)	1
Profit before income tax		6,256	16,668
Income tax expense		(1,606)	(4,187)
Profit for the period		\$ 4,650	12,481
Total comprehensive income		\$ 4,650	\$ 12,481

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited (CAD thousands)

13 weeks ended March 30, 2024

	Notes	Share capital	Retained earnings	Total
Balance as at December 31, 2023		\$ 40,000	\$ 115,215	\$ 155,215
Profit for the period		-	4,650	4,650
Dividends paid		-	(4,000)	(4,000)
Balance as at March 30, 2024		\$ 40,000	\$ 115,865	\$ 155,865

13 weeks ended April 1, 2023

	Notes	Share capital	Retained earnings	Total
Balance as at December 31, 2022		\$ 40,000	\$ 98,430	\$ 138,430
Profit for the period		-	12,481	12,481
Balance as at April 1, 2023		\$ 40,000	\$ 110,911	\$ 150,911

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited (CAD thousands)

		13 weeks ended	
	Notes	March 30, 2024	April 1, 2023
Cash flows from operating activities			
Profit for the period		\$ 4,650	\$ 12,481
Adjustments to reconcile profit to cash flows from operating activities:			
Depreciation and amortization	16	4,381	4,629
Income tax expense		1,606	4,187
Finance income, net		(556)	(827)
Other expenses (income), net		3	(1)
Net foreign exchange loss		1,473	1,575
Adjustments to other revenues and expenses	18	(3,009)	(2,354)
Changes in contract assets		(4,432)	-
Changes in contract liabilities		(16)	-
Changes in provisions		2,343	-
Changes in Face Value redemptions liability		(2,034)	55
Net changes in operating assets and liabilities	18	1,878	35,927
Cash from operating activities before interest and income tax		6,287	55,672
Income tax paid		(985)	(3,649)
Interest received, net of interest paid		659	363
Net cash from operating activities		5,961	52,386
Cash flows used in investing activities			
Acquisition of property, plant and equipment and advances on property, plant and equipment purchases		(6,180)	(5,345)
Acquisition of intangible assets		(73)	(345)
Acquisition of short-term investment		-	(15,000)
Net cash used in investing activities		(6,253)	(20,690)
Cash flows used in financing activities			
Dividends paid	8.1	(4,000)	-
Lease principal payments	10	(498)	(441)
Net cash used in financing activities		(4,498)	(441)
Effect of changes in exchange rates on cash and cash equivalents		(139)	(1,094)
(Decrease) increase in cash and cash equivalents		(4,929)	30,161
Cash and cash equivalents at the beginning of the period		59,825	79,282
Cash and cash equivalents at the end of the period		\$ 54,896	\$ 109,443
Cash and cash equivalents consist of:			
Cash		\$ 54,896	\$ 89,443
Cash equivalents		\$ -	\$ 20,000

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

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 His 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 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 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.

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. BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed consolidated financial statements were prepared in accordance with *IAS 34 Interim Financial Reporting ("IAS 34")* of the *International Financial Reporting Standards ("IFRS")* and the *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports* issued by the Treasury Board of Canada. As permitted under these standards, these condensed consolidated financial statements do not include all of the disclosure requirements for annual consolidated financial statements, and should be read in conjunction with the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2023.

These condensed consolidated financial statements have not been audited or reviewed by an external auditor.

2.2 Basis of presentation

These condensed consolidated financial statements were prepared in accordance with IFRS.

Although the Corporation's year end of December 31 matches the calendar year end, the Corporation's quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Corporation's quarters contains 13 weeks.

These condensed consolidated financial statements were approved for public release by the Board of Directors of the Corporation on May 23, 2024.

2.3 Consolidation

These condensed consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiary RCMH-MRCF Inc. which has been operationally inactive since December 31, 2008. All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

2.4 Foreign currency translation

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

The preparation of these condensed consolidated financial statements requires management to make critical judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period.

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.

Significant judgements and estimates as at March 30, 2024 were consistent with those disclosed in Note 3 of the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

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, 2024.

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, 2024. The following amendments were adopted by the Corporation on January 1, 2024 and did not have an impact on the consolidated financial statements.

Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. These amendments are effective for annual periods beginning on or after January 1, 2024.

Classification of Liabilities as Current or Non-Current

In October 2022, the IASB issued amendments to IAS 1 Presentation of Financial Statements titled *Non-current liabilities with Covenants*. The amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become payable within twelve months. These amendments override but incorporate the previous amendments, *Classification of liabilities as current or non-current*, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024.

Sale and Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 – *Leases*. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024.

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.

Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. The amendments contain guidance to specify when a currency is not exchangeable, how to determine the exchange rate and to require disclosure of information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. These amendments are effective for annual periods beginning on or after January 1, 2025. The Corporation does not anticipate the adoption of these amendments to significantly impact the consolidated financial statements.

Primary Financial Statements

In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* to replace IAS 1 - *Presentation of Financial Statements*. IFRS 18 improves the reporting of financial performance through the addition of detailed requirements for subtotals in the statement of profit and loss, disclosures about management-defined performance measures and adding new principles for the aggregation and disaggregation of information. These amendments have an effective date for annual periods beginning on or after January 1, 2027. The Corporation is currently assessing the potential impact from the adoption of these amendments on its consolidated financial statements.

ROYAL CANADIAN MINT
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 13 WEEKS ENDED MARCH 30, 2024

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	As at	
	March 30, 2024	December 31, 2023
Receivables and accruals from contracts with customers	\$ 12,065	\$ 14,795
Receivables from contracts with related parties (Note 19)	1,500	1,486
Allowance for expected credit losses	(2)	(21)
Trade receivables, net	\$ 13,563	\$ 16,260
Other current financial receivables	533	510
Other receivables	87	118
Trade receivables, net and other receivables	\$ 14,183	\$ 16,888

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

6. INVENTORIES

	As at	
	March 30, 2024	December 31, 2023
Total inventories	\$ 69,514	\$ 68,825

The Corporation recognized write-downs of inventory to net realizable value of \$0.2 million for the 13 weeks ended March 30, 2024 (13 weeks ended April 1, 2023 - \$0.7 million).

7. CONTRACT ASSETS AND CONTRACT LIABILITIES

The contract assets are related to the Corporation's rights to consideration for work completed, but not billed as at March 30, 2024. The Corporation reviewed its credit risk exposure related to contract assets as at March 30, 2024 and evaluated the risk to be minimal as each contract is subject to a contract specific risk assessment process. The contract liabilities are related to the consideration received in advance from customers for which revenue has not yet been recognized, as well as amounts relating to customer loyalty programs.

ROYAL CANADIAN MINT
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
13 WEEKS ENDED MARCH 30, 2024

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

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

	As at March 30, 2024	
	Contract Assets	Contract Liabilities
Opening balance	\$ 20,435	\$ 14,821
Revenue recognized	-	(9,881)
Cash received, excluding amounts recognized during the period ¹	-	12,855
Transfers from contract liabilities to payables	-	(2,921)
Foreign exchange revaluation	531	-
Transfers from contract assets to receivables	(752)	-
Increases resulting from changes in the measure of progress	5,184	-
Closing balance	\$ 25,398	\$ 14,874

¹ Cash received, excluding amounts recognized during the period includes \$0.3 million related to the Corporation's memorandum of understanding with the Department of Finance (Note 19).

	As at December 31, 2023	
	Contract Assets	Contract Liabilities
Opening balance	\$ 18,292	\$ 14,107
Revenue recognized	-	(1,961)
Cash received, excluding amounts recognized during the period	-	3,732
Transfers from contract liabilities to payables	-	(3,250)
Foreign exchange revaluation	(820)	(107)
Transfers from contract assets to receivables	(20,277)	-
Increases resulting from changes in the measure of progress	23,240	2,300
Closing balance	\$ 20,435	\$ 14,821

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

8.1 Capital risk management

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and term and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the total aggregate borrowings by the Corporation and outstanding at any time shall not exceed \$75 million. For the 13 weeks ended March 30, 2024 and year ended December 31, 2023, approved short-term borrowings for working capital needs within this limit were not to exceed \$25 million or the US dollar equivalent. From time to time, the Corporation may seek approval for new long-term borrowings. As at March 30, 2024 and December 31, 2023, the Corporation had no approvals for any new long-term borrowings for those ending fiscal periods. The Corporation's long-term

ROYAL CANADIAN MINT
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
13 WEEKS ENDED MARCH 30, 2024

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

borrowings are described in note 17 of its audited consolidated financial statements for the year ended December 31, 2023.

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 March 30, 2024 or December 31, 2023.

The Corporation declared and paid a dividend of \$4.0 million, related to the year ended December 31, 2023, to the Government of Canada in the 13 weeks ended March 30, 2024 (13 weeks ended April 1, 2023 – nil). 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.

8.2 Classification and fair value measurements of financial instruments

8.2.1 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			
	March 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	\$ 54,896	\$ 54,896	\$ 59,825	\$ 59,825
Trade receivables, net and other receivables	\$ 14,096	\$ 14,096	\$ 16,770	\$ 16,770
Derivative financial assets:				
Foreign currency forwards	\$ 21	\$ 21	\$ 2,764	\$ 2,764
Financial Liabilities				
Trade payables, other payables and accrued liabilities	\$ 46,014	\$ 46,014	\$ 50,634	\$ 50,634
Loan payable	\$ 18,119	\$ 17,541	\$ 18,024	\$ 17,453
Derivative financial liabilities:				
Foreign currency forwards	\$ 537	\$ 537	\$ 6	\$ 6

8.2.2 Fair value hierarchy

Financial instruments, other than those that are not subsequently measured at fair value and for which fair value approximates carrying value, whether or not they are carried at fair value in the condensed 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 was classified as level 1 of the fair value hierarchy as at March 30, 2024 and December 31, 2023. 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 March 30, 2024 and December 31, 2023. There were no transfers of financial instruments between levels for the 13 weeks ended March 30, 2024.

8.2.3 Classification and fair value techniques of financial instruments

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

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

- i) The carrying amounts of cash, 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.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

- iii) The fair values of the Corporation's foreign currency forward contracts 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.

The table below details the types of derivative financial instruments carried at fair value:

	As at	
	March 30, 2024	December 31, 2023
Derivative financial assets		
Foreign currency forwards	\$ 21	\$ 2,764
	\$ 21	\$ 2,764
Derivative financial liabilities		
Foreign currency forwards	\$ 537	\$ 6
	\$ 537	\$ 6

8.3 Financial risk management objectives and framework

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

The Board of Directors has overall accountability for the establishment and oversight of the Corporation's financial risk management framework. The Audit Committee is mandated by the Board of Directors and is responsible for the 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.

8.3.1 Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's receivables from customers, cash and derivative instruments. The Corporation has a defined know your client and credit assessment process that evaluates the creditworthiness of 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 condensed consolidated financial statements represents the Corporation's maximum credit exposure.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

8.3.1.1 Credit risk management of receivables from customers

The Corporation's exposure to credit risk associated with financial trade receivables, net 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 credit worthiness 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 receivable listing on a regular basis for changes in the factors that impact a customer's ability to pay outstanding receivable balances, including changes in a customer business and the overall economy. An allowance for expected credit losses (ECL) is provided for customer accounts that could present collectability issues.

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

	As at	
	March 30, 2024	December 31, 2023
Canada	\$ 9,953	\$ 14,927
United States	1,867	1,092
Latin America and Caribbean	1,474	350
Europe, Middle East and Africa	799	388
Asia and Oceania	3	13
Total financial trade receivables, net and other financial receivables	\$ 14,096	\$ 16,770

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

	As at	
	March 30, 2024	December 31, 2023
Consumers, dealers and others	\$ 8,949	\$ 9,710
Governments (including governmental departments and agencies)	2,983	5,819
Central and institutional banks	2,164	1,241
Total financial trade receivables, net and other financial receivables	\$ 14,096	\$ 16,770

The Corporation established an allowance for ECLs based on a provision matrix that reflected the estimated impairment of financial trade receivables, net 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 March 30, 2024, the Corporation's rate of credit losses was less than 1% (2023 – less than 1%) of total financial trade receivables, net and other financial receivables.

8.3.2 Liquidity risk

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

8.3.3 Market risk

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

The Corporation uses, 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 policies, derivative instruments are not used for trading or speculative purposes.

8.3.3.1 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 within the guidelines set out in established policies. The Corporation also uses such contracts in managing its overall cash requirements.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

8.3.3.2 Interest rate risk

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. As at March 30, 2024, there was no variable interest rate exposure.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation's cash and loan payable expose the Corporation to fair value interest rate risk.

8.3.3.3 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 its 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 fixed-price purchase commitments for precious and base metals to mitigate the commodity price risk (Note 20.1).

Contracts and transactions that are entered into for the purpose of procuring commodities to be used in production are classified as normal course of business. The Corporation does not procure commodities for trading or speculative purposes.

The impact of commodity price risk fluctuation on the condensed consolidated financial statements is not significant because none of the Corporation's financial assets or liabilities are directly exposed to commodity price risks.

9. PROPERTY, PLANT AND EQUIPMENT

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

	As at	
	March 30, 2024	December 31, 2023
Cost	\$ 456,790	\$ 453,892
Accumulated depreciation and impairment	(293,413)	(290,392)
Net book value	\$ 163,377	\$ 163,500

ROYAL CANADIAN MINT
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
13 WEEKS ENDED MARCH 30, 2024

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

Net book value by asset class

	As at	
	March 30, 2024	December 31, 2023
Land and land improvements	\$ 3,146	\$ 3,149
Buildings and improvements	69,942	71,203
Equipment	59,717	60,132
Capital projects in process	30,572	29,016
Net book value	\$ 163,377	\$ 163,500

During the 13 weeks ended March 30, 2024, the Corporation acquired \$3.7 million (13 weeks ended April 1, 2023 - \$8.7 million) worth of building and improvements and equipment. No capital assets were transferred to different categories within property, plant and equipment.

Included in property, plant and equipment additions for the 13 weeks ended March 30, 2024 is a total accrual of \$1.7 million (December 31, 2023 - \$1.5 million).

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

No asset is pledged as security for borrowings as at March 30, 2024.

Intangible assets

	As at	
	March 30, 2024	December 31, 2023
Cost	\$ 39,199	\$ 39,126
Accumulated amortization and impairment	(35,509)	(35,269)
Net book value	\$ 3,690	\$ 3,857

During the 13 weeks ended March 30, 2024, the Corporation acquired \$0.1 million (13 weeks ended April 1, 2023 - \$0.3 million) worth of software. No capital assets were transferred to different categories within intangible assets.

During the 13 weeks ended March 30, 2024, the Corporation spent \$1.2 million (13 weeks ended April 1, 2023 - \$1.5 million) in research and development expenses all of which are included in cost of sales and administration expenses.

ROYAL CANADIAN MINT
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
13 WEEKS ENDED MARCH 30, 2024

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

10. LEASES

Right-of-use assets

The composition of the net book value of the Corporation's right-of-use assets, is presented in the following table:

	As at	
	March 30, 2024	December 31, 2023
Cost	\$ 10,701	\$ 10,701
Lease additions and renewals	27	-
Accumulated depreciation	(5,709)	(5,326)
Net book value	\$ 5,019	\$ 5,375

Net book value by right-of-use asset class

	As at	
	March 30, 2024	December 31, 2023
Buildings	\$ 2,805	\$ 2,993
Equipment	2,214	2,382
Net book value	\$ 5,019	\$ 5,375

Lease liabilities

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

As at March 30, 2024

	Buildings	Equipment	Total
Opening balance, January 1, 2024	\$ 3,309	\$ 2,506	\$ 5,815
Interest expense	23	17	40
Lease payments	(287)	(211)	(498)
Lease additions and renewals	-	27	27
Closing balance	\$ 3,045	\$ 2,339	\$ 5,384

ROYAL CANADIAN MINT
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
13 WEEKS ENDED MARCH 30, 2024

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2023

		Buildings	Equipment	Total
Opening balance, January 1, 2023	\$	4,036	\$ 3,206	\$ 7,242
Interest expense		107	85	192
Lease payments		(834)	(869)	(1,703)
Lease additions and renewals		-	84	84
Closing balance	\$	3,309	\$ 2,506	\$ 5,815

	As at	
	March 30, 2024	December 31, 2023
Buildings	\$ 822	\$ 815
Equipment	836	820
Current	\$ 1,658	\$ 1,635
Buildings	2,223	2,494
Equipment	1,503	1,686
Non-Current	\$ 3,726	\$ 4,180
Total lease liabilities	\$ 5,384	\$ 5,815

Total cash outflow for leases included in lease liabilities for the 13 weeks ended March 30, 2024 is \$0.5 million (13 weeks ended April 1, 2023 - \$0.4 million).

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

	As at	
	March 30, 2024	December 31, 2023
Trade payables	\$ 7,910	\$ 9,649
Employee compensation payables and accrued liabilities	26,745	26,145
Other current financial liabilities ¹	11,359	14,840
Other accounts payable and accrued liabilities	676	815
Trade payables, other payables and accrued liabilities	\$ 46,690	\$ 51,449

¹ Other financial liabilities include various accrued liabilities relating to operating and capital accruals.

ROYAL CANADIAN MINT
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
13 WEEKS ENDED MARCH 30, 2024

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

12. PROVISIONS

The following table presents the changes in the provisions:

	As at	
	March 30, 2024	December 31, 2023
Opening balance	\$ 3,157	\$ 5,481
Additional provisions recognized	3,873	9,727
Payments	(806)	(10,288)
De-recognition of provisions	(699)	(1,777)
Foreign exchange revaluation	(24)	14
Total provisions	\$ 5,501	\$ 3,157

Provisions include the following:

	As at	
	March 30, 2024	December 31, 2023
Sales returns and warranty	\$ 2,391	\$ 2,423
Customer contract commitments	3,110	-
Employee compensation	-	686
Other provisions	-	48
Total provisions	\$ 5,501	\$ 3,157

13. FACE VALUE REDEMPTIONS LIABILITY

	As at	
	March 30, 2024	December 31, 2023
Face Value redemptions liability	\$ 175,784	\$ 175,960
Precious metal recovery	(62,057)	(58,778)
Face Value redemptions liability, net	\$ 113,727	\$ 117,182

	As at	
	March 30, 2024	December 31, 2023
Opening balance	\$ 117,182	\$ 115,814
Redemptions, net	(119)	(441)
Precious metal and foreign exchange revaluation	(3,336)	1,809
Closing balance	\$ 113,727	\$ 117,182

As at March 30, 2024 the Corporation determined that it continues to be unable to reliably estimate the redemptions of Face Value coins.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

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 component of the liability was a decrease of \$3.3 million for the 13 weeks ended March 30, 2024 (13 weeks ended April 1, 2023 – increase of \$0.2 million). Based on the Face Value redemptions liability as at March 30, 2024, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the market value of silver in Canadian dollars would increase profit for the year by \$6.2 million (April 1, 2023 - \$6.1 million). A hypothetical 10% weakening in the market value of silver in Canadian dollars would have the equal, but opposite effect.

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.

14. EMPLOYEE COMPENSATION AND BENEFITS

Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan, a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Corporation made total contributions of \$2.3 million in the 13 weeks ended March 30, 2024 (13 weeks ended April 1, 2023 - \$2.7 million).

See Note 18 in the audited consolidated financial statements for the year ended December 31, 2023 for details of the Corporation's pension and other post-employment benefit plans, including the sensitivity analysis of the impact of changes in the discount rate on the employee benefit liabilities.

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15. REVENUE

15.1 Revenue by performance obligation

	13 weeks ended	
	March 30, 2024	April 1, 2023
Performance obligations satisfied at a point in time		
Sale of goods	\$ 270,044	\$ 730,856
Rendering of services	15,509	13,452
Total revenue recognized at a point in time	\$ 285,553	\$ 744,308
Performance obligations satisfied over time		
Sale of goods	\$ 5,184	\$ 1,775
Rendering of services	23,927	23,609
Total revenue recognized over time	\$ 29,111	\$ 25,384
Total revenue	\$ 314,664	\$ 769,692

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:

	13 weeks ended	
	March 30, 2024	April 1, 2023
Gross revenue from the sale of goods	\$ 700,279	\$ 1,257,404
Less: Customer inventory deals	(425,051)	(524,773)
Net revenue from the sale of goods	\$ 275,228	\$ 732,631

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15.2 Disaggregation of Revenue

The following table shows revenue disaggregated by primary geographical region and program or business:

Primary Geographic Regions	13 weeks ended	
	March 30, 2024	April 1, 2023
North America	\$ 235,376	\$ 657,655
Europe, Middle East and Africa	68,706	93,483
Asia and Oceania	8,422	16,728
Latin America and Caribbean	2,160	1,826
Total revenue	\$ 314,664	\$ 769,692

Program and Businesses	13 weeks ended	
	March 30, 2024	April 1, 2023
Canadian Circulation program	\$ 19,090	\$ 19,546
Foreign Circulation	9,328	2,454
Total Circulation	28,418	22,000
Bullion Products and Services	251,552	710,437
Numismatics	34,694	37,255
Total Precious Metals	286,246	747,692
Total revenue	\$ 314,664	\$ 769,692

For the 13 weeks ended March 30, 2024 two (13 weeks ended April 1, 2023 – two) customers each made up 10% or more of the Corporation's revenue.

The revenue earned from significant customers was reported in the Precious Metals business for the 13 weeks ended March 30, 2024 and April 1, 2023, and in the primary geographic regions of North America and Europe, Middle East and Africa for the 13 weeks ended March 30, 2024 (North America - April 1, 2023).

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

15.3 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 March 30, 2024:

	2024	2025	2026	Total
Total revenue	\$ 93,141	\$ 60,431	\$ -	\$ 153,572

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.

16. DEPRECIATION AND AMORTIZATION EXPENSE

	13 weeks ended	
	March 30, 2024	April 1, 2023
Depreciation of property, plant and equipment	\$ 3,758	\$ 3,791
Amortization of intangible assets	240	445
Depreciation of right-of-use assets	383	393
Total depreciation and amortization expenses	\$ 4,381	\$ 4,629

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

	13 weeks ended	
	March 30, 2024	April 1, 2023
Cost of sales	\$ 3,057	\$ 3,031
Marketing and sales expenses	342	419
Administration expenses	982	1,179
Total depreciation and amortization expenses	\$ 4,381	\$ 4,629

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17. EMPLOYEE COMPENSATION EXPENSES

	13 weeks ended	
	March 30, 2024	April 1, 2023
Included in cost of sales:		
Salaries and wages including short-term employee benefits	\$ 9,725	\$ 9,088
Pension costs	1,154	1,169
Other long-term employee and post-employment benefits	555	651
Termination benefits	-	217
Included in marketing and sales expenses:		
Salaries and wages including short-term employee benefits	3,787	3,739
Pension costs	295	295
Other long-term employee and post-employment benefits	124	132
Included in administration expenses:		
Salaries and wages including short-term employee benefits	13,362	12,474
Pension costs	1,004	1,017
Other long-term employee and post-employment benefits	555	704
Termination benefits	93	15
Total employee compensation and benefits expense	\$ 30,654	\$ 29,501

18. SUPPLEMENTAL CASH FLOW INFORMATION

Adjustments to other revenues and expenses were comprised of the following:

	13 weeks ended	
	March 30, 2024	April 1, 2023
Expenses		
Employee benefits expenses	\$ 2,446	\$ 2,480
Employee benefits paid	(2,270)	(2,652)
Inventory (reversals) write downs	(203)	397
Provisions	-	60
Loss on disposal of assets	87	31
Other non-cash expenses, net	(189)	(117)
Non-cash revenue, net		
Foreign circulation revenue	-	(566)
Bullion service revenue	(2,880)	(1,987)
Adjustments to other revenues and expenses	\$ (3,009)	\$ (2,354)

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

	13 weeks ended	
	March 30, 2024	April 1, 2023
Trade receivables, net and other receivables	\$ 2,803	\$ 27,123
Inventories	2,397	(4,708)
Prepaid expenses and other advances	(1,141)	(799)
Trade payables, other payables and accrued liabilities	(2,181)	8,668
Contract liabilities	-	5,658
Provisions	-	(15)
Change in operating assets and liabilities	\$ 1,878	\$ 35,927

19. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada owned entities. The Corporation enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. In accordance with 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 which is effective from January 1, 2022 to December 31, 2025.

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The transactions with Department of Finance were as follows:

	13 weeks ended	
	March 30, 2024	April 1, 2023
Revenue	\$ 18,789	\$ 18,401

	As at	
	March 30, 2024	December 31, 2023
Trade receivable (Note 5)	\$ 1,500	\$ 1,486
Contract liabilities (Note 7)	\$ 251	\$ -

During the 13 weeks ended March 30, 2024 and April 1, 2023, the majority of transactions with Crown corporations were for the sale of numismatic products.

20. COMMITMENTS, CONTINGENCIES AND GUARANTEES

20.1 Precious metal and other 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 and supply arrangements for precious metal bullion products. As at March 30, 2024, the Corporation had \$24.4 million in outstanding firm fixed-price precious metal purchase commitments and firm commitments for precious metal bullion product supply arrangements, including sourcing costs (December 31, 2023 – \$28.2 million).

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

Ounces	As at	
	March 30, 2024	December 31, 2023
Gold	522,872	578,397
Silver	19,801,950	22,492,819
Platinum	26,003	29,203

The fees for these leases are based on the market value. Precious metal lease payments of \$1.9 million for the 13 weeks ended March 30, 2024 were recognized through cost of sales (April 1, 2023 - \$4.3 million). The value of the metals under these leases is not reflected in the Corporation's condensed consolidated financial statements as stated in note 3.2.5 of the audited consolidated financial statements for the year ended December 31, 2023.

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As at March 30, 2024, the total estimated minimum remaining future commitments were as follows:

	2024	2025	2026	2027	2028	Total
Other commitments	\$ 41,008	\$ 8,029	\$ 2,595	\$ 273	\$ 32	\$ 51,937
Base metal commitments	2,775	-	-	-	-	2,775
Capital commitments	8,662	-	-	-	-	8,662
Total	\$ 52,445	\$ 8,029	\$ 2,595	\$ 273	\$ 32	\$ 63,374

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 \$8.7 million as at March 30, 2024 (December 31, 2023 - \$9.9 million) in 2024 on capital projects.

20.2 Trade finance bonds, bank guarantees and contingencies

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 have remaining terms of between twelve to nineteen months depending on the applicable contract, while warranty guarantees have remaining terms of up to seven months. Bid bonds have remaining terms of up to six 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. An advance payment guarantee has a remaining term of twelve months. 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 March 30, 2024, under the guarantees and bid bonds, the maximum potential amount of future payments is \$5.1 million (December 31, 2023 - \$5.8 million).

In addition, from time to time, 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 condensed consolidated

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financial statements. There was no provision for potential legal obligations as at March 30, 2024 and December 31, 2023.

Other than the changes noted above, there have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2023.