STRIKING A BALANCE

ROYAL CANADIAN MINT

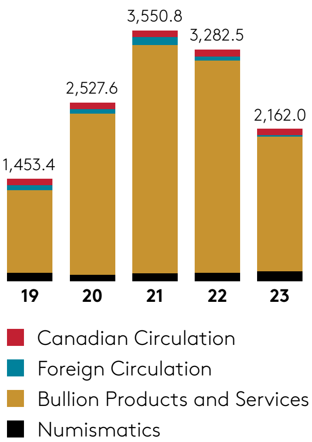
ANNUAL REPORT 2023

ROYAL CANADIAN MINT MONNAIE ROYALE CANADIENNE

FINANCIAL AND OPERATING HIGHLIGHTS

	2023	2022	% change
Key financial highlights ($ in millions)			
Revenue	**2,162.0**	3,282.5	(34)
Gross profit	**153.7**	170.3	(10)
Profit for the period	**16.6**	34.9	(52)
Profit before income tax and other items[1, 2]	**24.1**	45.0	(46)
Dividends paid	**–**	40.7	(100)
Total assets	**380.4**	380.2	–
Shareholder's equity	**155.2**	138.4	12
Capital expenditures[3]	**32.0**	22.5	42
Cash flow from operating activities[3]	**21.1**	84.1	(75)
Return on average capital employed[2, 4]	**8%**	15%	
Key operating highlights			
New coins sold to financial institutions and others (in millions of pieces)	**249.0**	336.0	(26)
Gold bullion sales (in thousands of ounces)[5]	**989.1**	1,489.7	(34)
Silver bullion sales (in millions of ounces)[5]	**24.4**	37.1	(34)
Number of employees (at December 31)	**1,147**	1,189	(4)

Revenue by Program and Business
($ in millions)



[1] A reconciliation of profit before income tax and other items is included on page 40.
[2] These are non-GAAP financial measures that are not standardized under International Financial Reporting Standards (IFRS) and might not be comparable to similar financial measures disclosed by other corporations reporting under IFRS.
[3] Prior year figures have been reclassified to align with the current year presentation, see page 92.
[4] Calculation is based on profit before income tax and other items.
[5] Bullion volumes are presented on a gross basis.

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MODERN BUSINESS ISN'T ABOUT COMPROMISE:

it is about proactively addressing multiple priorities – each of them important. By striking the right balance between delivering our core mandate as the producer and distributor of Canada's coinage, meeting the expectations of all our stakeholders, and operating responsibly, we are building a sustainable future for the Royal Canadian Mint and demonstrating how the global minting industry can redefine success.

STRIKING A BALANCE

The Royal Canadian Mint acknowledges that its facilities rest on Indigenous territories. The lands on which its Ottawa facilities are located are the traditional and unceded territory of the Algonquin Anishinaabeg People. Its Winnipeg facilities are located on Treaty No. 1 territory, which is the traditional territory of the Anishinaabeg, Cree, Oji-Cree, Dakota, and Dene Peoples, and the homeland of the Métis Nation.

MESSAGE FROM THE PRESIDENT AND CEO

Over the last year, the Royal Canadian Mint achieved solid financial performance while ensuring coins were available across Canada for use in trade and commerce. We also continued our investments in our transformation, and set ambitious goals for a responsible and sustainable future. This was made possible by the commitment and engagement of employees in Ottawa and Winnipeg who continued to implement our long-term strategy, tailored to adapt to and seize the opportunities of an ever-changing marketplace.

My colleagues on the leadership team and I are thankful to the Board of Directors for their guidance and input on the 2024-2028 Corporate Plan. Their reaffirmation of our long-term strategy validated that we are on the right track to ensure the continued success of the Mint.

We can look back on many successes over a year where we struck a balance between delivering our core mandate as the producer and distributor of Canada's coinage, and meeting the many expectations of clients, partners and our shareholder, the Government of Canada.

2023 was marked by a major transformation of Canada's coinage, as Mint employees took on the historic task of producing the effigy of His Majesty King Charles III after the Government of Canada announced, on May 6, that His Majesty's image would grace the obverse of future Canadian coins. With a thorough, rigorous plan at the ready, the team expedited design, approval and production processes to ensure the Mint could start circulating Canada's new royal effigy in 2023.

I was honoured to unveil the portrait of His Majesty King Charles III, the first new monarch to appear on Canadian coins in 70 years, and to strike the first circulation coin bearing his image at our Winnipeg facility. It was a delight to do so in the company of Canadian portrait artist Steven Rosati, who designed the new effigy.

Looking at another important aspect of our future, I was proud to see our environmental, social and governance (ESG) priorities clearly articulated in our ESG Commitment and Action Plan, published in March 2023. The plan includes measurable goals to reduce carbon emissions in both facilities and a pledge to have a carbon-neutral Circulation business by 2030. It also outlines our contributions to ensure an inclusive payment ecosystem is maintained in Canada, and details our commitment to responsible sourcing and manufacturing processes.

In Winnipeg, the construction of a geothermal heating and cooling system took shape in 2023, connecting underground piping from multiple wells to our facility, which will allow us to start reducing our gas and electricity consumption in 2024.

Through surveys conducted in 2023, the Mint sharpened its insights into consumer attitudes toward coins, payment preferences, as well as coin user demographics that help inform the Mint, and that we share with cash ecosystem partners such as financial institutions.

In 2023, we continued to apply a diversity, equity and inclusion (DEI) lens to everything we do. Training on our DEI Lens Toolkit, offered throughout the year, helped employees navigate everyday situations. In the spirit of making the Mint a more accessible and inclusive workplace, our new Accessibility Action Plan became the first corporate document available in braille.

We enhanced the responsible sourcing of precious metals in many different ways throughout the year. We implemented a new responsible sourcing policy for precious metals and procured a new software solution for tracking gold along the full chain of custody. The Mint also re-qualified as a Good Delivery Refiner under the London Bullion Market Association's (LBMA) Responsible Gold Guidance Version 9 (RGG9). The Mint also became a full member of the LBMA, giving us a greater voice within the precious metals industry, as well as expanding market access for our bullion products.

Customer retention and new contracts translated into record refining volumes, even as bullion product sales experienced a downturn. We remain optimistic for renewed growth thanks to new distributor and retail agreements for the sale of gold bullion products.

Our numismatics business grew in 2023, thanks in part to popular programs such as the collection honouring the reign of the late Queen Elizabeth II, the King Charles III Coronation Suite, and the launch of new releases from the Opulence Collection.

We continued to showcase diverse and inspiring stories of Canada on new commemorative circulation coins. A $2 coin issued for National Indigenous Peoples Day helped form a partnership with First Nations, Inuit and Métis national organizations and involved the collaboration of three artists on the reverse design – a first for a circulation coin.

In August, I had the privilege of unveiling a $1 commemorative circulation coin honouring engineering trailblazer Elsie MacGill. As a trained engineer myself, I appreciate her determination in becoming the first woman member elected to the Engineering Institute of Canada. Her legacy remains an inspiration to many women pursuing careers in STEM (science, technology, engineering and mathematics).

As a creator, promoter and supporter of Canada's visual arts, through countless coins designed by artists from coast to coast to coast, the Mint also proudly celebrated the legacy of legendary Canadian artist Jean Paul Riopelle with a $2 circulation coin coinciding with the 100th anniversary of his birth.

While economic and geopolitical uncertainty continued to impact demand for the production of foreign circulation coinage, new blanking contracts, as well as work on our first double-sided painted coin, are paving the way for future growth in this important segment of our Circulation business.

We were pleased to showcase our technology and innovation to international peers during the 2023 Mint Directors Conference (MDC), which we had the honour of hosting in Ottawa. The two-day business program, focused on the future of coins and sustainability, brought together mints, dealers and suppliers to discuss and exchange ideas on the opportunities, challenges and priorities facing our industry.

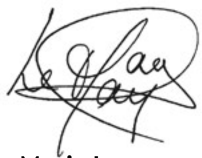
Planning for the future must always include planning for our people. We continue to remain focused on health and safety, with employee-led Health and Safety Committees in Ottawa and Winnipeg helping us determine the next steps in our journey to fostering a safer workplace. Robust mandatory and elective training programs provide valuable tools to support our strategic goals and further employee development.

I was proud that the Mint was again named one of the National Capital Region's Top Employers for a third consecutive year. While we received this award because we are headquartered in Ottawa, it recognizes collective efforts in Ottawa and Winnipeg. Reinforcing this recognition, the results of our annual employee survey showed an encouraging rise in our engagement score. Valuable feedback gathered from this exercise will help us continue to drive positive change.

We will continue to invest in our people and the tools needed to help the Mint perform at its best. We are in the midst of an important digital program that will enhance customer relationship management.

Our strategy continues to produce results by creating new opportunities. We operate in a business that is characterized by cycle. As we entered the "low" part of the cycle, I was impressed to see our ability to adjust. I am excited for our future. We are prepared to seize new opportunities, such as those provided by anticipated increases in bullion demand. We will remain agile and correct our course as needed so that we may deliver the best possible value to Canada and Canadians.

We will continue to strike a balance between all of our priorities so that the Mint can remain sustainable and continue to make a positive impact.



Marie Lemay
President and CEO

MESSAGE FROM THE CHAIR

Throughout 2023, the Royal Canadian Mint's Board of Directors continued to provide oversight and strategic guidance on priority issues such as environmental, social and governance (ESG), geopolitical risk, precious metal market volatility, and evolving cybersecurity threats, to name a few. It also maintained a close collaboration with the Mint's management team, as the organization pursued and adapted its long-term strategy that is keeping the Mint on the road to a sustainable future.

The Board welcomed new directors to its ranks. Evan Price was appointed on April 21, while Cindy Chao and Kevin Darling received their appointments on October 6, at which time Barry Rivelis and Pina Melchionna, who also became Chair of the Governance Committee, were also reappointed to four-year terms. I also congratulate Cybele Negris on her appointment as Board Vice-Chair. The Board is thankful for the contributions of Deborah Trudeau, who left in June after over five years of service. Now that all 11 directorships are fully staffed, the Board will benefit from both renewal and continuity as it pursues its work.

I am also thankful to the Government of Canada for having renewed my mandate for another five-year term. I look forward to continuing to work with skilled and experienced colleagues, on the Board and on the management team, in achieving our shared ambitions for the Royal Canadian Mint.

In March, the Board and the Mint's management team conducted an annual strategic session to review its long-term strategy and finetune it to current market conditions and emerging market trends. My fellow directors provided valuable insight in setting a course for the future on which both the Board and the Mint's management team are engaged and aligned. The revised strategy has been instrumental to formulating the 2024-2028 Corporate Plan.

I am also pleased that the Board met all criteria related to Corporate Governance in the Office of the Auditor General's (OAG) Special Examination of the Mint. This management and operational review exercise, conducted every 10 years, validated, among other things, the integrity of the Mint's governance framework in terms of oversight, the Board's independence, director competencies, and ability to provide strategic direction. For its part, when looking at the overall results of the special examination, the Board is encouraged that the OAG found that the Mint is well managed and found no significant deficiencies in the Mint's systems and practices, and that some of the noted areas of improvement were already being addressed by Mint management by the time of the report's filing.

Strong interest in overseeing progress on the Mint's ESG Commitment and Action Plan continued, with regular reporting to the Board's Governance and Nominating Committee, offering more opportunities to provide guidance. The Board recognizes that the Mint is committed to operating more responsibly in every aspect of its operations and that it is continually improving its ESG performance. The Board is increasing its focus on the metrics and approaches to which the Mint has committed.

We are encouraged by the procurement of a robust gold provenance tracking platform at the Mint's refinery in Ottawa, and are closely following progress on the Winnipeg facility's decarbonization plan. We are also devoting greater attention to the disclosure of climate risks and opportunities, as mandated by the Government of Canada's Task Force on Climate-Related Financial Disclosures (TCFD) directive.

The Board witnessed a different kind of transformation when the Prime Minister of Canada announced on May 6 that the obverse of Canadian coins would bear the effigy of His Majesty King Charles III. We commend the Mint for having developed a plan that allowed it to maintain business continuity throughout the transition and quickly carry out the historic task of developing a new royal obverse as soon as it received the Government's direction. Following the last strike of a Canadian circulation coin bearing the effigy of the late Queen Elizabeth II, I was pleased to see the effigy of His Majesty, designed by Canadian artist Steven Rosati, unveiled on November 14. The tremendous turnout for the Ottawa and Winnipeg coin exchanges that followed allowed members of the public to collect some of the first circulation coins minted with the effigy of His Majesty. It was a compelling reminder of the power of coins to engage people living all across Canada.

I had the opportunity to personally witness this kind of engagement when I participated in the launch of the $1 circulation coin commemorating the great Elsie MacGill, also known as the "Queen of the Hurricanes". In recommending more diverse and inclusive themes for its commemorative circulation coin program, the Mint effectively told her story as a role model and a lifelong advocate for women's rights in Canada.

The Board also commends the Mint for producing a stunning and inspirational $2 circulation coin earlier in the year in celebration of National Indigenous Peoples Day. It continued to diversify its collector coin themes with additions such as the 2023 Proof Silver Dollar honouring pioneering journalist Kathleen "Kit" Coleman and the continued celebration of Black history in Canada with a $20 fine silver coin commemorating the No. 2 Construction Battalion.

In the day-to-day business of producing, recirculating, recycling and distributing Canada's circulation coinage, the Mint continued to efficiently operate the coin management system to ensure inclusive and effective access to circulation coins.

The Mint is delivering on many fronts and the Board is aligned on its efforts to meet the needs of its many stakeholders, while continuing to operate profitably and responsibly. With a shared vision of a sustainable future, the Board of Directors will continue to guide and oversee the Royal Canadian Mint in the same spirit of collaboration and dialogue that has created conditions from which today's success can generate even more benefits of a financial, environmental and social nature.

Phyllis Clark

Phyllis Clark
Chair of the Board

BUSINESS

BAL+NCE

COMMUNITY

HISTORY IN THE MAKING:
CREATING CANADA'S NEW ROYAL EFFIGY

On September 10, 2022, two days after the passing of Queen Elizabeth II, His Majesty King Charles III was officially declared Head of State and Sovereign of Canada through the public reading, at Rideau Hall in Ottawa, of a proclamation issued by Her Excellency, The Right Honourable Mary Simon, Governor General of Canada. Canada had entered a new royal era.

History would be made again on May 6, 2023, the day of His Majesty's coronation, when the Government of Canada announced that the effigy of His Majesty King Charles III would grace the obverse of future Canadian coins. The longstanding tradition of engraving the effigy of the reigning monarch on Canada's coins would continue and, for the first time in 70 years, Canadians would see the face of a new monarch on their coins.

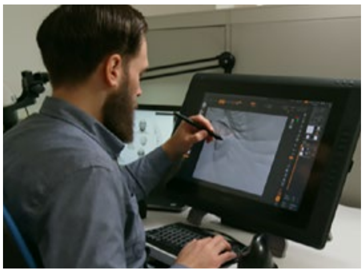
The Royal Canadian Mint was well prepared, and immediately started the process to create a new royal effigy. A plan had been developed by a cross-functional team managing the seamless transition to a new obverse for Canadian coins. The Mint's approach was supported by many federal government departments and agencies, the Governor-in-Council, and the Office of the Secretary to the Governor General.

More than 350 experienced coin designers and Mint engravers were invited to submit notices of interest to design a "made-in-Canada" portrait of the new monarch. Over 100 answered the historic call, and a panel of Mint experts reviewed anonymous submissions for their artistic and technical merits, and suitability for mass-production. The artwork of Montreal-based Steven Rosati was chosen.

The new effigy, featuring a modern portrait of His Majesty King Charles III, uncrowned and wearing a suit and tie, was personally approved by His Majesty.

Experienced teams from Operations, Engraving and Die Production, supported by teams from across the Mint, worked as one to transform the two-dimensional sketch of His Majesty into three-dimensional tooling to strike his image on every denomination of Canadian coinage. On November 14, His Majesty's 75th birthday, Mint President and CEO Marie Lemay and artist Steven Rosati unveiled Canada's new royal effigy at a ceremony held before media and proud Mint employees assembled on the production floor of the Winnipeg facility, with many more people watching via livestream. History was made again when Marie Lemay subsequently struck a 2023-dated $1 circulation coin, the first Canadian coin to bear The King's image.

In just over six months, Mint employees took the new royal effigy from concept to reality, heralding a new royal era.



Top: The new obverse featuring the effigy of His Majesty King Charles III is unveiled at the Mint's Winnipeg facility.

Middle: Engraver Eric Boyer transforms the two-dimensional portrait of His Majesty into three-dimensional tooling.

Bottom: The very first $1 circulation coin struck with the new royal effigy. Coins of all denominations bearing the new effigy began circulating in late 2023.

In keeping with tradition, the King's portrait faces left, in the opposite direction of his predecessor, his late mother Queen Elizabeth II.

Employees who spent the night outside the Ottawa facility in support of Youth Services Bureau.

WITH PRIDE AND PURPOSE:
MINT EMPLOYEES FIND INNOVATIVE WAYS TO GIVE BACK

People are the foundation of the Mint's business and future. In 2023, staff across the Mint continued to work to improve the employee experience and find new ways to give back to their communities.

Staff-driven initiatives in both facilities helped reduce the Mint's environmental footprint and divert items from landfills. After reconfiguring workspaces in Ottawa, the Facilities team donated excess office furniture to Matthew House Furniture Bank, which helps new Canadians, refugees and low-income families. For its part, the Winnipeg Information Technology team marked 10 years of donating old computers, laptops, phones, and other electronics to Manitoba's Computers for Schools, a program that refurbishes such devices for use by schools, libraries, non-profit learning organizations, and Indigenous communities.

The purchase of new manufacturing equipment also led to community giving. After acquiring two new CNC (computer numerical control) mills in Ottawa, the cross-functional team of employees tasked with managing their installation also arranged the donation of old equipment to the Centre de formation professionnelle des Portages-de-l'Outaouais in Gatineau, Quebec.

Employees continued to show support for their communities at local fundraising events. Ottawa employees helped raise almost $11,000 for an organization that helps fight youth homelessness, by committing to spend one night outside in sub-zero temperatures.

In June, a group of employees marched in the Winnipeg Pride Parade for the first time, while Ottawa employees made their second appearance in August's Capital Pride Parade. Close to 100 employees and their friends and family proudly marched alongside members of the 2SLGBTQIA+ community.

Building on its commitment to diversity, equity and inclusion, the Mint's first Accessibility Action Plan, published in December 2022, helped reshape thinking on removing barriers to the workplace fulfillment of people living with disabilities. The Mint completed several of the plan's action items, including the addition of braille signage, making mint.ca accessibility compliant, training more employees to use sign language video interpretation software and including accessibility criteria in procurement. The Mint continues to look for new ways to proactively improve accessibility for employees and customers alike.

Top: Some of the Mint employees who marched in the Winnipeg Pride Parade.

Bottom left: Women in Defence and Security (WIDS) recognized Cybersecurity Senior Manager Nicole Lacelle as a 2023 Emerging Leader for her role in launching a WIDS chapter at the Mint.

Bottom right: New employees participating in the updated onboarding program.

Winnipeg employees, from one of many teams across the Mint, who displayed their commitment to health and safety by implementing preventive and corrective safety actions.

The Mint continued to align its recruitment strategies with best practices to attract diverse talent, and a new onboarding process is helping foster a greater sense of belonging among new hires.

As mandated by the 2021 *Pay Equity Act*, employees from each bargaining unit and non-unionized employees joined a new Pay Equity Committee to address gender pay issues. Members will help develop a Pay Equity Plan that the Mint will submit to the Canadian Human Rights Commission in 2024.

To help engage employees and inspire the advancement of women in the workplace, the Mint launched its own chapter of Women in Defence and Security in late 2022. Through discussions at three events with women leaders in that field, the Mint's chapter shared success stories and encouraged open conversations about inclusion in the workplace and opportunities for professional development.

STRATEGY

BAL+NCE

AGILITY

MINTING TOGETHER:
COLLABORATING ACROSS INDUSTRIES

Partnerships take many forms at the Mint, and approaching them in a manner that seeks to better understand and serve our customers and our partners is key to delivering great products and services. It is also a cornerstone of achieving sustained growth and profitability. Working closely with our industry and community partners also spurs innovation, helps open new markets, and allows the Mint to keep finding ways to stand out as a minting industry leader.

In spite of market volatility affecting demand for bullion products, the Mint broke a record for the total volume of gold refined at its Ottawa facility, exceeding 5.5 million fine ounces. Partly the result of maintaining strategic support to Canada's mining and financial sectors, it was also the outcome of proactive efforts to engage with new, like-minded refining customers who value responsible metal sourcing and share common ESG values.

The Mint was proud to collaborate with Newmont, a global gold production leader, on launching a new single mine bullion coin, a 1 oz. 99.99% pure Gold Maple Leaf (GML) bullion coin entirely sourced from Newmont's Éléonore gold mine in Northern Quebec. This fully segregated refining product again demonstrated the Mint's reputation for precious metal sourcing, refining and manufacturing excellence.

The Mint further cemented its relationships with new and existing North American refining customers by visiting the Northern Ontario operations of four gold mines. Site visits such as these are an excellent opportunity to gain insights into the complexities and challenges of mining operations and facilitated discussions on areas of mutual interest such as responsible sourcing and environmentally responsible practices.

In 2023, a major effort to break barriers in introducing new customers to bullion coins took shape thanks to an opportunity to make our bullion products available to Costco Canada members. Online and in-store sales of our 1 oz. GML connected the Mint with customers who aren't typical bullion buyers.

On the numismatics side of the Precious Metals business, the Mint unveiled the two latest coins in its Opulence Collection, a line of gold and platinum coins adorned with hundreds of rare pink diamonds. Through a growing partnership with Heffel Fine Art Auction House, the Mint continues to make inroads with the luxury collectables market and engage art collectors and enthusiasts who have the potential to become a new category of coin collector/investor.

The Mint will continue to cultivate partnerships that will yield future commercial success and deliver good value for Canada and Canadians.

The Mint's second single mine gold bullion coin, entirely sourced from Newmont's Éléonore gold mine in Northern Quebec.

Top: Mining operations visited by the Mint in efforts to engage with refining customers who share ESG values.

Bottom: The Mint unveiled two latest issues from the coveted Opulence Collection, including the 10 oz. Pure Platinum Pink Diamond Beauteous coin, at an Elite Membership Event in Vancouver.

Top: Speakers and delegates from among the 250 international participants at the Mint Directors Conference (MDC) in Ottawa.

Bottom left: Dr. Farah Alibay presented to the group remotely via innovative hologram technology.

Bottom right: Former Governor of the Bank of Canada Stephen Poloz opened MDC 2023 as a keynote speaker.

HOSTING THE WORLD:

MINT DIRECTORS CONFERENCE COMES TO OTTAWA

The Royal Canadian Mint was proud to host mint directors, suppliers and dealers from around the world for the 2023 Mint Directors Conference (MDC 2023), which was held in Ottawa in mid-October. The first in-person MDC in over five years, the conference welcomed more than 250 delegates from all parts of the globe.

Under the theme of "Minting for the Future", the conference program focused on the future of cash and sustainability.

Distinguished keynote speakers opened each day to set the stage for interactive breakout sessions that drove discussion and fostered collaboration. The former Governor of the Bank of Canada, Stephen Poloz, kicked off the conference by sharing insights from his book, *The Next Age of Uncertainty*. His advice on anticipating multiple outcomes for meeting an unpredictable future sparked productive group discussions on the future of cash.

Canadian aerospace engineer Dr. Farah Alibay opened the day-long session on sustainability by sharing her unique perspectives on Earth's environmental fragility and the importance of taking care of our planet for the next generation. In an effort to drive home the future-ready theme and showcase innovation, Dr. Alibay beamed in from California via Proto hologram technology, an innovative approach that framed the day's programming.

The conference program was designed to engage the whole minting industry in exploring issues and priorities that will shape its future, in a conference that was cost-neutral to the Royal Canadian Mint. Mint directors, technical and marketing experts, bullion and numismatic dealers, and suppliers from around the globe shared technical and process innovations, explored the business imperative of sustainability from different perspectives, and highlighted success stories in driving public engagement and coin collecting. For the first time, an international dealer panel led a session on rethinking ways to appeal to new collectors, highlighting the important partnership between mints and their business-to-business customers in strategizing for the future.

MDC 2023 concluded with renewed optimism that cash and digital payment options will continue to co-exist over the long-term to ensure the accessibility and inclusivity of the payment ecosystem. It also reaffirmed consensus on industry-wide collaboration as a necessary driver of the future of payments.

To conclude the conference, the Royal Canadian Mint welcomed industry peers to its Ottawa and Winnipeg facilities, where the Mint showcased its talented people, innovations and products to the world.

Delegates touring the Mint's facility in Ottawa at the conclusion of the conference.

TRADITION

BAL+NCE

INNOVATION

LEADING THROUGH EXCELLENCE:
MINT RECOGNIZED ON WORLD STAGE

As a global minting leader, the Royal Canadian Mint is known for excellence. While coin design and manufacturing expertise continued to earn the Mint industry-wide accolades, it was also recognized for achievements in people management, as well as ESG practices.

The Mint won three coveted Coin of the Year (COTY) awards in 2023, as the premier program celebrating the world's best coins underwent a post-pandemic restructuring. In January, the 2021 $20 Fine Silver Coin – Black and Gold: The Grey Wolf was named "Best Crown", while the Mint's first coloured 10-cent circulation coin issued in 2021 to celebrate the 100th anniversary of *Bluenose* won the "Best Circulation" coin award.

When the 40th COTY awards were presented at the American Numismatic Association's World's Fair of Money in August, the Mint's 2022 5 oz. Pure Silver Coin – Canadian Ghost Ship won the "Most Innovative" category.

The International Association of Currency Affairs (IACA), which brings together the world's banknote and coin manufacturers, currency issuers and industry suppliers, has its own program recognizing circulating currency excellence. The Mint was honoured that its bi-metallic $2 circulation coin featuring a world-first black nickel-plated outer ring was recognized as the "Best New Circulating Coin or Coin Series" under IACA's 2023 Excellence in Currency Awards. Designed to echo a mourning armband reflecting the loss felt by Canadians upon the passing of Queen Elizabeth II, this innovation demonstrated how thoughtfully designed and well-crafted coins can continue to engage and inspire.

On another front, the Mint again ranked among Corporate Knights' "Best 50 Corporate Citizens in Canada". The Mint's 2023 ranking was largely attributed to top-quartile scores on the management of energy consumption and carbon emissions, sustainable revenue, as well as gender and racial diversity on the management team and Board positions. The Mint has come a long way in ensuring that it operates responsibly in all aspects of its business and this recognition is an important endorsement of our ESG approach.

These awards also recognize the dedication of our employees. As an organization focused on attracting and retaining talented people by prioritizing diversity, equity and inclusion; health and safety; and professional development, the Mint was also honoured to be named one of the National Capital Region's Top Employers for the third year in a row.

The innovative colour reveal effect on the 2022 5 oz. Pure Silver Coin – Canadian Ghost Ship.

Top: Chief Commercial Officer Tom Froggatt (middle) accepts the IACA award.

Bottom left: The $2 circulation coin featuring the world's first black nickel plating.

Bottom right: President and CEO Marie Lemay and Michael Groves, Senior Program Advisor, Sustainability and International Mint Liaison accepts this year's Corporate Knights award as one of the "Best 50 Corporate Citizens in Canada."

OUR CANADA, OUR COINS

The $20 Fine Silver Coin – Commemorating Black History: No. 2 Construction Battalion.

Throughout the year, many of the coins issued by the Royal Canadian Mint expressed new and innovative ways of offering Canadians and customers from around the world richly designed representations of Canada's past and present.

Echoing the Government of Canada's apology to the descendants of members of the No. 2 Construction Battalion, Kwame Delfish's coin design honouring the battalion, commemorated its determined national service during the First World War. From the battalion's formation in 1916 until its disbandment in 1920, the largest all-Black battalion-sized unit in Canadian military history provided vital support to Canada's war effort to preserve rights and freedoms that weren't always afforded to them at home.

A special $1 circulation coin was issued honouring a trailblazer who also gained international notoriety supporting the Canadian war effort, this time during the Second World War. Responsible for many firsts as a woman studying and practising engineering, Elsie MacGill was celebrated for setting up the Canadian production of the Hawker Hurricane fighter plane during the Second World War. Her lifelong advocacy for women's rights included her appointment to the Royal Commission on the Status of Women in 1967.

The 2023 $1 commemorative circulation coin honouring Elsie MacGill.

Top: The commemorative circulation coin honouring Elsie MacGill was unveiled at Calgary's Hangar Flight Museum.

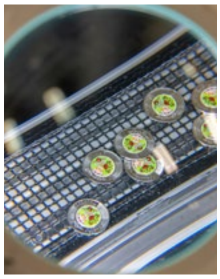
Bottom: Guests (left) and Winnipeg employees (right) posing with the new Elsie MacGill circulation coin.

The 2023 $2 commemorative circulation coin celebrating National Indigenous Peoples Day.

Another commemorative circulation coin showcased the art of three female Indigenous artists (Megan Currie, English River First Nation; Agnaviak – Myrna Pokiak, Inuvialuit Settlement Region; and Jennine Krauchi, Red River Métis). The $2 coin celebrating National Indigenous Peoples Day is the first Canadian circulation coin designed by three artists. Its reverse honoured the rich and diverse cultural heritages of First Nations, Inuit, and Métis peoples. Their combined work fused personal visions of their respective cultures, to create a unique way to honour and celebrate National Indigenous Peoples Day.

In conjunction with the 100th anniversary of the birth of legendary visual artist Jean Paul Riopelle, the Mint issued a $2 circulation coin recognizing his status as one of Canada's, and the world's, most influential artists of the 20th century. Its reverse showcased a section of one his most famous paintings, *L'Hommage à Rosa Luxemburg*, a monumental fresco largely composed of symbolic representations of the life he shared with his long-time partner, American painter Joan Mitchell. This special coin celebrated Riopelle's role as an artist who pushed boundaries and remained at the forefront of some of the most important art movements of his time.

The 2023 $2 circulation coin commemorating the 100th anniversary of the birth of Jean Paul Riopelle.



Top: The circulation coin celebrating National Indigenous Peoples Day in production at the Mint's Winnipeg facility.

Bottom: Métis beading artist Jennine Krauchi in her Winnipeg studio.

Left: A Winnipeg manufacturing employee shows off a new Jean Paul Riopelle commemorative circulation coin.

Right: The painted $2 coin in production.

PRIORITIZING SUSTAINABILITY:
MINTING WITH CARE

Top: Refined gold samples undergoing fire assay.
Bottom: A refinery operator pouring pure silver bars at the Mint's Ottawa facility.

The publication of the Mint's ESG Commitment and Action Plan in 2023 represented the next step in its journey toward being a more sustainable Mint. This commitment is built on investments in solutions that provide socially and environmentally responsible products and services, actions that contribute positively to communities and minimize the Mint's impact on the environment, and investments in responsible sourcing and manufacturing.

The Mint implemented its Responsible Sourcing (Precious Metals) Policy in late 2022 to ensure refinery operations meet rigorous responsible sourcing standards. Promoting, supporting and engaging with secure, transparent, and verifiable mined or recycled precious metals supply chains is the cornerstone of this policy, and ensures compliance to the LBMA requirements.

The Mint also successfully maintained certification as an LBMA Good Delivery Refiner, with its Responsible Metals Program audited against newly strengthened standards of the LBMA's Responsible Gold Guidance V9.

Investors in precious metals have long trusted the Mint and its processes for ensuring the purity, quality and security of the metals it refines and the bullion it produces. This year, the Mint added an additional layer of digital transparency with the implementation of an innovative secure distributed ledger technology platform that tracks the end-to-end sourcing and custody of gold processed through its refinery. This traceability allows buyers and sellers alike to be confident that gold refined at the Mint is responsibly sourced. To further improve industry-wide traceability, the Mint also continued to support the LBMA's Gold Bar Integrity project.

Innovation in the refinery goes beyond the digital sphere, as the Mint works to ensure its gold is refined in a more sustainable way. A recent partnership with McGill University in Montreal has resulted in a solution that promises to transform gold refining by replacing the Miller chlorination process, which is currently used to remove impurities from doré, with an innovative acoustic energy process to catalyze a chemical reaction.

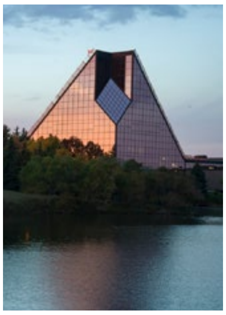
The Mint has also developed a bronze electroplating process that eliminates the need to introduce cyanide in the production of yellow-plated circulation coins and blanks. Removing chemicals from our refining and production processes reduces risks to our employees and the environment.

PROFITABILITY

BAL+NCE

RESPONSIBILITY

Pure silver scraps being recycled at the Ottawa facility.



Left: Employees in Winnipeg, where the Mint is committed to making its Circulation business carbon-neutral by 2030.

Right: The exterior of the Winnipeg facility.

Reducing material waste in bi-metallic coin production is another way of reducing the Mint's environmental footprint. Through a new technology called "flaring," steel cores from coin blanks that were previously unusable can now be reused in the creation of bi-metallic coins. This technology has the potential to reduce the Mint's steel consumption by up to 40 per cent.

As these technologies scale up in 2024, the Mint will continue to seek ways to reduce chemical use and increase recycling in its processes.

The Mint's commitment to sustainability runs deep, as it continued work on implementing geothermal technology. More than 870 metres of pipe were installed and five wells dug on the grounds of the Winnipeg facility. While this heating and cooling technology focuses on Winnipeg's new silver blank production line, the Mint is currently looking at expanding this technology in other areas, further reducing the entire facility's dependence on natural gas.

Forward-thinking investments like this are helping to reduce the Mint's overall carbon emissions and are another step towards achieving a carbon-neutral Circulation business by 2030.

Employees also play a significant role in realizing the Mint's sustainability commitments. The Workplace Environmental Committee (WEC) is a group of employee volunteers who believe that individual actions can have a big impact. With members from across the organization, the WEC works to make the Mint a more sustainable workplace. This employee-led approach empowers colleagues to support the Mint's ESG commitments, with a focus on waste diversion, including identifying recycling and reduction opportunities and increasing active employee participation in the composting program.

In 2023, the Mint's Ottawa facility achieved ISO 14001:2015 certification, following a rigorous audit validating the environmental management system that ensures the environmental compliance of a 115-year-old operation. Ottawa joins the Winnipeg facility, which has been annually certified since 2021.

These initiatives help support Canada's adoption of the United Nations 2030 agenda for sustainable development. The Mint has also aligned with the Canada's Greening Government Strategy targets, which include carbon net-zero emissions by 2050.


THIS WAY UP
THIS WAY UP

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that implementing a strong ESG strategy focused on climate action, DEI and responsible sourcing and manufacturing will enable the Mint to achieve stronger business outcomes, while contributing positively to society and to a sustainable future.

The Mint is proud to support the United Nations' (UN) Sustainable Development Goals (SDGs), which are the heart of the UN's 2030 Agenda for Sustainable Development. The SDGs are a set of 17 global goals that aim to mobilize countries around the world to end poverty, fight inequalities and tackle climate change.

Our commitment to the SDGs is ongoing, and we will continue to develop our operations in ways that support the Government of Canada's contributions to this initiative.

The following chart demonstrates how the Mint's ESG initiatives align to the UN's SDGs.

ENVIRONMENTAL

We are committed to investing in solutions that lower our carbon footprint, reduce water use and waste, and minimize our environmental impact.

AREA OF FOCUS:
Carbon Emissions and Climate Change

ENVIRONMENTAL			
SDG*	KEY AREAS	PRIORITIES	ONGOING INITIATIVES
13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY	Climate Change	Greenhouse gas (GHG)/Air Emissions Energy and Renewable Energy	● Reduced Carbon Emissions in Value-chain ● Carbon-Neutral Circulation Business by 2030
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 6 CLEAN WATER AND SANITATION 15 LIFE ON LAND	Environmental Stewardship	Water Stewardship Waste and Hazardous Materials Biodiversity Impacts	• Waste Diversion • Water Consumption • ISO 14001:2015 • Sustainable Product Design • Coin Management and Recycling

* United Nations Sustainable Development Goals

● Initiatives tied directly to the Mint's ESG areas of focus.

SOCIAL

We are committed to developing a healthy, safe and caring workplace for employees, grounded by a culture of inclusion that is reflected in our diverse product offerings, while ensuring equitable access to coinage.

AREA OF FOCUS:
Diversity, Equity and Inclusion

SOCIAL			
SDG*	KEY AREAS	PRIORITIES	ONGOING INITIATIVES
3, 8	Employee Safety, Development and Wellbeing	Occupational Health and Safety Human Rights and Labour Practices Human Capital Management	● Employee Wellbeing • Flexible Working Practices • Learning and Development
5	Diversity, Equity and Inclusion	Diversity, Equity and Inclusion	● DEI *ALL IN* Action Plan ● Equitable Access to Coinage ● Diversity Reflected in Products ● Accessibility Action Plan ● Official Languages
11, 16	Community Relations	Rights of Indigenous Peoples Community	• Charitable Campaigns • Supporting Families and Tuition Program

GOVERNANCE

ESG is foundational to our governance processes and integrated to business performance and accountability.

AREA OF FOCUS:
Responsible Sourcing and Manufacturing

GOVERNANCE			
SDG*	KEY AREAS	PRIORITIES	ONGOING INITIATIVES
9, 12	Responsible Sourcing and Manufacturing	Supply Chain Management Responsible Sourcing and Manufacturing	● Precious Metals Traceability ● Research and Development to Reduce Chemical Use ● Plating Technology ● Bi-metallic Steel Reduction (Flaring) ● Responsible Metals Program • ESG Contract Lifecycle
16	Business Ethics and Compliance	Values and Ethics Privacy and Security	• Code of Conduct and Ethics • Whistleblowing Program • Anti-Money Laundering and Corruption • Cyber Security • Privacy • Risk Management Tabletop Exercises

* United Nations Sustainable Development Goals

● Initiatives tied directly to the Mint's ESG areas of focus.

TRACKING OUR ESG PERFORMANCE

In our 2022 Annual Report, the Mint committed to a series of ESG targets. We believe that transparency around our ESG performance is critical, and are proud to publish how we have progressed against our targets.

ENVIRONMENTAL		
2023 TARGET	RESULT	STATUS
Identify/implement water consumption reduction opportunities to achieve a 5% reduction over 3 years	In 2023, a new process was implemented that reduces water consumption in the burnishing of silver blanks in Ottawa production by up to 60% compared to before the process change. Further work is required in 2024 to identify additional opportunities within the organization.	IN PROGRESS / PARTIALLY ACHIEVED
Establish waste diversion and recycling targets and key performance indicators (KPIs) for our manufacturing waste	The Mint's Workplace Environmental Committee was formed during the year and a review of waste streams was conducted. The target for waste diversion from landfill was established at 44% for 2024 and will be monitored monthly.	ACHIEVED
Establish targets for carbon emissions reduction for 2024-2030 to achieve carbon neutrality of Circulation business by 2030	A decarbonization study was initiated in Winnipeg to identify processes to reduce or eliminate the use of fossil fuels. Investment requirements, implementation timeline and associated carbon emissions reduction will be reported on in the first half of 2024. Carbon neutrality is based on Scope 1 and Scope 2 emissions.	IN PROGRESS / PARTIALLY ACHIEVED
Zero major environmental incidents	There were no major environmental incidents at the Mint in 2023. These are defined as incidents involving the release to the natural environment that resulted in remediation, property damage, or enforcement action.	ACHIEVED

SOCIAL		
2023 TARGET	RESULT	STATUS
Reduce reportable injury rate (year over year)	The reportable injury rate in 2023 was higher than in 2022. • 2022: 2.59 • 2023: 3.33 *Reportable injury rate: reportable injuries per 200,000 hours worked.*	NOT ACHIEVED
Embed the practices outlined in the DEI Lens Toolkit with what was launched in 2022	Information seminars and training of employees on applying the newly developed DEI Lens Toolkit were initiated in 2023. This toolkit is now used as part of the recruitment process.	ACHIEVED
Achieve 85% participation rate in DEI active learning opportunities	• 92.7% of the Mint's non-unionized employees participated in documented DEI active learning opportunities. This objective will incorporate unionized employees in 2024.	ACHIEVED
Reach 5 developmental days per employee per year	Mint employees participated in an average of 7.1 developmental days in 2023, surpassing the target.	ACHIEVED

GOVERNANCE		
2023 TARGET	RESULT	STATUS
Implement refinery traceability program	A solution using a secure distributed ledger technology platform was implemented to track end-to-end sourcing and custody of gold processed through our refinery.	ACHIEVED
Fully implement ESG considerations into the Mint's contracting lifecycle	The Mint's ESG within the Contract Lifecycle guideline was finalised and implemented in 2023, with consideration for ESG principles continuing to be incorporated within the contracting lifecycle.	ACHIEVED
Achieve and maintain industry leading certifications	The Mint achieved ISO 14001:2015 certification across the organization, and successfully completed an LBMA audit against the updated LBMA's Responsible Gold Guidance V9 (RGG9).	ACHIEVED

2024 TARGETS

The Mint's 2024 ESG targets are consistent with our corporate objectives and deepen our commitment to the United Nations' Sustainable Development Goals. They include delivering environmentally and socially responsible products and services; making positive contributions to communities while minimizing environmental impacts; and investing in sustainable technologies and processes.

ENVIRONMENTAL	
2024 TARGET	**GOAL**
Reduce water consumption by 5% over 3 years (2024-2026) vs. 5-year average (2018-2022)	• Identify additional reduction opportunities • Install monitoring tools and establish baseline measurements based on these tools (end of 2025)
Increase the Mint's corporate waste diversion rate	• Achieve waste diversion target of 44%
Implement decarbonization roadmap to achieve carbon neutrality of Circulation business by 2030	• Identify actions and investments needed to achieve annual reduction targets for Scope 1 and Scope 2 emissions, which will be determined in 2024
Quantify the Mint's Scope 3 greenhouse gas emissions	• Identify and quantify Scope 3 sources
Maintain zero major environmental incidents	• Zero major environmental incidents

SOCIAL	
2024 TARGET	**GOAL**
Reduce reportable injury rate (year over year)	• Reduction from 2023 rate
Achieve diversity objectives for the four designated employment equity groups	Achieve a workforce % identifying as: • women: 33.5% • visible minority: 28% • Indigenous Peoples 5% • living with a disability: 4.5%
Build stronger links with Indigenous communities	• Participate in the Progressive Aboriginal Relations (PAR) program to achieve *PAR Committed* status
Sustained commitment to employee learning and development	• Average 5 developmental days per employee per year

GOVERNANCE	
2024 TARGET	**GOAL**
Reduced chemical dependence by 2025	• Complete Research and Development project with McGill University to reduce chlorine in gold-refining
Explore ground-breaking new responsible sourcing opportunities	• Explore Artisanal Sourced Mining (ASM) and Indigenous outreach • Fully deploy precious metals traceability
Achieve and maintain industry leading certifications	• Maintain LBMA and ISO 14001:2015 certifications
Transparent ESG reporting	• Publish 2023 Impact Report

ADVANCING THE MINT'S DISCLOSURES ON CLIMATE-RELATED FINANCIAL RISKS

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) seek to enhance the amount and quality of the information reported in corporate disclosures on climate change issues.

The transition to a net-zero carbon economy and the physical impacts of a changing climate present both risks and opportunities for the Canadian economy. The Government of Canada has recognized the importance of effective disclosures on climate change as the foundation for providing greater transparency and clarity to investors and communities on the impacts of climate change for businesses, both negative and positive. The federal government has mandated that all Crown corporations start reporting climate change information in line with the TCFD recommendations by no later than fiscal year 2024. The Royal Canadian Mint's 2023 Impact Report details the organization's progress on implementing the TCFD recommendations ahead of the 2024 reporting deadline.

The Mint's journey towards TCFD-aligned corporate disclosures started in 2022. The Mint has followed a phased approach, that started with developing the governance framework, building internal capacity, understanding the organization's exposure to risks and opportunities, and setting near-term targets. The Mint is working on developing concrete action plans, setting long-term targets, and laying out its long-term vision for contributing to Canada's decarbonization and climate change resilience together with its partners and its communities.

The table on this page illustrates the Mint's progress and plans over the years 2022 to 2024 and beyond, around the four areas of the TCFD recommendations – Governance, Risk Management, Strategy, and Metrics and Targets.

	PHASE 1 – 2022	PHASE 2 – 2023	PHASE 3 – 2024
Governance	• Defined the roles of the Board and Management on ESG and TCFD.	• Developed the implementation plan for the ESG Commitment and TCFD disclosures.	• Review and enhance the Mint's governance structure on climate change.
Risk Management	• Conducted a TCFD gap analysis.	• Conducted an enterprise-wide climate change risk assessment. • Started the integration of climate change risks and opportunities in the Enterprise Risk Management (ERM) system.	• Continue the integration of climate change risks and opportunities in the Mint's ERM system.
Strategy	• Adopted the Mint's ESG Commitment.	• Disclosed near-, medium- and long-term risks and opportunities, and the Mint's resilience in a 2°C scenario. • Identified low-carbon energy options for the Winnipeg and Ottawa facilities. • Started a Scope 3 emissions screening study.	• Implement the Mint's decarbonisation roadmap for the Circulation business. • Develop the Mint's action plan for Scope 3 emissions.
Metrics and Targets	• Published the Mint's Scope 1 and 2 carbon emissions data. • Set the Mint's 2030 carbon neutrality target for the Circulation business.	• Engaged a third-party to validate Scope 1 and 2 carbon emissions data. • Disclosed the Mint's Scope 3 business travel carbon emissions.	• Set and disclose the Mint's long-term carbon emissions target.

CORPORATE GOVERNANCE

The Royal Canadian Mint is committed to maintaining a strong governance framework that guides our leadership in the global minting industry, promotes our vision and corporate values, and safeguards our 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's mandate is to produce and deliver secure, high-quality and cost-effective Canadian circulation coins in support of trade and commerce. Our vision is to "be the best mint in the world through our customer focus, talented people, commitment to sustainable practices and the value we add to Canada and Canadians." We are committed to adhering to the highest standards of business conduct in carrying out that vision. Our Code of Conduct and Ethics provides guidance for our employees and sets forth the core values of honesty, respect, pride and passion that define employee behaviour and support our work. These values reflect the spirit of the Mint and the heart and strength of our 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, contractors, and members of the public 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 its governing by-laws and applicable legislation and regulations. 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. In 2023, the Office of the Auditor General (OAG) conducted a Special Examination of the Mint. This Special Examination considered, among other things, the effectiveness of the Mint's corporate governance practices as related to Board independence, appointments and competency, as well as the Board's provision of strategic direction and oversight. The OAG evaluated the Mint to have met its assessment criteria in all of these areas, noting that they found the Mint to have "good systems and practices for corporate governance."

At the end of 2023, the Board consisted of 11 directors, including the President and Chief Executive Officer (CEO). Deborah Shannon Trudeau stepped down from the Board in June 2023, having provided over five years of dedicated service to the Mint. Two Board members (Pina Melchionna and Barry Rivelis) were reappointed on October 6, 2023, and the Board also welcomed three new appointees over the course of the year: Cindy Chao, Kevin Darling and Evan Price, each for four-year terms. The Chair of the Board was also reappointed in May 2023 for a second five-year term.

Directors are appointed from different regions across Canada. The Shareholder is focused on ensuring that appointees are reflective of Canada's diversity as it continues to manage appointment terms and renewals. 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. All Board members are subject to the *Conflict of Interest Act*, which seeks to prevent conflicts between private interests and the duties of public office holders. The Mint assessed disclosures made in 2023 and determined there was no material impact on its governance or financial reporting.

The Board of Directors met seven times in 2023. 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 2023, 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 and their respective workplans. In 2023, this process cemented the role of the Audit Committee and the Board of Directors in overseeing the Responsible Metals Program.

The Board conducted a mix of virtual, hybrid and in-person meetings in 2023. The two in-person meetings—one in Winnipeg and one in Ottawa—enabled Board members and the management team to gather and connect face-to-face.

Board members participated in a number of professional development activities throughout 2023, namely a facilitated Anti-Bribery and Corruption Education Session and a lecture on economic insights and trends by the Bank of Canada. Board members are also encouraged to participate in ongoing education activities in keeping with organizational needs and professional development requirements.

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.

BOARD OF DIRECTORS

Director	Board meeting attendance	Committee meeting attendance
Phyllis Clark, ICD.D *Edmonton, Alberta* *Chair of the Board*	7/7	13/13
Marie Lemay, ICD.D *President and Chief Executive Officer*	7/7	13/13
Cindy Chao *Mississauga, Ontario* *Member of the Governance and Nominating Committee and Human Resources and Workplace Health and Safety Committee (as of December 8, 2023)*	1/1	0/0
Kevin Darling *Quispamsis, New Brunswick* *Member of the Governance and Nominating Committee and Human Resources and Workplace Health and Safety Committee (as of December 8, 2023)*	1/1	0/0
Serge Falardeau, ASC, CPA *Sainte-Marie-de-Beauce, Quebec* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	7/7	9/9
Fiona L. Macdonald, ICD.D *Vancouver, British Columbia* *Chair, Human Resources and Workplace Health and Safety Committee*	6/7	4/4
Pina Melchionna, LL.B., ICD.D *Toronto, Ontario* *Chair, Governance and Nominating Committee (as of June 14, 2023)* *Member of the Human Resources and Workplace Health and Safety Committee (until June 13, 2023)*	7/7	6/6
Cybele Negris, ICD.D *Vancouver, British Columbia* *Vice-Chair of the Board (as of June 14, 2023)* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	7/7	9/9
Gilles Patry, C.M., O.Ont *Ottawa, Ontario* *Chair of the Audit Committee (as of January 25, 2023)* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee (until January 25, 2023)*	7/7	6/6
Evan Price, CAS *Saint-Laurent-de-l'Île-d'Orléans, Quebec* *Member of the Audit Committee and the Governance and Nominating Committee (as of June 14, 2023)*	3/3	5/5
Barry Rivelis, ICD.D *Vancouver, British Columbia* *Member of the Audit Committee and the Governance and Nominating Committee*	7/7	9/9
Deborah Shannon Trudeau, ICD.D *Montréal, Quebec* *Chair, Governance and Nominating Committee (until June 13, 2023)* *Vice-Chair of the Board (until June 13, 2023)*	3/3	2/2

CONNECTING TO THE CORPORATE PLAN

The Royal Canadian Mint delivers results through a diversified and integrated business structure.

The Mint continues to execute on the implementation of its long-term strategic vision. In 2023, it focused on the path outlined in the 2023-2027 Corporate Plan, unifying historically siloed business lines and operations, increasing the integration, efficiency and resiliency of the Mint. It also ensured business continuity throughout every aspect of its operations.

The Mint's vision: To be the best Mint in the world through its customer focus, talented people, commitment to sustainable practices and the value it adds to Canada and Canadians.

In 2023, the Mint achieved positive results and delivered on its objectives as stated in its 2023-2027 Corporate Plan. Despite solid financial results in 2023, the Mint did not achieve its financial target as highlighted in the Management Discussion and Analysis starting on page 32. The Mint continued to respond to the rapidly evolving global market and macro-economic environment with agility. The Mint sharpened its focus on ESG while continuing to build its precious metals capacity, focus its numismatics offerings, pursue operational efficiencies and add value to Canada by being a Mint that cares about its people and its environment.

The Mint's 2023 and 2024 corporate objectives align with the pillars: Canada; Customers; People; and Environmental, Social and Governance.

CANADA

OBJECTIVE	OUTCOME/ PERFORMANCE INDICATOR	STATUS
Ensure coins are available across Canada for all Canadians' use in trade and commerce and for disaster resiliency.	Outcome: Coins are available throughout Canada to support trade and commerce needs, as per its core mandate. Performance indicators: Number of coin shortages and number of incidences of excess inventory.	ACHIEVED
Support Canada's mining and financial industries' role in the global precious metal supply chain while celebrating Canada's culture, history and values.	Outcome: Release of commemorative coins and collector coin designs to celebrate Canadian history, diversity and values. Performance indicator: Quantity of commemorative circulation coin designs issued.	ACHIEVED
Enhance agile manufacturing capabilities and know-how to meet Canada's needs.	Outcome: Continuous improvements to the environmental management system. Performance indicators: Mint is certified to be in conformance with ISO 14001:2015 standard. Achieve Ottawa certification and maintain Winnipeg certification.	ACHIEVED
Demonstrate social responsibility while delivering strong financial performance.	Outcome: Maximize returns to the Government of Canada through continued prudent financial management. Performance indicators: Achieve planned profit before income tax and other items and dividends paid.	PARTIALLY ACHIEVED

CUSTOMERS

OBJECTIVE	OUTCOME/ PERFORMANCE INDICATOR	STATUS
Maintain a trusted brand for Canada and customers around the world that is known for industry-leading innovations.	**Bullion Products and Services** Outcome: Strong market share in all market conditions. Performance indicators: Gold and silver bullion market share. **Numismatics** Outcome: Performance of Numismatics business line is improved as evidenced by progressively increasing profits. Performance indicators: Customer retention rate and net performance score. **Foreign Circulation** Outcome: Strong market share in all market conditions. Performance indicator: Foreign circulation market share.	ACHIEVED
Enhance agility to deliver on customer and Shareholder expectations.	Outcome: Successful enterprise resource planning implementation. Performance indicators: Timely implementation and benefit realization.	ACHIEVED

PEOPLE

OBJECTIVE	OUTCOME/ PERFORMANCE INDICATOR	STATUS
Be an employer recognized for leadership excellence and a culture of inclusion, collaboration and innovation.	Outcome: Engaged and enabled workforce and recognition as a diverse workplace with focus on increased representation of Indigenous Peoples. Performance indicators: Employee survey engagement score and employee self-identification statistics.	PARTIALLY ACHIEVED
Provide a healthy, safe and caring workplace where employees can grow and achieve their goals as part of a performing team.	Outcome: Achievement of zero lost-time injuries in the workplace. Performance indicator: Zero lost-time injuries.	NOT ACHIEVED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

OBJECTIVE	OUTCOME/ PERFORMANCE INDICATOR	STATUS
Provide products and services that are differentiated by being socially and environmentally responsible.	Outcome: The Mint's global reputation as a socially responsible corporation is maintained. Performance indicators: Accreditation by LBMA for Good Delivery for both gold and silver.	ACHIEVED
Take actions that contribute positively to communities and minimize impact on the environment. Invest in and develop environmentally responsible technologies and processes.	Outcome: Deliver on ESG performance commitments. Performance indicator: See 2023 Impact Report.	PARTIALLY ACHIEVED

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, 2023, 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, 2023, 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 7, 2024, 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 7, 2024.

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.

Non-GAAP financial measures

This MD&A 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.

The Royal Canadian Mint issued a new $2 circulation coin recognizing Jean Paul Riopelle's status as one of Canada's, and the world's, most influential artists of the mid-20th century. The captivating artwork showcases a section of Panel 29 from his monumental fresco L'Hommage à Rosa Luxemburg, largely composed of symbolic representations of the life he shared with his long-time partner, American painter Joan Mitchell.

EXECUTIVE SUMMARY

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 and to carry out other related activities in anticipation of profit. 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.

The artwork appearing on the reverse of the 2023 $2 circulation coin celebrating National Indigenous Peoples Day is the creation of three women artists, each one representing the First Nations, Inuit and Métis communities residing in Canada. It is the first time that multiple artists have collaborated on the design of a single Canadian coin.

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, in the past, 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 for the Mint.

The Numismatics business designs, manufactures and sells collectible coins to customers 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 sold 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.

The 2023 $50 Single Mine 1 oz. 99.99% pure Gold Maple Leaf (GML) bullion coin answers market demand for greater precious metal sourcing transparency and also showcases the Mint's refining capabilities. This special GML is entirely composed of gold extracted by Newmont at its Éléonore mine in Quebec and refined under a rigorous segregation protocol.

SIGNIFICANT CORPORATE EVENTS

Corporate Plan
On February 15, 2024, the Mint's 2024-2028 Corporate Plan was approved by the Treasury Board of Canada Secretariat.

Organizational Update
On February 2, 2024, Minister Chrystia Freeland announced the reappointment of Marie Lemay as the President and CEO of the Mint for a five-year term. Ms. Lemay was first appointed to this role in January 2019.

Dividends
In January 2024, the Mint declared and paid a dividend of $4.0 million to its Shareholder, the Government of Canada.

Appointments to the Board of Directors
On October 6, 2023, Minister Chrystia Freeland announced the appointment of Cindy Chao and Kevin Darling to the Mint's Board of Directors as well as the reappointment of Pina Melchionna and Barry Rivelis for four-year terms.

Environmental, Social and Corporate Governance Initiatives

Task force on climate-related Financial Disclosures (TCFD)
The Mint's inaugural Impact Report, highlighting its ESG strategy, will be released alongside the 2023 Annual Report. The Impact Report will also include an important update on the Mint's TCFD disclosures as it prepares for the required TCFD report in its 2024 Annual Report.

Tlingit artist Jean Taylor's coin commemorates the 125th anniversary of the creation of Yukon territory. Its imagery speaks to a people and a land with a long, rich history. It is the ancestral home of many dynamic First Nations who have lived there since time immemorial, and who are revitalizing traditional ways and knowledge.

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

	2023	2022	$ change	% change
Revenue	**$ 2,162.0**	$ 3,282.5	(1,120.5)	(34)
Profit for the period	**$ 16.6**	$ 34.9	(18.3)	(52)
Profit before income tax and other items[1]	**$ 24.1**	$ 45.0	(20.9)	(46)
Profit before income tax and other items margin[2]	**1.1%**	1.4%		
Return on average capital employed[2]	**8%**	15%		

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 40.
2 These are non-GAAP financial measures and their calculation is based on profit before income tax and other items.

		2023		2022	$ change	% change
Cash and cash equivalents	$	**59.8**	$	79.3	(19.5)	(25)
Inventories	$	**68.8**	$	56.2	12.6	22
Capital assets	$	**173.0**	$	152.5	20.5	13
Total assets	$	**380.4**	$	380.2	0.2	–
Working capital	$	**97.8**	$	105.3	(7.5)	(7)
Dividends paid	$	**–**	$	40.7	(40.7)	(100)

2023 marked the 150th anniversary of Prince Edward Island's entry into Confederation, and this coin commemorates the occasion through an engraved collage of classic P.E.I. sights and symbols. From the heritage lighthouse to the Confederation Bridge, this fine silver coin is an ode to Canada's smallest province.

RESULTS OF OPERATIONS

Review of financial performance

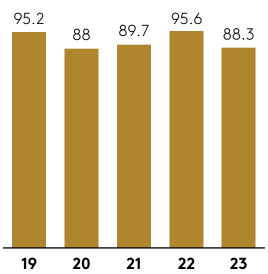
Profit for the year ended December 31, 2023, decreased 52% to $16.6 million from $34.9 million in 2022 due to a sudden and significant decline in global bullion market demand in the second half of 2023 combined with a planned higher level of operating expenses to support the Mint's on-going operations, including collective bargaining agreement outcomes, and digital program and business transformation initiatives.

Working capital decreased 7% from December 31, 2022. Cash and cash equivalents decreased 25% from December 31, 2022, mainly due to lower cash generated from operations and an increase in capital investments, partially offset by the absence of dividends paid. Cash from operations was lower year over year mainly due to lower bullion volumes and lower foreign circulation related production at the end of 2023.

Revenue by business and program

		2023		2022	$ change	% change
Canadian Circulation	$	**88.3**	$	95.6	(7.3)	(8)
Foreign Circulation		**27.6**		62.6	(35.0)	(56)
Total Circulation	$	**115.9**	$	158.2	(42.3)	(27)
Bullion Products and Services	$	**1,905.4**	$	3,006.6	(1,101.2)	(37)
Numismatics		**140.7**		117.7	23	20
Total Precious Metals	$	**2,046.1**	$	3,124.3	(1,078.2)	(35)
Total revenue	$	**2,162.0**	$	3,282.5	(1,120.5)	(34)

Canadian Circulation revenue
($ in millions)



The Mint takes an integrated and agile approach to managing its 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.

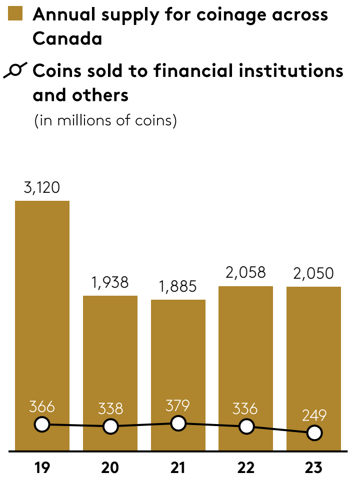
Canadian Circulation

Revenue from the Canadian Circulation Program decreased by $7.3 million as compared to 2022. The decrease was mainly due to lower volumes of circulation coins sold to the Department of Finance, as less coins were required to replenish inventories and ensure an adequate supply due to an increase in deposits with the financial institutions, and an increase in recycled coins from the coin recycling programs.

During 2023, the Mint issued a $2 commemorative circulation coin honouring the 100th anniversary of the birth of legendary visual artist Jean Paul Riopelle, a $2 commemorative circulation coin celebrating National Indigenous Peoples Day, and a $1 commemorative circulation coin honouring a leading advocate of women's rights and exceptional Canadian engineer Elsie MacGill.

Coin supply

(in millions of coins)	**2023**	2022	change	% change
Financial institutions deposits	**1,660**	1,589	71	4
Recycled coins	**141**	133	8	6
New coins sold to financial institutions and others	**249**	336	(87)	(26)
Total coin supply	**2,050**	2,058	(8)	–



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. Demand decreased 1% for the year ended December 31, 2023 as compared to 2022.

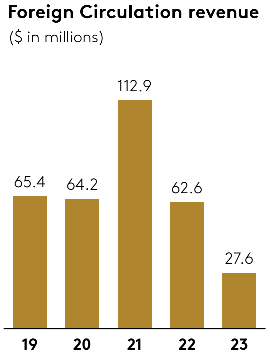
Financial institutions deposits are the primary coin supply channel that fulfills coin demand and are typically made up of coins from transit, parking, vending, etc. For the year ended December 31, 2023, the increases in financial institution deposits and in coins from the recycling program drove the lower volumes of coins sold in 2023 compared to 2022 levels.

Department of Finance inventory

(in millions of dollars)		**2023**		2022	$ change
Opening inventory	**$**	**102.0**	$	84.9	17.1
New coins produced and sold to Department of Finance		**82.0**		135.8	(53.8)
New coins sold to financial institutions and others		**(94.0)**		(118.7)	24.7
Ending inventory	**$**	**90.0**	$	102.0	(12.0)

The Mint actively manages inventory 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 December 31, 2023, was $90.0 million, which was within the inventory limit outlined in the Mint's memorandum of understanding with the Department of Finance.

Elsie MacGill broke barriers as an engineer and leading advocate of women's rights. Responsible for many firsts as a woman practising engineering, she was celebrated for setting up the Canadian production of the Hawker Hurricane fighter plane during the Second World War. Her lifelong advocacy for women's rights included her appointment to the Royal Commission on the Status of Women in 1967.

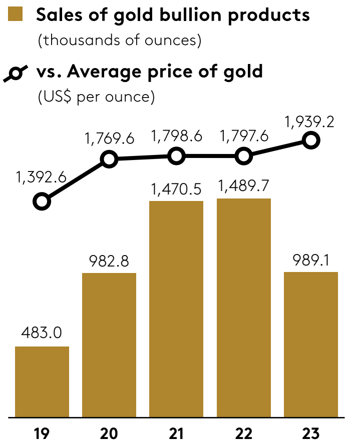


Foreign Circulation

Revenue from the Foreign Circulation business decreased 56% in 2023 to $27.6 million from $62.6 million in 2022. Foreign circulation contract opportunities were limited in 2023 as a result of high inflation placing downward pressure on the procurement budgets of Central Banks. The decrease in foreign circulation revenue reflects 18% lower volumes produced and shipped, year over year, and changes in the mix of contracts for coins and coin blanks.

Bullion Products and Services

	2023	2022	$ change	% change
Gross revenue	**$ 3,724.9**	$ 4,985.9	(1,261.0)	(25)
Less: Customer inventory deals	**(1,819.5)**	(1,979.3)	159.8	(8)
Net revenue	**$ 1,905.4**	$ 3,006.6	(1,101.2)	(37)

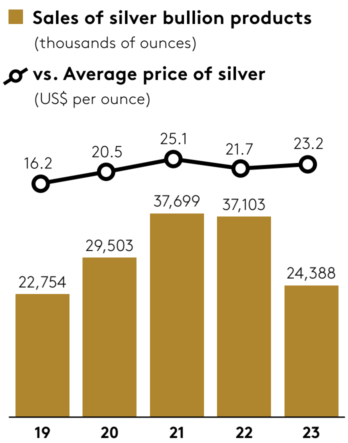


(thousands of ounces)	2023	2022	change	% change
Gold	**989.1**	1,489.7	(500.6)	(34)
Less: ounces from customer inventory deals	**(525.7)**	(786.8)	261.1	(33)
Net gold ounces	**463.4**	702.9	(239.5)	(34)
Silver	**24,388.2**	37,102.5	(12,714.3)	(34)
Less: ounces from customer inventory deals	**(4,000.8)**	(4,942.2)	941.4	(19)
Net silver ounces	**20,387.4**	32,160.3	(11,772.9)	(37)

Net revenue from the Bullion Products and Services business decreased 37% to $1.9 billion in 2023 from $3.0 billion in 2022. The decrease in revenue was mainly attributable to lower gold and silver net bullion volumes sold, partially offset by higher gold and silver market pricing and a stronger US dollar favourably impacting the translation of our US dollar denominated revenue.

Numismatics

Numismatics revenue increased 20% to $140.7 million in 2023 from $117.7 million in 2022. In 2023, the increase in revenue was mainly due to the interest in the late *Queen Elizabeth II's Reign* and His Majesty *King Charles III Coronation* products, which resulted in a more significant increase in revenue than the interest in the launch of the Mint's Opulence coin collection in 2022.



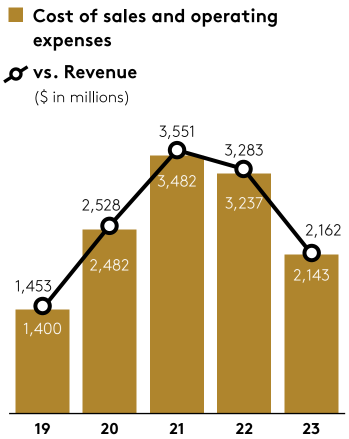
	2023	2022	$ change	% change
Gold	**$ 58.7**	$ 49.8	8.9	18
Silver	**59.6**	57.5	2.1	4
Other revenue[1]	**22.4**	10.4	12.0	115
Total revenue	**$ 140.7**	$ 117.7	23.0	20

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

Expenses, other income and income tax

Expenses (income)

	2023	2022	$ change	% change
Cost of sales	$ **2,008.3**	$ 3,112.2	(1,103.9)	(35)
Operating expenses				
Marketing and sales expenses	$ **32.3**	$ 30.9	1.4	5
Administration expenses	**102.7**	94.4	8.3	9
Total operating expenses	$ **135.0**	$ 125.3	9.7	8
Finance income, net	$ **(3.7)**	$ (1.2)	(2.5)	
Income tax expense	$ **5.6**	$ 12.0	(6.4)	



Cost of sales decreased 35% for the year ended December 31, 2023. The overall decrease in cost of sales was in line with a decrease of 34% in overall revenue, excluding an increase of $3.1 million in the revaluation loss on the Face Value redemptions liability which is recognized in cost of sales.

Overall, operating expenses increased 8% in 2023 to $135.0 million compared to $125.3 million in 2022. The increase in administration expenses was primarily due to a planned increase in employee compensation to support our normal operations, as well as a planned increase in expenses to support the digital program and business transformation.

Both cost of sales and operating expenses were also impacted, $3.6 million and $1.7 million, respectively, by the outcomes of the collective bargaining agreement settlement in 2023 which resulted in a $5.3 million year over year increase in employee compensation.

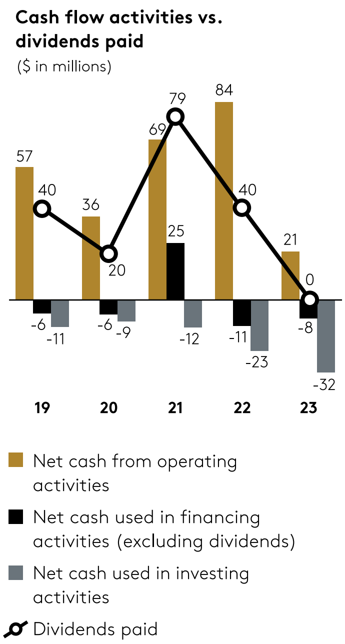
Finance income increased $2.5 million due to interest earned on cash and cash equivalents and a short-term investment purchased and sold in 2023.

Income tax expense decreased $6.4 million compared to 2022 in line with the decrease in operating profit year over year.

Liquidity and capital resources

Cash flows

	2023	2022	$ change	% change
Cash and cash equivalents, at the end of the period	$ **59.8**	$ 79.3	(19.5)	(25)
Cash flow from operating activities	$ **21.1**	$ 84.1	(63.0)	(75)
Cash flow used in investing activities	$ **(32.0)**	$ (22.5)	(9.5)	42
Cash flow used in financing activities	$ **(7.7)**	$ (51.9)	44.2	(85)



Cash from operating activities in 2023 was $21.1 million, a $63 million decrease compared to 2022 primarily due to lower bullion volumes and lower foreign circulation related production at the end of 2023, partially offset by lower income tax payments in 2023 relative to 2022.

Cash used in investing activities was $32.0 million in 2023, a $9.5 million increase compared to 2022, mainly due to investments in production equipment for the Winnipeg and Ottawa plants as part of the on-going implementation of the Mint's long-term strategy.

Cash used in financing activities was $7.7 million in 2023, a $44.2 million decrease compared to 2022. In the fourth quarter of 2022, the Corporation declared and paid a dividend of $40.7 million to the Government of Canada, which represented the projected year-end cash balance over a pre-determined cash reserve requirement defined in the Mint's Corporate Plan. For the year ended December 31, 2023, the Corporation did not pay any dividends during the year, however a $4.0 million dividend was declared and paid to the Government of Canada in January 2024. The Corporation made scheduled loan repayments of $9 million and $6 million in 2022 and 2023, respectively.

Borrowing facilities

The Mint entered 2023 with total outstanding long-term loans of $24 million. During the year, planned loan repayments of $6 million were made, bringing the total outstanding long-term loans balance to $18 million at December 31, 2023. The Mint entered the period with a long-term debt-to-equity ratio of 1:06 and closed the period with a long-term debt-to-equity ratio of 1:09. See note 17 to the December 31, 2023, audited consolidated financial statements on page 84 for details on the Mint's borrowing facilities.

Inspired by the figure standing atop the National War Memorial in Ottawa, the 2023 $50 Fine Silver Coin – Allegory of Peace features a highly detailed, three-dimensional cast of the figure of Peace. Resembling open metal work, the figure is visible on both sides of the coin, creating a sculptural obverse and reverse in hand-polished gold plating.

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.

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 products incurred and/or expensed in Canadian dollars that are sold in US dollars Increases Face Value redemptions liability and cost of sales
Gold price/ounce	Increases	Increases revenue from the Precious Metals businesses Increases product costs for Precious Metals businesses
Silver price/ounce	Increases	Increases revenue from the Precious Metals businesses Increases product costs for Precious Metals businesses Decreases Face Value redemptions liability and cost of sales
Precious metal sourcing and lease rates	Increases	Increases product cost for precious metal products
Nickel price/kg	Increases	Increases revenue from the Circulation businesses Increases product costs for circulation products
Steel price/kg	Increases	Increases revenue from the Circulation businesses Increases product costs for circulation products
Interest rates	Increases	Increases product costs for precious metal products

Return to the Government of Canada

In January 2024, the Mint declared and paid a $4.0 million dividend to its Shareholder, the Government of Canada, in relation to the year ended December 31, 2023. The following table summarizes the total return the Mint has made to Canada over the last five years:

	2019	2020	2021	2022	**2023**	**Total**
Dividends paid	$ 40.0	$ 20.0	$ 78.9	$ 40.7	**$ –**	**$ 179.6**
Income tax paid	15.5	2.2	3.2	31.2	**1.2**	**53.3**
Total return to Canada	$ 55.5	$ 22.2	$ 82.1	$ 71.9	**$ 1.2**	**$ 232.9**

As Canadians celebrated the coronation of His Majesty King Charles III, the first formal investiture of a new monarch in seven decades, the Royal Canadian Mint marked the historic event with several collector coins featuring His Majesty's royal cypher, the Sovereign's personal monogram. It is rendered in 99.99% pure gold.

Contractual obligations and other commercial commitments

See notes 13, 14, 15 and 27 to the audited consolidated financial statements starting on pages 81 and 94, 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, 2023 indicate that the financial goals established in the 2023-2027 Corporate Plan were not met.

In the fourth quarter of 2023, the improvements seen in demand for precious metals did not fully offset the impacts of the sudden and significant decline in global bullion demand, which occurred in the third quarter of 2023. While closely monitoring bullion market conditions and prioritizing plant capacity in the fourth quarter of 2023, the Mint was able to identify opportunities to improve profitability and at the same time actively manage operating expenses. This allowed the Mint to bring its profit before income tax and other items to $24.1 million, very close to the $25.5 million target for the year.

In addition, the Mint met the prescribed 5% reduction in consulting, professional services and travel expenses, excluding such expenses incurred for its on-going digital program and business transformation, requested by the Department of Finance as part of the government spending reductions announced in 2023.

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:

This 2023 addition to the luxurious and exclusive Opulence Collection features some of the world's rarest gems: pink diamonds from the famed Argyle mine. The 10 oz. pure platinum "Beauteous" was the most exclusive addition to a collection of coins that redefine rarity. It combined 99.95% pure platinum with pink diamonds to form a cherry blossom dotted with sparkling starbursts.

	2023	2022
Profit for the period	**$ 16.6**	$ 34.9
Add (deduct):		
Income tax expense	**5.6**	12.0
Shareholder directed donations	**1.2**	1.1
Net foreign exchange loss (gain)[1]	**0.2**	(0.4)
Face Value revaluation loss (gain)[2]	**0.5**	(2.6)
Profit before income tax and other items	**$ 24.1**	$ 45.0

1 Net foreign exchange loss in 2023 excludes a gain of $nil million (2022 - $0.2 million gain) 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 which excludes the impact of a foreign exchange loss of $1.3 million (2022 - $3.4 million gain).

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 third installment of the Generations series, celebrating the importance of inter-generational knowledge in Inuit, Métis, and First Nations cultures told the Mi'kmaq story of creation. This complex story emphasized humans' relationship with the natural world in which everything has its own unique spirit, and where all must work in harmony with one another.

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.

As at December 31, 2023, the Mint identified the following key corporate level risks that could materially impact the achievement of its strategic objectives as outlined on page 30.

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. First, 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. Second, the Mint is in regular dialogue with the Bank of Canada and Department of Finance to share lessons learned and strategies for managing challenges as a result of the COVID-19 pandemic and other plausible scenarios affecting trade and commerce. Third, the Mint conducts regular surveys to track consumers' attitudes and behaviours toward coin. Finally, the Mint conducts regular benchmarking studies, comparing domestic and international coinage trends for actionable insights in preparation of a possible cash-light future.

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 continues to 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 and key customer retention efforts across its Precious Metals and Foreign Circulation businesses. The Mint has targeted new customers and markets through the development of a hybrid bullion-numismatic product strategy.

Stagflation expectations

The risk that recessionary and inflation expectations become entrenched and unresponsive to policy, resulting in long-term pressure on profit margins. In order to mitigate the impact on the margins the Mint has undertaken a significant review of administrative and discretionary expenses including consulting, travel and professional services expenses. In parallel, the Mint continues to optimize plant capacity at both the Ottawa and Winnipeg facilities.

Operational risks

Talent pool

The risk that the workforce and contingent labour plan cannot be achieved due to the competitive market leaving the Mint with insufficient capacity and capability to advance its business transformation.

The Mint is strengthening the employee value proposition (EVP) by focusing on Diversity, Equity and Inclusion (DEI), ESG, Mint career pathways, flexible working arrangements. Additionally, succession plans are being developed to sustain Mint's excellence and ensure talent is developed and ready across the organization.

Cyber security

The risk that the Mint incurs loss (financial, operational, or reputational) resulting from a cyber attack or a data breach. The Mint continues to focus cyber security initiatives on culture, resiliency, alignment and governance.

Legacy technology platform

The risk that the Mint's legacy applications and/or infrastructure 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 program roadmap. Included in the Mint's most recent Corporate Plan are investments targeted for the upgrade of the digital experience and its enterprise wide resource planning platforms.

Supply chain

The risk that the Mint is unable to procure or deliver goods and services in a timely manner at reasonable cost. The Mint is engaging with multiple suppliers wherever possible and is increasing production and ordering lead times to mitigate the impact on operations and projects.

Kathleen "Kit" Blake Coleman (1856-1915) was a path-breaking journalist who helped pave the way for better representation in newsrooms across Canada. The intrepid reporter commemorated on the 2023 Proof Silver Dollar made history by becoming the first woman in North America accredited as a war correspondent. A silhouette collage on the coin's reverse captures key moments in her life.

In delivering its first order to the Bank of Mauritius, the Royal Canadian Mint produced the island nation's 2023 One Rupee circulation coin. The reverse of this nickel-plated steel coin features the Coat of Arms of Mauritius.

ESG implementation

The risk that the Mint does not have the capacity to meet its ESG goals/targets on a timely basis, or the ESG-related expectations of its customers, shareholder and employees, and suffers reputational harm.

The Mint is dedicating targeted resources to the ESG implementation. A plan has been developed the meet the TCFD disclosure recommendations by 2024.

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 66 and 69, 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.

	2023	2022	$ change	% change
Travel	**$ 2.1**	$ 1.6	0.5	31
Hospitality	**0.2**	0.2	–	–
Conference	**0.1**	0.1	–	–
Total travel, hospitality, conference & event expenditures	**$ 2.4**	$ 1.9	0.5	26

For the year ended December 31, 2023, travel continued to increase as travel returned to pre-pandemic levels. In 2023, the Mint's Board of Directors incurred $0.2 million of travel, hospitality, conference and event expenditures which was consistent with the expenditures incurred in 2022.

Representing a story told for generations, the 1 kg Pure Silver Coin – Raven Brings the Light represents how the Raven created the world as we know it. The coin's reverse design shows Tahltan artist Alano Edzerza interpretation of the story. Styled like a wood-carved panel, the design is enhanced with gold-plated rays evoking the power of ancestral teachings.

Internal controls and procedures

The Mint maintains an internal control framework including internal controls over financial reporting and disclosure controls and procedures. The Mint's President and Chief Executive Officer (CEO) and 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, 2022 and 2023 were based on an assessment of the design and operating effectiveness of these controls.

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 and operating 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 and operation of disclosure controls and procedures was effective for the year ended December 31, 2023.

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 and operating 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 and operation of the Mint's internal control over financial reporting was effective for the year ended December 31, 2023.

The 2023 1 oz. Pure Gold Coin – Celebrating Canada's Diversity: Knowledge and Interconnection highlights the Haida principle of *gina 'waadluxan gud ad kwaagid*, or "everything depends on everything else." It is expressed in a form-line style that creates a circle with no end or beginning.

Outlook

The Mint's 2024-2028 Corporate Plan was approved by the Treasury Board of Canada Secretariat. Continuing with the implementation of its One Mint Strategy which was approved in 2020, in 2024, the Mint will continue to evolve its circulation business, ensuring Canada's coin ecosystem remains tightly connected and able to support Canadians' trade and commerce needs into the future while capitalizing on international demand for higher value bi-metallic coins through its foreign circulation opportunities. The Mint is also focused on investment and diversification building its precious metals capacity, including storage capacity, while maintaining focused numismatic offerings. In all areas, the Mint aims to deliver sustainable economic value for Canada in ways that are both socially and environmentally responsible, from its training practices and operational controls to its research and development investments.

In 2024, the Mint is committed to meeting the required government spending reductions in operating expenses, including a 15% reduction in consulting, professional services and travel expenses, excluding expenses related to its digital program and business transformation, and a 0.8% reduction in all other operating expenses.

Jean Paul Riopelle drew wide acclaim for works that made him one of the world's most important 20th-century artists. Struck in honour of the 100th anniversary of Riopelle's birth, this 99.99% pure gold coin adaptation of one of his bronze-cast sculptures, *Petit hibou*, was rendered in Extraordinarily High Relief and with gold sourced from Quebec mines.

Circulation business

Canadian circulation

The Mint anticipates coin demand and supply in 2024 to be similar to 2023 as ecosystem requirements appear to have reached consistent levels post pandemic. Although at an aggregate level coin activity may be comparable to last year, geographical disparities in coin activity could emerge as various industries and regions transition to a new normal at different rates.

Throughout this transition, the Mint is committed to collaborating with ecosystem stakeholders to ensure the seamless availability of coins in support of trade and commerce. Leveraging its systems, partnerships, and ongoing surveys, the Mint remains ready to address the evolving coin requirements across different sectors.

The 2023 Pure Silver Coin with Black Light Effect – Pingualuit Crater: Crystal Eye of Nunavik offers two views of circular Pingualuit Crater Lake, created when a meteorite struck northern Quebec approximately 1.4 million years ago. Under normal light, the reverse shows the lake peering out into space. A black light reveals the flaming meteorite hurtling earthward, moments before impact.

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. The Mint also expects to operationalize silver bullion blank production in its Winnipeg facility in 2024.

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

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 7, 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.

A product of the Mint's Research and Development team, the 5 oz. Pure Silver Coin – The Monarch and the Bloom interactive coin features a three-dimensional monarch butterfly circling an aster bloom. The motion created by this technology creates a captivating scene of Canada's rich and diverse flora and fauna.

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

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
March 7, 2024

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 2023, 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 material accounting policy information.

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 2023, 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
Principal
for the Auditor General of Canada

Ottawa, Canada
7 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Notes	**2023**	2022
Assets			
Current assets			
Cash and cash equivalents		**$ 59,825**	$ 79,282
Trade receivables, net and other receivables	5	**16,888**	26,656
Income tax receivable		**7,947**	6,881
Prepaid expenses and other advances	6	**3,640**	8,599
Inventories	7	**68,825**	56,228
Contract assets	8	**17,527**	18,292
Derivative financial assets	9	**2,764**	514
Total current assets		**177,416**	196,452
Non-current assets			
Prepaid expenses and other advances	6	**411**	165
Contract assets	8	**2,908**	–
Derivative financial assets	9	**–**	107
Deferred income tax assets	23	**26,707**	31,027
Property, plant and equipment	10	**163,500**	140,694
Investment property	11	**219**	236
Intangible assets	12	**3,857**	4,680
Right-of-use assets	13	**5,375**	6,864
Total non-current assets		**202,977**	183,773
Total assets		**$ 380,393**	$ 380,225
Liabilities			
Current liabilities			
Trade payables, other payables and accrued liabilities	14	**$ 51,449**	$ 58,356
Provisions	15	**2,229**	4,568
Face Value redemptions liability	16	**390**	343
Contract liabilities and contract provisions	8	**14,303**	14,107
Loan payable	17	**6,024**	6,032
Lease liabilities	13	**1,635**	1,558
Employee benefit obligations	18	**3,595**	3,266
Derivative financial liabilities	9	**6**	2,960
Total current liabilities		**79,631**	91,190
Non-current liabilities			
Trade payables, other payables and accrued liabilities	14	**–**	36
Provisions	15	**928**	913
Face Value redemptions liability	16	**116,792**	115,471
Contract liabilities and contract provisions	8	**518**	–
Loan payable	17	**12,000**	18,000
Lease liabilities	13	**4,180**	5,684
Employee benefit obligations	18	**11,129**	10,501
Total non-current liabilities		**145,547**	150,605
Total liabilities		**225,178**	241,795
Shareholder's equity			
Share capital (authorized and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**115,215**	98,430
Total shareholder's equity		**155,215**	138,430
Total liabilities and shareholder's equity		**$ 380,393**	$ 380,225

Commitments, contingencies and guarantees (Note 27)
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

Gilles Patry
Chair
Audit Committee

Approved on behalf of Management

Marie Lemay, ICD.D
President and
Chief Executive Officer

Francis Mensah
Vice-President
Finance and Administration
and Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Notes	**2023**	2022
Revenue	20	**$ 2,161,969**	$ 3,282,462
Cost of sales	19, 21	**2,008,251**	3,112,197
Gross profit		**153,718**	170,265
Marketing and sales expenses	19, 21	**32,342**	30,854
Administration expenses	19, 21, 24	**102,664**	94,417
Operating expenses		**135,006**	125,271
Net foreign exchange (loss) gain	22	**(226)**	580
Operating profit		**18,486**	45,574
Finance income, net		**3,725**	1,236
Other income		**3**	45
Profit before income tax		**22,214**	46,855
Income tax expense	23	**(5,637)**	(12,005)
Profit for the period		**16,577**	34,850
Items that will be reclassified subsequently to profit:			
Net unrealized gain on cash flow hedges		**–**	17
Items that will not be reclassified subsequently to profit:			
Net actuarial gain on defined benefit plans		**208**	1,765
Other comprehensive income, net of tax		**208**	1,782
Total comprehensive income		**$ 16,785**	$ 36,632

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 (Net gain on cash flow hedges)**		**Total**
Balance as at December 31, 2021		$	40,000	$	102,515	$	(17)	$	142,498
Profit for the period			–		34,850		–		34,850
Other comprehensive income, net[1]			–		1,765		17		1,782
Dividends paid	9.1		–		(40,700)		–		(40,700)
Balance as at December 31, 2022		$	40,000	$	98,430	$	–	$	138,430
Profit for the period			**–**		**16,577**		**–**		**16,577**
Other comprehensive income, net[1]			**–**		**208**		**–**		**208**
Balance as at December 31, 2023		**$**	**40,000**	**$**	**115,215**	**$**	**–**	**$**	**155,215**

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	2023	2022 (Note 25.1)
Cash flows from operating activities			
Profit for the period		**$ 16,577**	$ 34,850
Adjustments to reconcile profit to cash flows from operating activities:			
Depreciation and amortization	21	**18,207**	19,770
Income tax expense	23	**5,637**	12,005
Finance income, net		**(3,725)**	(1,236)
Other income		**(3)**	(45)
Net foreign exchange loss		**(2,435)**	(669)
Adjustments to other revenues and expenses	25.2	**(6,664)**	(12,752)
Changes in Face Value redemptions liability		**77**	(2,715)
Changes in operating assets and liabilities	25.2	**(8,301)**	69,283
Cash from operating activities before interest and income tax		**19,370**	118,491
Income tax paid, net of income tax received	25.2	**(2,090)**	(35,305)
Interest received, net of interest paid	25.2	**3,789**	947
Net cash from operating activities		**21,069**	84,133
Cash flows used in investing activities			
Acquisition of property, plant and equipment and advances on property, plant and equipment purchases		**(31,322)**	(20,469)
Acquisition of intangible assets		**(654)**	(2,055)
Net cash used in investing activities		**(31,976)**	(22,524)
Cash flows used in financing activities			
Dividends paid	9.1	**–**	(40,700)
Repayment of loans	17	**(6,000)**	(9,000)
Lease principal payments	13	**(1,703)**	(2,218)
Net cash used in financing activities		**(7,703)**	(51,918)
Effect of changes in exchange rates on cash and cash equivalents		**(847)**	288
(Decrease) increase in cash and cash equivalents		**(19,457)**	9,979
Cash and cash equivalents at the beginning of the period		**79,282**	69,303
Cash and cash equivalents at the end of the period		**$ 59,825**	$ 79,282
Cash and cash equivalents consist of:			
Cash		**$ 59,825**	$ 59,282
Cash equivalents		**$ –**	$ 20,000

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 (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 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. MATERIAL ACCOUNTING POLICY INFORMATION

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 7, 2024.

2.2 Consolidation

These 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.

2.3 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 Revenue

2.4.1 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, storage 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 management of the movement 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 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 either recognized over time as performance obligations under a contract are satisfied, or 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 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 recognized on a gross or net basis. In situations where the Corporation is not the principal in a transaction, revenue and cost of sales are recognized 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 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. 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 recognized.

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

2.4.2 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.

2.5 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	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
Loans payable	Amortized cost	Amortized cost
Derivative financial liabilities	Derivatives at FVTPL	Fair value

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.

2.6.1 Cash and cash equivalents

The Corporation's surplus cash is 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.

Cash equivalents are recognized on the settlement date and consist of investments with a maturity of three months or less from the date of acquisition, or highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6.2 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.

2.6.3 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.

2.6.4 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. In determining impairment, the model considers past events and current conditions, as well as reasonable and supportable forward-looking information that is available without undue cost or effort. 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.

2.6.5 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 are classified as either financial liabilities at FVTPL or amortized cost.

All derivative financial liabilities were classified in the FVTPL category.

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 Loan Payable

Loan payable is initially recognized at fair value, net of transaction costs. After initial recognition, loan payable is measured at amortized cost using the effective interest method.

2.7.3 Derivative 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.

2.7.4 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.

2.9 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 11.

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. Software configuration and customization costs are capitalized when the Corporation controls the underlying software. 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.

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 recognized 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.

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

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 Face Value redemptions liability

The Corporation determined that it continues to be unable to 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 3.1.1. 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, partially 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.

2.15 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.

2.16 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 His Majesty in Right of Canada.

2.17 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.

2.17.1 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.

2.17.2 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.

2.18 Employee benefit obligations

2.18.1 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. Only employees on a term employment greater than six months or hired on a permanent basis are eligible for short-term benefits, while all employees employed at December 31, 2023 or 2022 with at least three months of service in the year are eligible for a bonus payment.

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.

2.18.2 Pension benefits

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

2.18.3 Other post-employment benefits

Other post-employment benefits include severance 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.

2.18.4 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.

2.19 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.

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 material 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 2.14 and related deferred tax assets. 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.

3.1.3 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 attempts to minimize 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 in the estimation.

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

3.1.4 Inventory valuation allowance

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

3.2 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 and related impact on deferred tax assets. 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, 2023, 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 2.14. 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 2023 and 2022, 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 recognized 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 recognized 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 recognized 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 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.

3.2.6 Divestiture of MintChip™

In December 2015, the Corporation 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 was not received. Management was required to make a judgement with respect to the uncertainty over the collectability of the promissory note. At December 31, 2023 and 2022, it was determined that no asset would be recognized 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, 2023.

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, 2023. The following amendments were adopted by the Corporation on January 1, 2023.

International Tax Reform - Pillar Two Model Rules
In May 2023, the IASB issued amendments to IAS 12 – *Income Taxes*. The amendments provide a temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to pillar two income taxes. The amendments are effective for annual periods beginning on or after January 1, 2023 and did not have an impact on the consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction
In May 2021, the IASB issued amendments to IAS 12 – *Income Taxes*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023 and did not have an impact on the consolidated financial statements.

Disclosure of Accounting Policies
In February 2021, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements* (IAS 1) and IFRS Practice Statement 2. The amendments require that an entity disclose only its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments impacted the disclosures within the financial statements but did not result in any adjustments to the reported financial figures.

Definition of Accounting Estimates
In February 2021, the IASB issued amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates and clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after January 1, 2023 and did not have an impact on the consolidated financial statements.

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 and did not have an impact on the consolidated financial statements.

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, and does not anticipate the adoption of these amendments to significantly impact 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.

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 exchangeable, how to determine the exchange rate when it is not 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.

5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

As at December 31

		2023		2022
Receivables and accruals from contracts with customers	**$**	**14,795**	$	23,328
Receivables from contracts with related parties (Note 26)		**1,486**		2,308
Allowance for expected credit losses		**(21)**		(76)
Trade receivables, net	**$**	**16,260**	$	25,560
Other current financial receivables		**510**		1,050
Other receivables		**118**		46
Trade receivables, net and other receivables	**$**	**16,888**	$	26,656

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

6. PREPAID EXPENSES AND OTHER ADVANCES

As at December 31

		2023		2022
Total prepaid expenses and other advances[1]	**$**	**4,051**	$	8,764

[1] Included in prepaid expenses and other advances current was $0.6 million (2022 - $6.2 million) related to contractual instalment payments for equipment purchases.

7. INVENTORIES

As at December 31

		2023		2022
Raw materials and supplies	**$**	**17,560**	$	18,915
Work in process		**20,438**		15,101
Finished goods		**30,827**		22,212
Total inventories	**$**	**68,825**	$	56,228

The amount of inventories recognized in cost of sales in 2023 is $1,985.8 million (2022 - $3,084.1 million), which includes $2.0 million in write-downs of inventory to net realizable value (2022 - $5.7 million).

No inventory was pledged as security for borrowings as at December 31, 2023 or 2022.

8. CONTRACT ASSETS, CONTRACT LIABILITIES AND CONTRACT PROVISIONS

The contract assets are 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, 2023 and evaluated the risk to be minimal as each related 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 and provisions related to contract assets, as well as amounts relating to the customer loyalty program.

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

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**

As at December 31

	2022			
		Contract Assets		Contract Liabilities
Opening balance	$	40,631	$	12,894
Revenue recognized[1]		–		(1,979)
Cash received, excluding amounts recognized during the period		–		2,750
Transfers from contract liabilities to payables		–		(5,253)
Foreign exchange revaluation		3,023		272
Transfers from contract assets to receivables		(85,800)		–
Increases resulting from changes in the measure of progress		60,438		5,423
Closing balance	$	18,292	$	14,107

1 Revenue recognized includes $0.5 million related to the Corporation's memorandum of understanding with the Department of Finance.

Contract liabilities are composed of the following:

As at December 31

		2023		2022
Customer prepayments	**$**	**9,621**	$	6,194
Loyalty program		**2,279**		2,277
Provisions related to revenue recognized over time		**2,921**		5,636
Total contract liabilities	**$**	**14,821**	$	14,107

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, 2022.

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 adjusts 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 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 years ended December 31, 2023 and 2022, approved short-term borrowings for working capital needs within this limit were not to exceed $25 million or its US dollar equivalent. From time to time, the Corporation may seek approval for new long-term borrowings. As at December 31, 2023 and 2022, the Corporation had no approval for any new long-term borrowings for the fiscal years then ended.

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, 2023 or 2022.

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.

Loan Payable to Equity ratio

As at December 31

		2023		2022
Loans payable (current and non-current)	**$**	**18,024**	$	24,032
Shareholder's equity		**155,215**		138,430
Loan payable to Equity ratio		**1:09**		1:06

Loan Payable to Assets ratio

As at December 31

		2023		2022
Loans payable (current and non-current)	**$**	**18,024**	$	24,032
Total assets		**380,393**		380,225
Loan payable to Assets ratio		**1:21**		1:16

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*.

The Corporation did not remit dividends to the Government of Canada in 2023 (2022 - $40.7 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. A dividend of $4.0 million was declared and paid to the Government of Canada in January 2024.

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 tables:

As at December 31

	2023				2022			
		Carrying Amount		**Fair value**		Carrying Amount		Fair value
Financial Assets								
Cash and cash equivalents	**$**	**59,825**	**$**	**59,825**	$	79,282	$	79,282
Trade receivables, net and other receivables	**$**	**16,770**	**$**	**16,770**	$	26,610	$	26,610
Derivative financial assets:								
Foreign currency forwards	**$**	**2,764**	**$**	**2,764**	$	621	$	621
Financial Liabilities								
Trade payables, other payables and accrued liabilities	**$**	**50,634**	**$**	**50,634**	$	58,048	$	58,048
Loan payable	**$**	**18,024**	**$**	**17,453**	$	24,032	$	23,140
Derivative financial liabilities:								
Foreign currency forwards	**$**	**6**	**$**	**6**	$	2,960	$	2,960

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, 2023 and 2022. 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, 2023 and 2022. There were no transfers of financial instruments between levels during 2023.

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.

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 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 these financial instruments.

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 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.

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 a defined know your client and credit risk assessment processes that evaluate 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 recognized 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, 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 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 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's 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 December 31

		2023		2022
Canada	**$**	**14,927**	$	11,069
United States		**1,092**		389
Europe, Middle East and Africa		**388**		110
Latin America and Caribbean		**350**		611
Asia and Australia		**13**		14,431
Total financial trade receivables, net and other financial receivables	**$**	**16,770**	$	26,610

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

		2023		2022
Consumers, dealers and others	**$**	**9,710**	$	4,459
Governments (including governmental departments and agencies)		**5,819**		6,663
Central and institutional banks		**1,241**		15,488
Total financial trade receivables, net and other financial receivables	**$**	**16,770**	$	26,610

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 December 31, 2023, the Corporation's rate of credit losses was less than 1% (2022 – less than 1%) of total financial trade receivables, net and other financial receivables.

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

As at December 31

	2023				2022			
		Gross carrying amount		**Lifetime ECL allowance**		Gross carrying amount		Lifetime ECL allowance
0–30 days	**$**	**11,645**	**$**	**–**	$	20,323	$	–
31–60 days		**1,862**		**–**		4,107		–
61–90 days		**1,358**		**–**		582		48
Over 90 days		**1,926**		**21**		1,674		28
Total	**$**	**16,791**	**$**	**21**	$	26,686	$	76
Net			**$**	**16,770**			$	26,610

The change in the lifetime ECL allowance was as follows:

As at December 31

		2023		2022
Opening balance	**$**	**76**	$	3
Additions		**21**		75
Write-offs		**(76)**		(2)
Closing balance	**$**	**21**	$	76

9.3.1.2 Cash and cash equivalents

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, 2023

	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	**$ (50,634)**	**$ (50,634)**	**$ (50,634)**	**$ –**	**$ –**	**$ –**
Loan payable	**$ (18,024)**	**$ (18,757)**	**$ (6,380)**	**$ (6,251)**	**$ (6,126)**	**$ –**
Derivative instruments						
Foreign currency forwards	**$ (6)**	**$ (372)**	**$ (372)**	**$ –**	**$ –**	**$ –**

As at December 31, 2022

	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	$ (58,048)	$ (58,048)	$ (58,012)	$ (36)	$ –	$ –
Loan payable	$ (24,032)	$ (25,262)	$ (6,504)	$ (6,380)	$ (12,378)	$ –
Derivative instruments						
Foreign currency forwards	$ (2,960)	$ (110,546)	$ (110,546)	$ –	$ –	$ –

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 policies, 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, 2023, 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 $6.9 million (2022 - $7.8 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, 2023, all other variables held constant, would have been a decrease or increase in profit for the year of $1.1 million (2022 - $2.1 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. At December 31, 2023, there was no variable interest 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 cash equivalents and loan payable expose the Corporation to fair value interest rate risk.

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 27.1 and Note 2.3).

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 consolidated financial statements is not significant because none of the Corporations financial assets or financial liabilities are directly exposed to commodity price risks.

9.4 Foreign currency forwards

The notional and fair values of the derivative instruments were as follows:

As at December 31, 2023

	Maturities	Notional value	Fair value	Total derivatives Fair value
Derivative financial assets				
Current				
Foreign currency forwards	2024	**$ 111,121**	**$ 2,764**	**$ 2,764**
Total		**$ 111,121**	**$ 2,764**	**$ 2,764**
Derivative financial liabilities				
Current				
Foreign currency forwards	2024	**$ 372**	**$ 6**	**$ 6**
Total		**$ 372**	**$ 6**	**$ 6**

As at December 31, 2022

	Maturities	Notional value	Fair value	Total derivatives Fair value
Derivative financial assets				
Current				
Foreign currency forwards	2023	$ 7,291	$ 514	$ 514
Total current		$ 7,291	$ 514	$ 514
Non-current				
Foreign currency forwards	2024	$ 1,314	$ 107	$ 107
Total non-current		$ 1,314	$ 107	$ 107
Total		$ 8,605	$ 621	$ 621
Derivative financial liabilities				
Current				
Foreign currency forwards	2023	$ 110,546	$ 2,960	$ 2,960
Total		$ 110,546	$ 2,960	$ 2,960

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, 2023 and 2022, all amounts were reclassified to profit or loss.

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

	2023	2022
Cost	**$ 453,892**	$ 427,104
Accumulated depreciation and impairment	**(290,392)**	(286,410)
Net book value	**$ 163,500**	$ 140,694

Net book value by asset class

As at December 31

	2023	2022
Land and land improvements	**$ 3,149**	$ 3,138
Buildings and improvements	**71,203**	75,238
Equipment	**60,132**	55,055
Capital projects in process	**29,016**	7,263
Net book value	**$ 163,500**	$ 140,694

Reconciliation of the opening and closing balances of property, plant and equipment for 2023 and 2022:

	Land and improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance as December 31, 2021	$ 4,176	$ 168,434	$ 268,866	$ 5,459	$ 446,935
Additions	10	1,544	5,585	5,961	13,100
Transfers	–	860	3,297	(4,157)	–
De-recognition	–	(25)	(31,959)	–	(31,984)
Disposals	–	–	(947)	–	(947)
Balance as December 31, 2022	$ 4,186	$ 170,813	$ 244,842	$ 7,263	$ 427,104
Additions	**18**	**1,161**	**15,019**	**21,880**	**38,078**
Transfers	**–**	**127**	**–**	**(127)**	**–**
De-recognition	**–**	**(2,812)**	**(8,131)**	**–**	**(10,943)**
Disposals	**–**	**–**	**(347)**	**–**	**(347)**
Balance at December 31, 2023	**$ 4,204**	**$ 169,289**	**$ 251,383**	**$ 29,016**	**$ 453,892**
Accumulated depreciation and impairment					
Balance as at December 31, 2021	$ 1,041	$ 90,240	$ 211,614	$ –	$ 302,895
Depreciation	7	5,330	10,582	–	15,919
De-recognition	–	5	(31,867)	–	(31,862)
Disposals	–	–	(542)	–	(542)
Balance as at December 31, 2022	$ 1,048	$ 95,575	$ 189,787	$ –	$ 286,410
Depreciation	**7**	**5,323**	**9,911**	**–**	**15,241**
De-recognition	**–**	**(2,812)**	**(8,131)**	**–**	**(10,943)**
Disposals	**–**	**–**	**(316)**	**–**	**(316)**
Balance as at December 31, 2023	**$ 1,055**	**$ 98,086**	**$ 191,251**	**$ –**	**$ 290,392**
Net book value as at December 31, 2023	**$ 3,149**	**$ 71,203**	**$ 60,132**	**$ 29,016**	**$ 163,500**

Included in property, plant and equipment additions was a total accrual of $1.5 million (2022 - $0.6 million).

No asset was pledged as security for borrowings as at December 31, 2023 or 2022.

11. INVESTMENT PROPERTY

The carrying value of the land is based on the allocation of the area of the land between the area used for commercial purposes and the area held as investment property.

The fair value of the land is $5.3 million (2022 - $5.3 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. For the purposes of convenience and cost benefit, 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, 2023 or 2022.

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

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

	2023	2022
Cost	**$ 39,126**	$ 39,835
Accumulated amortization and impairment	**(35,269)**	(35,155)
Net book value	**$ 3,857**	$ 4,680

Reconciliation of the opening and closing balances of intangibles for 2023 and 2022:

	Software	**Capital projects in process**	**Total**
Cost			
Balance as at December 31, 2021	$ 37,655	$ 1,191	$ 38,846
Additions	652	1,436	2,088
Transfers	1,191	(1,191)	–
De-recognition	(1,099)	–	(1,099)
Balance as at December 31, 2022	$ 38,399	$ 1,436	$ 39,835
Additions	**327**	**243**	**570**
Transfers	**530**	**(530)**	**–**
De-recognition	**(1,279)**	**–**	**(1,279)**
Balance as at December 31, 2023	**$ 37,977**	**$ 1,149**	**$ 39,126**
Accumulated amortization and impairment			
Balance as at December 31, 2021	$ 34,108	$ –	$ 34,108
Amortization	2,146	–	2,146
De-recognition	(1,099)	–	(1,099)
Balance as at December 31, 2022	$ 35,155	$ –	$ 35,155
Amortization	**1,393**	**–**	**1,393**
De-recognition	**(1,279)**	**–**	**(1,279)**
Balance as at December 31, 2023	**$ 35,269**	**$ –**	**$ 35,269**
Net book value as at December 31, 2023	**$ 2,708**	**$ 1,149**	**$ 3,857**

Included in intangible asset additions was a total accrual of $nil million (2022 - $0.1 million).

13. LEASES

The Corporation has leases for buildings and equipment. With the exception of short-term leases and 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 2 to 15 years. Leases of buildings generally have a lease term ranging from 10 years to 11 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.

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.

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

		2023		2022
Cost	**$**	**10,701**	$	14,657
Accumulated depreciation		**(5,326)**		(7,793)
Net book value	**$**	**5,375**	$	6,864

Net book value by right-of-use asset class

As at December 31

		2023		2022
Buildings	**$**	**2,993**	$	3,748
Equipment		**2,382**		3,116
Net book value	**$**	**5,375**	$	6,864

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

		Building		**Equipment**		**Total**
Cost						
Balance as at December 31, 2021	$	7,389	$	3,835	$	11,224
Lease additions and renewals		–		3,433		3,433
Balance as at December 31, 2022	$	7,389	$	7,268	$	14,657
Lease additions and renewals		**–**		**84**		**84**
De-recognition		**(880)**		**(3,160)**		**(4,040)**
Balance as at December 31, 2023	**$**	**6,509**	**$**	**4,192**	**$**	**10,701**
Accumulated depreciation						
Balance as at December 31, 2021	$	2,759	$	3,329	$	6,088
Depreciation		882		823		1,705
Balance as at December 31, 2022	$	3,641	$	4,152	$	7,793
Depreciation		**755**		**818**		**1,573**
De-recognition		**(880)**		**(3,160)**		**(4,040)**
Balance as at December 31, 2023	**$**	**3,516**	**$**	**1,810**	**$**	**5,326**
Net book value as at December 31, 2023	**$**	**2,993**	**$**	**2,382**	**$**	**5,375**

Lease liabilities

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

As at December 31, 2023

		Building		Equipment		Total
Opening balance	$	**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 December 31, 2022

		Building		Equipment		Total
Opening balance	$	5,253	$	529	$	5,782
Interest expense		140		105		245
Lease payments		(1,357)		(861)		(2,218)
Lease additions and renewals		–		3,433		3,433
Closing balance	$	4,036	$	3,206	$	7,242

Total cash outflow for leases included in lease liabilities for the year ended December 31, 2023 was $1.7 million (December 31, 2022 - $2.2 million)

The undiscounted maturity analysis of lease liabilities as at December 31, 2023 was as follows:

		2024		2025		2026		2027		2028		2029 and thereafter		Total
Lease payments	$	1,767	$	1,782	$	1,756	$	144	$	144	$	541	$	6,134
Finance charges		(144)		(94)		(42)		(12)		(10)		(17)		(319)
Net present values	$	1,623	$	1,688	$	1,714	$	132	$	134	$	524	$	5,815

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

As at December 31

		2023		2022
Trade payables	$	**9,649**	$	10,563
Employee compensation payables and accrued liabilities		**26,145**		29,640
Other current financial liabilities[1]		**14,840**		17,809
Other accounts payables and accrued liabilities		**815**		344
Total current trade payables, other payables and accrued liabilities	$	**51,449**	$	58,356
Other non-current financial liabilities[1]		**–**		36
Total non-current trade payables, other payables and accrued liabilities	$	**–**	$	36
Trade payables, other payables and accrued liabilities	$	**51,449**	$	58,392

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

15. PROVISIONS

The following table presents the changes in the provisions:

As at December 31

		2023		2022[1]
Opening balance	$	**5,481**	$	3,009
Additional provisions recognized		**9,727**		4,590
Payments		**(10,288)**		(1,680)
De-recognition of provisions		**(1,777)**		(425)
Foreign exchange revaluation		**14**		(13)
Closing balance	$	**3,157**	$	5,481

[1] Prior year figures have been reclassified as described in Note 25.1.

Provisions include the following:

As at December 31

		2023		2022
Sales returns and warranty	$	**2,423**	$	2,903
Employee compensation		**686**		1,831
Other provisions		**48**		747
Total provisions	$	**3,157**	$	5,481

16. FACE VALUE REDEMPTIONS LIABILITY

As at December 31

		2023		2022
Face Value redemptions liability	$	**175,960**	$	176,616
Precious metal recovery		**(58,778)**		(60,802)
Face Value redemptions liability, net		**117,182**		115,814

As at December 31

		2023		2022
Opening balance	$	**115,814**	$	121,906
Redemptions, net		**(441)**		(163)
Precious metal and foreign exchange revaluation		**1,809**		(5,929)
Closing balance	$	**117,182**	$	115,814

As at December 31, 2023, 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 an increase of $1.8 million for the year ended December 31, 2023 (2022 – decrease of $5.9 million). Based on the Face Value redemptions liability as at December 31, 2023, 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 $5.9 million (2022 - $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.

17. LOAN PAYABLE

As at December 31

		2023		2022
Loan	**$**	**18,000**	$	24,000
Accrued interest		**24**		32
Total loan payable	**$**	**18,024**	$	24,032

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

A 5-year $30 million loan bearing a fixed interest rate of 2.10% with maturity in 2026. Interest payments are paid semi-annually and the loan is being repaid over 5 years with payments of $6 million per year. As at December 31, 2023, the balance of the principal was $18.0 million (2022 - $24.0 million) and the fair value of the loan was $17.4 million (2022 – $23.1 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 2023 was dependent on the employees' employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate was 1.02 times (2022 – 1.02) the employees' contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate was 1.00 (2022 – 1.00) times the employees' contribution.

The Corporation made total contributions of $12.8 million in 2023 (2022 – $12.0 million). The estimated contribution for 2024 is $12.2 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.

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

		2023		2022
Post-employment benefits	**$**	**899**	$	884
Other long-term employee benefits		**2,696**		2,382
Employee benefit obligation current	**$**	**3,595**	$	3,266
Post-employment benefits	**$**	**8,693**	$	8,687
Other long-term employee benefits		**2,436**		1,814
Employee benefit obligation non-current	**$**	**11,129**	$	10,501
Total employee benefits obligation	**$**	**14,724**	$	13,767

Movement of employee benefits obligations were as follows:

As at December 31

	Post employment benefits		**Other long-term employee benefits**		**Totals**	
	2023	2022	**2023**	2022	**2023**	2022
Opening balance	**$ 9,571**	$ 11,791	**$ 4,196**	$ 4,164	**$ 13,767**	$ 15,955
Current service cost	**446**	430	**5,229**	4,562	**5,675**	4,992
Interest cost	**484**	340	**348**	136	**832**	476
Benefits paid	**(631)**	(637)	**(5,344)**	(4,294)	**(5,975)**	(4,931)
Actuarial losses (gains):						
from experience adjustments	**(464)**	44	**398**	866	**(66)**	910
from demographic assumptions	**–**	(138)	**(63)**	(686)	**(63)**	(824)
from economic assumptions	**186**	(2,259)	**368**	(552)	**554**	(2,811)
Closing balance	**$ 9,592**	$ 9,571	**$ 5,132**	$ 4,196	**$ 14,724**	$ 13,767

Actuarial losses (gains) from experience adjustments include 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 losses (gains) from economic 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

		2023		2022
Pension benefits contribution	**$**	**12,755**	$	12,035
Other post-employment benefits		**930**		770
Other long-term employee benefits		**6,280**		4,326
Total employee benefits expenses	**$**	**19,965**	$	17,131

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

For the year ended December 31

		2023		2022
In Profit for the period				
Pension benefits contribution	$	**12,755**	$	12,035
Current service cost		**5,675**		4,992
Interest cost		**832**		476
Actuarial loss (gain) for other long-term employee benefits		**703**		(372)
	$	**19,965**	$	17,131
In Other comprehensive income				
Actuarial gain for post-employment benefits		**(278)**		(2,353)
Total amounts recognized in the consolidated statement of comprehensive income	$	**19,687**	$	14,778

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

As at December 31

	2023	2022
Accrued benefit obligation		
Discount rate	**4.69%**	5.04%
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	**4.74%**	5.19%
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	**4.50%**	4.60%
Cost trend rate declines to	**4.00%**	4.00%
Initial health care cost trend rate – OPEB/OLTEB Dental	**3.50%**	3.50%

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

		2023		2022
Medical cost trend rates:				
Current service cost and interest cost	$	**43**	$	50
Defined benefit obligation	$	**374**	$	513
Discount rates:				
Current service cost and interest cost	$	**(100)**	$	30
Defined benefit obligation	$	**(995)**	$	(1,037)
Salary rates:				
Current service cost and interest cost	$	**49**	$	65
Defined benefit obligation	$	**486**	$	463

The weighted average duration of the defined benefit obligation is 8 years (2022 – 9 years).

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

For the year ended December 31, 2023

	Within 1 Year	**2 to 5 Years**	**6 to 9 Years**
Expected benefit payments	**$ 1,976**	**$ 4,967**	**$ 4,268**

For the year ended December 31, 2022

	Within 1 Year	2 to 5 Years	6 to 11 Years
Expected benefit payments	$ 6,047	$ 4,674	$ 4,089

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

	2023	2022
Included in cost of sales:		
Salaries and wages including short-term employee benefits	**$ 35,821**	$ 34,078
Pension costs	**5,872**	5,651
Other long-term employee and post-employment benefits	**2,510**	2,763
Termination benefits	**217**	–
Included in marketing and sales expenses:		
Salaries and wages including short-term employee benefits	**15,383**	14,438
Pension costs	**1,714**	1,676
Other long-term employee and post-employment benefits	**608**	474
Included in administration expenses:		
Salaries and wages including short-term employee benefits	**49,121**	45,133
Pension costs	**5,219**	4,831
Other long-term employee and post-employment benefits	**2,976**	1,834
Termination benefits	**312**	168
Total employee compensation and benefits expense	**$ 119,753**	$ 111,046

20. REVENUE

20.1 Revenue by performance obligations

For the year ended December 31

	2023	2022
Performance obligations satisfied at a point in time		
Sale of goods	**$ 1,987,427**	$ 3,077,540
Rendering of services	**55,830**	52,881
Total revenue recognized at a point in time	**$ 2,043,257**	$ 3,130,421
Performance obligations satisfied over time		
Sale of goods	**$ 23,240**	$ 60,438
Rendering of services	**95,472**	91,603
Total revenue recognized over time	**$ 118,712**	$ 152,041
Total revenue	**$ 2,161,969**	$ 3,282,462

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 consideration from the sale of goods and the net revenue presented:

For the year ended December 31

	2023	2022
Gross consideration from the sale of goods	**$ 3,830,201**	$ 5,117,248
Less: Customer inventory deals	**(1,819,534)**	(1,979,270)
Net revenue from the sale of goods	**$ 2,010,667**	$ 3,137,978

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	**2023**	2022
North America	**$ 1,904,855**	$ 2,430,607
Europe, Middle East and Africa	**182,522**	756,833
Asia and Australia	**64,961**	89,390
Latin America and Caribbean	**9,631**	5,632
Total revenue	**$ 2,161,969**	$ 3,282,462

For the year ended December 31

Program and Businesses	**2023**	2022
Canadian Circulation program	**$ 88,275**	$ 95,563
Foreign Circulation	**27,605**	62,597
Total Circulation	**$ 115,880**	$ 158,160
Bullion Products and Services	**1,905,409**	3,006,631
Numismatics	**140,680**	117,671
Total Precious Metals	**$ 2,046,089**	$ 3,124,302
Total revenue	**$ 2,161,969**	$ 3,282,462

For the year ended December 31, 2023, two (2022 – three) customers made up 30% (2022 - 36%) of the Corporation's revenue.

The revenue earned from significant customers is reported in the Precious Metals business for the years ended December 31, 2023 and 2022, and in the primary geographic region of North America for the year ended December 31, 2023 (North America and Europe, Middle East & Africa – December 31, 2022).

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, 2023.

For the year ended December 31

	2024	**2025**	**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.

21. DEPRECIATION AND AMORTIZATION EXPENSES

For the year ended December 31

		2023		2022
Depreciation of property, plant and equipment	**$**	**15,241**	$	15,919
Amortization of intangible assets		**1,393**		2,146
Depreciation of right-of-use assets		**1,573**		1,705
Total depreciation and amortization expenses	**$**	**18,207**	$	19,770

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

For the year ended December 31

		2023		2022
Cost of sales	**$**	**12,282**	$	13,140
Marketing and sales expenses		**1,541**		1,764
Administration expenses		**4,384**		4,866
Total depreciation and amortization expenses	**$**	**18,207**	$	19,770

22. NET FOREIGN EXCHANGE (LOSS) GAIN

For the year ended December 31

		2023		2022[1]
Foreign exchange gain (loss) and forward contract settlements	**$**	**2,503**	$	(5,223)
Foreign exchange (loss) gain, balance sheet revaluation		**(2,793)**		6,187
Foreign exchange gain (loss), other		**64**		(384)
Total net foreign exchange (loss) gain	**$**	**(226)**	$	580

1 Prior year figures have been reclassified as described in Note 25.1.

23. INCOME TAX

The major components of income tax expense were as follows:

For the year ended December 31

		2023		2022
Current income tax expense	**$**	**3,594**	$	12,984
Foreign tax expense		**268**		1,170
Adjustments for prior years		**(2,476)**		222
Total current income tax expense	**$**	**1,386**	$	14,376
Origination and reversal of temporary differences	**$**	**1,789**	$	(2,029)
Adjustments for prior years		**2,462**		(342)
Total deferred income tax expense (recovery)	**$**	**4,251**	$	(2,371)
Total income tax expense recognized in profit	**$**	**5,637**	$	12,005

The Corporation's effective income tax expense for the year ended December 31, 2023 is different from its expense at its federal statutory income tax rate of 25% (2022 – 25%) due to the differences noted below:

For the year ended December 31

	2023	2022
Profit before income tax for the year	**$ 22,214**	$ 46,855
Income tax rate	**25%**	25%
Computed income tax expense	**5,553**	11,714
Non-deductible expense	**98**	412
Adjustments for prior years	**(14)**	(121)
Income tax expense recognized in profit	**$ 5,637**	$ 12,005

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

For the year ended December 31

	2023			2022		
	Before income tax	**Income tax recovery**	**Net of income tax**	Before income tax	Income tax recovery	Net of income tax
Net unrealized gain (loss) on cash flow hedges	**$ –**	**$ –**	**$ –**	$ 23	$ (6)	$ 17
Net actuarial gain (loss) on other long-term employee benefit plan	**278**	**(70)**	**208**	2,353	(588)	1,765
Total other comprehensive income	**$ 278**	**$ (70)**	**$ 208**	$ 2,376	$ (594)	$ 1,782

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities in 2023 and 2022 are presented below:

As at December 31, 2023

	Opening balance	**Recognized in profit**	**Recognized in other comprehensive income**	**Closing balance**
Deferred income tax assets:				
Employee benefit obligation	**$ 3,442**	**$ 309**	**$ (70)**	**$ 3,681**
Trade payables, other payables and accrued liabilities	**2,416**	**(2,307)**	**–**	**109**
Face value redemption liability	**29,182**	**346**	**–**	**29,528**
Derivative financial assets	**585**	**(585)**		**–**
Right-of-use assets	**95**	**15**	**–**	**110**
Total deferred income tax assets	**$ 35,720**	**$ (2,222)**	**$ (70)**	**$ 33,428**
Deferred income tax liabilities:				
Property, plant and equipment	**(4,070)**	**(1,115)**	**–**	**(5,185)**
Derivative financial assets	**–**	**(690)**	**–**	**(690)**
Intangible assets	**(484)**	**(184)**	**–**	**(668)**
Investments tax credits	**(139)**	**(39)**	**–**	**(178)**
Total deferred income tax liabilities	**$ (4,693)**	**$ (2,028)**	**$ –**	**$ (6,721)**
Net deferred income tax asset	**$ 31,027**	**$ (4,250)**	**$ (70)**	**$ 26,707**

As at December 31, 2022

		Opening balance		Recognized in profit		Recognized in other comprehensive income		Closing balance
Deferred income tax assets:								
Employee benefit obligation	$	3,989	$	41	$	(588)	$	3,442
Trade payables, other payables and accrued liabilities		1,628		788		–		2,416
Face value redemption liability		30,718		(1,536)		–		29,182
Derivative financial assets		–		585				585
Right-of-use assets		98		(3)		–		95
Total deferred income tax assets	$	36,433	$	(125)	$	(588)	$	35,720
Deferred income tax liabilities:								
Property, plant and equipment		(5,256)		1,186		–		(4,070)
Derivative financial assets		(647)		653		(6)		–
Intangible assets		(1,164)		680		–		(484)
Investments tax credits		(116)		(23)		–		(139)
Total deferred income tax liabilities	$	(7,183)	$	2,496	$	(6)	$	(4,693)
Net deferred income tax asset	$	29,250	$	2,371	$	(594)	$	31,027

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 was not recognized in respect of deductible temporary differences totalling $11.0 million in 2023 (December 31, 2022 – $11.0 million) related to capital losses because it was not probable that there will be sufficient future taxable capital gains available to utilize the benefits.

24. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

For the year ended December 31

		2023		2022
Scientific research and experimental development expenses	**$**	**5,678**	$	5,627
Scientific research and experimental development investment tax credit		**(905)**		(744)
Scientific research and experimental development expenses, net	**$**	**4,773**	$	4,883

The net expense of scientific research and experimental development was allocated to the following expense categories:

For the year ended December 31

		2023		2022
Cost of sales	**$**	**1,915**	$	1,958
Administration expenses		**2,858**		2,925
Total scientific research and experimental development expenses, net	**$**	**4,773**	$	4,883

25. CASH FLOW INFORMATION

25.1 Reclassification

During the current year, the Corporation reclassified certain amounts on the consolidated statement of cash flows and within the related note disclosure. The changes were made to better reflect the nature of the cash flows and enhance the clarity and accuracy of the cash flow presentation.

The impact of these reclassifications were the following:

	December 31, 2022 As reported	Adjustments	December 31, 2022 Revised
Consolidated Statement of Cash Flows			
Cash flows from operating activities			
Adjustments to reconcile profit to cash flows from operating activities:			
Net foreign exchange loss (gain)[1]	$ 6,575	$ (7,244)	$ (669)
Adjustments to other revenues and expenses	(14,432)	1,680	(12,752)
Changes in operating assets and liabilities	64,807	4,476	69,283
Cash from operating activities before interest and income tax	119,579	(1,088)	118,491
Net cash from operating activities	**85,221**	**(1,088)**	**84,133**
Cash flow from investing activities			
Acquisition of property, plant and equipment and advances on property, plant and equipment purchases[2]	(14,313)	(6,156)	(20,469)
Net cash used in investing activities	**(16,368)**	**(6,156)**	**(22,524)**
Effect of changes in exchange rates on cash and cash equivalents[1]	(6,956)	7,244	288
Increase in cash and cash equivalents	**$ 9,979**	**$ –**	**$ 9,979**
Note on Supplemental Cash Flow Information			
Adjustments to other revenues and expenses			
Provisions[3]	$ 2,471	$ 1,680	$ 4,151
Adjustments to other revenues and expenses	**$ (14,432)**	**$ 1,680**	**$ (12,752)**
Change in operating assets and liabilities			
Prepaid expenses and other advances[2]	$ (4,909)	$ 6,156	$ 1,247
Trade payables, other payables and accrued liabilities[3]	(1,204)	(222)	(1,426)
Provisions[3]	(222)	(1,458)	(1,680)
Changes in operating assets and liabilities	**$ 64,807**	**$ 4,476**	**$ 69,283**

1 Foreign exchange losses on settled transactions of $7.2 million were previously presented as unrealized within net cash from operating activities. They have been reclassified to be presented as realized to better present the nature of foreign exchange fluctuations that impacted the financial performance of the Corporation.

2 Contractual instalment payments for equipment purchases of $6.2 million were previously included as part of prepaid expenses and other advances within net cash from operating activities. They have been reclassified to be presented as acquisitions of property, plant and equipment and advances on property, plant and equipment purchases within net cash used in investing activities to better reflect the nature of the transaction.

3 Payments made to customers for sales returns and warranty for $1.5 million were previously included within provisions. They have been reclassified to better reflect the cash flows based on the nature of the transactions related to these obligations.

25.2 Supplemental cash flow information

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

For the year ended December 31

		2023		2022
Expenses				
Employee benefits expenses	**$**	**19,965**	$	17,131
Employee benefits paid		**(18,742)**		(16,968)
Inventory write-downs		**39**		4,369
Provisions		**7,964**		4,151
Loss on disposal of assets		**31**		527
Other non-cash expenses, net		**(959)**		(672)
Non-cash revenue, net				
Foreign circulation revenue		**(4,929)**		(11,475)
Bullion service revenue		**(8,072)**		(9,815)
Numismatics revenue		**(1,961)**		–
Adjustments to other revenues, and expenses	**$**	**(6,664)**	$	(12,752)

The 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

		2023		2022[1]
Trade receivables, net and other receivables and contract assets	**$**	**30,327**	$	78,548
Inventories		**(20,510)**		(10,156)
Prepaid expenses and other advances		**(1,155)**		1,247
Trade payables, other payables and accrued liabilities		**(10,407)**		(1,426)
Contract liabilities and contract provisions		**3,732**		2,750
Provisions		**(10,288)**		(1,680)
Change in operating assets and liabilities	**$**	**(8,301)**	$	69,283

[1] Prior year figures have been reclassified as described in Note 25.1.

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

For the year ended December 31

		2023		2022
Income tax paid	**$**	**(10,971)**	$	(35,348)
Income tax received		**8,881**		43
Income tax paid, net of income tax received	**$**	**(2,090)**	$	(35,305)

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

For the year ended December 31

		2023		2022
Interest received	**$**	**4,295**	$	1,638
Interest paid		**(506)**		(691)
Interest received, net of interest paid	**$**	**3,789**	$	947

26. 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 which is effective from January 1, 2022 to December 31, 2025.

The transactions with Department of Finance were as follows::

For the year ended December 31

		2023		2022
Revenue	**$**	**82,795**	$	89,287

For the year ended December 31

		2023		2022
Trade receivable (Note 5)	**$**	**1,486**	$	2,308

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

		2023		2022
Wages, bonus and short-term benefits	**$**	**3,388**	$	3,121
Post-employment and termination benefits		**1,209**		1,100
Other long-term benefits		**100**		100
Total compensation	**$**	**4,697**	$	4,321

27. COMMITMENTS, CONTINGENCIES AND GUARANTEES

27.1 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 December 31, 2023, the Corporation had \$28.2 million in outstanding firm fixed-price precious metal purchase commitments and firm commitments for precious metal bullion product supply arrangements. (December 31, 2022 – \$21.9 million)

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

As at December 31

Ounces	**2023**	2022
Gold	**578,397**	539,650
Silver	**22,492,819**	16,125,614
Platinum	**29,203**	22,442

The fees for these leases are based on market value. Precious metal lease payments of $17.1 million for 2023 are recognized through cost of sales (2022 - $18.9 million). The value of the metals under these leases is not reflected in the Corporation's consolidated statement of financial position as stated in note 3.2.5.

Total estimated minimum remaining future commitments as at December 31, 2023 were as follows:

As at December 31

	2024	**2025**	**2026**	**2027**	**2028**	**2029 and thereafter**	**Total**
Other commitments	**$ 40,012**	**$ 6,976**	**$ 2,307**	**$ 551**	**$ 30**	**$ –**	**$ 49,876**
Base metal commitments	**3,783**	**–**	**–**	**–**	**–**	**–**	**3,783**
Capital commitments	**9,882**	**–**	**–**	**–**	**–**	**–**	**9,882**
Total	**$ 53,677**	**$ 6,976**	**$ 2,307**	**$ 551**	**$ 30**	**$ –**	**$ 63,541**

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 $9.9 million as at December 31, 2023 (2022 - $18.8 million) in 2024 on capital projects.

27.2 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 sixteen to twenty-two months depending on the applicable contract, while warranty guarantees have remaining terms of up to ten months. Bid bonds have remaining terms of up to nine 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 fifteen 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 December 31, 2023, under the guarantees and bid bonds, the maximum potential amount of future payments is $5.8 million (2022 - $15.4 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 recognized in the Corporation's consolidated financial statements. As at December 31, 2023 there was no provision for potential legal obligations (2022 - $0.7 million) as the legal obligation included in other provisions (Note 15) as at December 31, 2022 was settled in 2023.

STATISTICS

Table 1 — Canadian circulation coinage

Production up to December 31, 2023

	2023	2022	2021
$2	**15,130,025**	27,255,000	35,445,000
$1	**25,890,000**	43,889,000	27,875,000
25¢	**80,510,000**	91,680,000	110,560,000
10¢	**43,205,000**	103,400,000	185,775,000
5¢	**28,422,000**	83,328,000	68,376,000

Table 2 — Canadian circulation coinage

Commemorative/regular design production in 2021 – 2023

	2023	2022	2021
$2	**8,500,000**	20,580,000	32,445,000
$2 - 100th Anniversary of the Discovery of Insulin	**–**	–	3,000,000
$2 - 50th Anniversary of the Summit Series	**–**	3,000,000	–
$2 - Honouring Queen Elizabeth II	**630,025**	3,675,000	–
$2 - 100th Anniversary of the Birth of Jean Paul Riopelle	**3,000,000**	–	–
$2 - Celebrating National Indigenous Peoples Day	**3,000,000**	–	–
$1	**22,890,000**	37,889,000	24,875,000
$1 - 125th Anniversary of the Klondike Gold Rush		–	3,000,000
$1 - Celebrating Oscar Peterson	**–**	3,000,000	–
$1 - 175th Anniversary of the Birth of Alexander Graham Bell	**–**	3,000,000	–
$1 - Honouring Elsie MacGill	**3,000,000**	–	–
25¢	**80,510,000**	91,680,000	110,560,000
10¢	**43,205,000**	103,400,000	170,775,000
10¢ – 100th Anniversary of *Bluenose*	**–**	–	15,000,000
5¢	**28,422,000**	83,328,000	68,376,000

EXECUTIVE OFFICERS AND LEADERSHIP TEAM

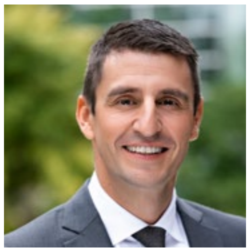
Marie Lemay, ICD.D
President and
Chief Executive Officer

Francis Mensah
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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