ROYAL CANADIAN MINT
MONNAIE ROYALE CANADIENNE

2018

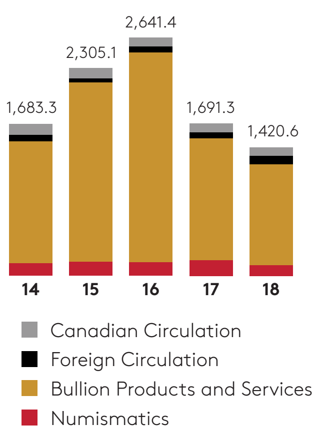
RESILIENT AND SUSTAINABLE

ANNUAL REPORT 2018

FINANCIAL AND OPERATING HIGHLIGHTS

	2018	2017	% change
Key financial highlights ($ in millions)			
Revenue	**1,420.6**	1,691.3	(16)
Gross profit[1]	**134.5**	158.0	(15)
Profit before income tax and other items[2]	**46.0**	43.9	5
Profit for the period	**35.1**	36.1	3
Dividends paid	**10.0**	93.2	(89)
Total assets	**397.8**	377.8	5
Shareholder's equity	**156.5**	128.2	22
Capital expenditures	**15.3**	13.9	10
Cash flow from operating activities	**39.7**	57.6	(31)
Return on equity[3]	**29%**	34%	
Key operating highlights			
Canadian circulation coins produced (in millions of pieces)	**369**	560	(34)
Gold bullion volume (in thousands of ounces)[4]	**523.0**	618.4	(15)
Silver bullion volume (in millions of ounces)[4]	**18.4**	18.5	(1)
Number of employees (at December 31)	**1,196**	1,225	(2)

Revenues (segmented)
Restated[5]
($ in millions)



[1] 2017 figure has been revised to reflect the reclassification described in Note 29 of the audited consolidated financial statements for the year ended December 31, 2018 starting on page 36.
[2] A reconciliation of profit before income tax and other items is included on page 28.
[3] Calculation is based on profit before income tax and other items.
[4] Bullion volumes are presented on a gross basis.
[5] Prior year figures for 2014 and 2015 have been revised to reflect the restatement and reclassifications described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2016.

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Cover: Following its official debut on September 22, 1988, our Silver Maple Leaf (SML) bullion coin became an instant classic. This annual offering continues to be one of the world's most sought-after investment coins, and is easily recognized by the solitary maple leaf that is now synonymous with 30 years of first-rate purity, security, and craftsmanship.

Resilient and Sustainable

The Royal Canadian Mint is a world-class provider of branded investment, collectible and circulation coin products and services that connect people and inspire celebration. In 2018, we proudly delivered results for Canada and Canadians through our outstanding people and products, commitment to excellence and teamwork.

Above: 10 oz. Pure Silver $1 Piedfort Coin (2018). Designed by the Royal Canadian Mint R & D lab where new minting technology was applied to create a concave shape on both sides.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

In 2018 the Royal Canadian Mint (RCM) displayed outstanding teamwork to seize opportunities at home and abroad for innovation, profit and progress. Our employees delivered strong operational performance and the organization exceeded its financial targets.

The RCM's success is a story of our diverse businesses pulling together to execute our strategy and deliver results. Among the many highlights, the Foreign Circulation business won its largest-ever single denomination coining contract in May.

The Bullion business obtained for the first time, simultaneous world-leading market share in both gold and silver bullion coins.[1] The team also capitalized on new opportunities in precious metal refining and storage. Even during a time of soft global demand, the Bullion business was the highest contributor to our financial performance again in 2018.

The Canadian Circulation business continues to reliably support domestic trade and commerce by providing high-quality, durable and secure coins. To that end, the RCM and the Government of Canada signed an updated Memorandum of Understanding outlining business terms for Canada's circulation coins through to the end of 2021. That was followed, in October, by the launch of a special $2 coin commemorating the 100th anniversary of the Armistice that ended the First World War. The coin's theme and brilliant design resonated with Canadians. One group of friends shared with us how they took 100 Armistice coins to Europe, and left them at battlefields and graveyards across France and Belgium.

Commercial success was complemented by recognition from Corporate Knights, which last year ranked the RCM sixth among Canada's Best 50 Corporate Citizens.

The Toronto-based company highlighted reduced water use and Carbon dioxide (CO_2) emissions, as well as the RCM's diverse workforce. This recognition is a testament to the corporation's employees, who never stop looking for opportunities to improve how we do business.

The Numismatics business had a challenging year in 2018 and was not profitable. While our beautifully crafted collectible coins continue to delight people across Canada and around the world, the RCM recognized the need to develop an updated strategy to better support the business and ensure its future sustainability. At the heart of this new approach are our passionate customers and collectors. In 2019, we are positioned to earn more of their business by presenting a more relevant, yet smaller portfolio of products that tell uniquely Canadian stories that connect and captivate our customers. We look forward to sharing the early results of the plan later in 2019.

RCM employees are strong and resilient, and they are executing the new strategy with inspiration and conviction. This year will also be one of transition for the RCM's leadership team. Our leaders who moved on in 2018 to new endeavors made invaluable contributions to the RCM's growth and success over many years. They also served as effective mentors who generously shared their skills and knowledge with their direct reports, which ensured a smooth changeover.

In February 2019 the Mint warmly welcomed our new President and CEO Marie Lemay, whose skills and extensive experience will greatly benefit our organization.

Worldwide, the minting industry is adapting to a changing environment such as the increase in digital payments. The RCM is performing well compared to peers because it recognizes the need to evolve and respond to the needs of our customers and continued focus on performance. We are optimistic about the RCM's strong sustainable future and confident that our teams will continue to deliver results and financial contributions to Canada and Canadians.

Jennifer Camelon
Chief Financial Officer

[1] These market share results exclude Africa as it is not an addressable market.

In 2018 the RCM made

$46 million

in profit before income tax and other items[1]

DIVERSITY

We continue to promote storytelling and celebrate our country's rich history of diversity and multiculturalism.

Thirteen Teachings From Grand Mother Moon: Spirit Moon

HISTORY AND HERITAGE

In 1778, the search for the fabled Northwest Passage brought Captain James Cook to Canada's West Coast, where his month-long stay left an indelible imprint on our history. This commemorative proof dollar features Cook, his ship and Maquinna, chief of the Mowachat group of the Nuu-chah-nulth, amid the engraved beauty of the land that brought them all together.

2018 Special Edition Silver Dollar Proof Set: 240th Anniversary of Captain Cook at Nootka Sound

The story of Canada from 1866 to 1916, told through select photographs from Library and Archives Canada. The centre coin is the first to combine three historic effigies on its obverse: Queen Victoria, King Edward VII and King George V.

Pure Silver Puzzle Coin Set - Connecting Canadian History (1866-1916)

EXCELLENT PERFORMANCE IN REFINERY AND STORAGE

We provide highly secure storage in our network of vaults in Ottawa and Winnipeg and operate one of the most respected gold and silver refineries in the world. Innovation, productivity and capitalizing on new opportunities led to our Bullion business exceeding expectations.

MINTING STORIES

Telling the story of Canada's most famous UFO sighting. The uniquely shaped coin included photo-luminescent elements and garnered global media attention.

1 oz. Pure Silver Glow-in-the-Dark Coin - Canada's Unexplained Phenomena: The Falcon Lake Incident

[1] A reconciliation of profit before income tax and other items is included on page 28.

A GLOBAL MINTING LEADER

We delivered

1.8 billion coins and blanks

to 12 global customers in 2018

Our dedicated Winnipeg team and world-class plant were proudly selected as a tour stop during "Embracing Excellence 2018," Canada's largest Lean Conference.

$1.1 billion

of the RCM's total 2018 revenue originated from customers outside of Canada

FOREIGN BUSINESS BEST PERFORMANCE EVER

The RCM continues to deliver great customer experiences and demonstrates global minting and operational excellence. In addition to winning key foreign contracts throughout the year, we were awarded the largest single denomination coining contract in our history.

#1 IN GOLD AND SILVER

The Royal Canadian Mint obtained global leading market share in both gold and silver bullion coins in the second quarter of 2018.[1]

WORLD-LEADING SECURITY FEATURES

R & D Security Test 6 Token Set (2018)
A rare preview of the next generation of coinage.

OUR CIRCULATION COINS ARE THE MOST SECURE IN THE WORLD.

This was validated by the 2018 updated Mint Directors Conference (MDC) Technical Committee Review of Security Features of Coins.

Engineering innovation at its best

This token set included never-before-seen technology developed at our R&D facility in Winnipeg. All six tokens were used in laboratory and calibration testing. They are the prototypes of innovation, with features such as hidden micro text, incuse and raised elements, and even a patented tri-metallic combination. These are tried, tested and true examples of forward-thinking technology that could redefine future domestic or foreign coins.

[1] These market share results exclude Africa, as it is not an addressable market.

We honoured the 100th Anniversary of the Armistice, the end of the First World War. The coloured $2 coin features a symbolic touch of bright scarlet on the poppy, a widely known symbol of remembrance that was inspired by the Canadian poem *In Flanders Fields*.

COINS FOR EVERYDAY AND FOR EXCEPTIONAL OCCASIONS SUCH AS COMMEMORATING THE 100TH ANNIVERSARY OF THE FIRST WORLD WAR ARMISTICE

As Canada's Mint, our core mandate is to ensure Canadians have coins for trade and commerce. We continue to do this efficiently and cost-effectively while promoting Canada's heritage and culture.

We manufacture high quality, durable and secure circulation coins at our Winnipeg plant. We also manage national forecasting, world-class production, logistics, recycling and distribution operations.

Close to three billion Canadian coins are in circulation at any point in time, with approximately 400 million new coins produced each year.

The Memorandum of Understanding (MOU) is the agreement that sets expectations between the Department of Finance and the RCM to provide Canadian circulation coins and coinage services to the Government of Canada. After successful negotiations with the Department of Finance, the RCM signed a four-year MOU that provides a solid foundation through to the end of 2021.

Our R&D centre of excellence team supports our position as a global minting leader

In 2018, the Reserve Bank of New Zealand selected the RCM to produce this painted 50-cent coin to mark the 100th anniversary of the Armistice.

DELIVERING EXCELLENCE ACROSS THE GLOBE

The RCM produces and distributes circulation coins and blanks to a broad customer base around the world, including central banks, mints, monetary authorities and finance ministries.

The Foreign business operates in a highly price sensitive market with variability in overall market demand. Our renewed strategic focus continues to give us the agility to respond quickly and the competitiveness to meet the circulation and special commemorative coinage needs of our international customers.

We had the best Foreign business performance year ever. A highlight of this success was winning our largest single denomination coining contract, maximizing performance for this business through to the beginning of 2019.

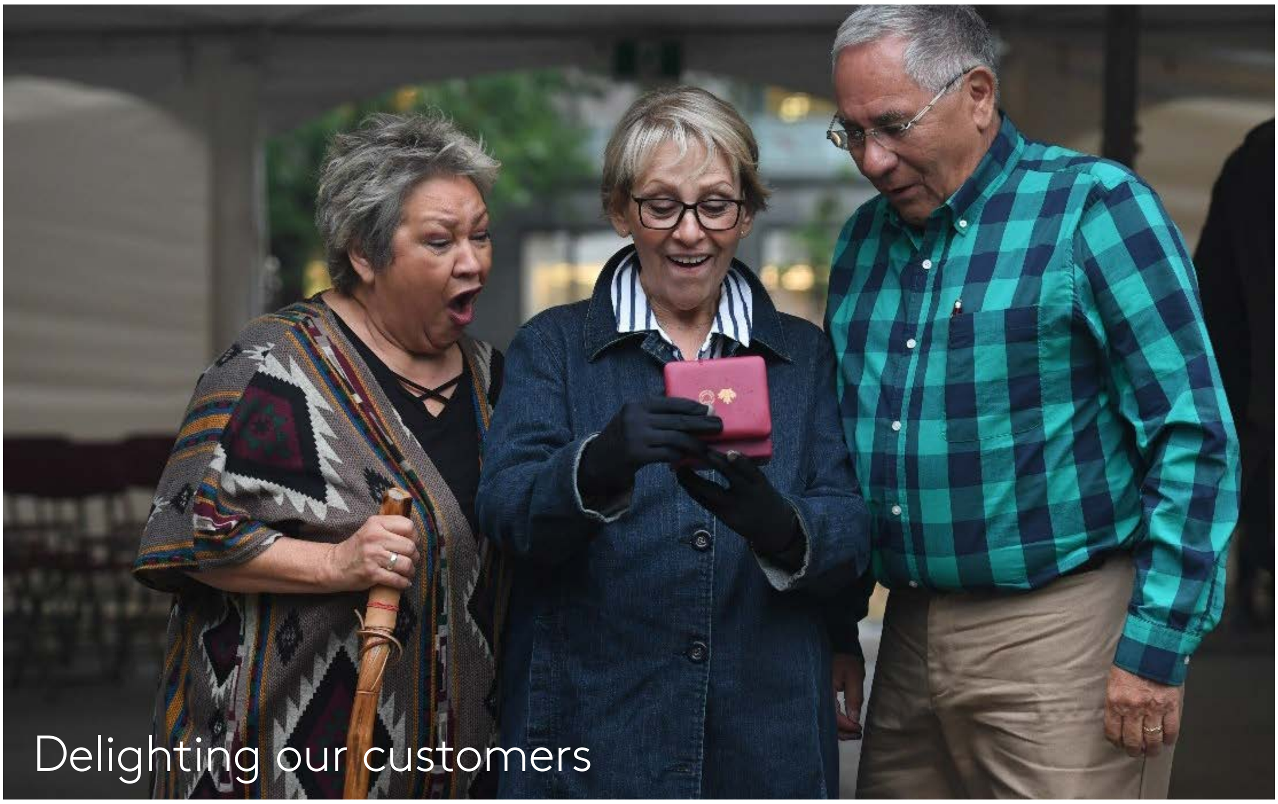
The RCM`s MINTSHIELD™ is the world's first and only proven solution for reducing white spots on silver bullion coins. A proprietary advancement developed by the innovative minds at the RCM and applied to every Silver Maple Leaf bullion coin dated 2018 or later.

WE CONTINUE TO PIONEER NEW TECHNOLOGY, STRENGTHENING OUR LEADERSHIP AND SUSTAINABILITY

Our Bullion Products and Services business provides customers with market-leading precious metal investment coins and bar products, supported by integrated precious metal refining, storage and exchange traded receipts (ETR) capabilities.

This business is strong and has been a key driver of the RCM's profitability in recent years. Demand levels have declined from the peak periods of 2012-2016, however the RCM's flexible operating model and its focus on productivity have allowed us to continue generating solid performance and leading market share.

Capitalizing on new opportunities in refinery and storage services in Canada played a key role in our overall Bullion success this year, resulting in performance above plan.



Capturing the fast-paced energy of a modern powwow dance style: the Fancy Dance 2 oz. Pure Silver Coloured Coin

CONNECTING WITH PEOPLE TO PROVIDE MORE TAILORED PRODUCTS AND EXPERIENCES FOR A SUSTAINABLE FUTURE

We continued to develop incredible numismatic products throughout 2018 that captivated our customers. Our world leading innovation is possible through our extremely talented people, strategic choices and investment, as well as a sustained commitment to design and craftsmanship.

The RCM has a strong brand, loyal base of collectors and customers, and a global reputation for quality, innovation and remarkable products.

The Numismatics business underperformed in 2018. With the dedicated focus of an exceptional RCM team, our numismatics strategy has been rebuilt and implementation is in progress. The result will be a more customer-focused approach in how we serve our collectors, as well as more tailored products and experiences.

CORPORATE SOCIAL RESPONSIBILITY

CANADA

Commemorative programs

In another RCM first, we honoured the memory of all Canadians who served in the First World War with our most uniquely shaped coin yet; a replica of a soldier's Mark I steel helmet.

Canada's Mint was ranked 6th among the Best 50 Corporate Citizen in Canada by Corporate Knights

Highlights of the RCM's outstanding performance included reducing water use and carbon dioxide emissions through focused efforts, process improvements and investing in innovation. The RCM was also recognized for its diversity.

SUSTAINABILITY

Examples of our environmental commitment include monitoring water and electricity consumption, employing the RCM's proprietary non-cyanide plating processes in its production facilities, and reducing the overall production requirements through recycling and advanced forecasting and logistics programs.

WATER AND ENERGY

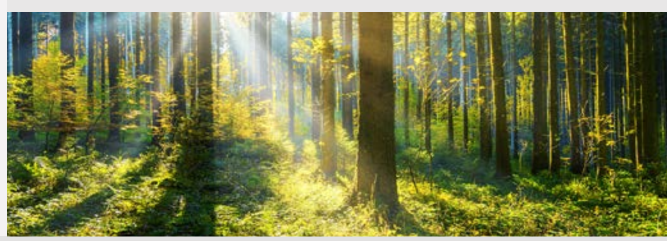
The RCM invested in additional monitoring of water and electricity consumption to further enhance our understanding of usage, which will drive short and long-term continuous improvements. We maintain record low water consumption.

COIN RECYCLING

By recycling steel, nickel and copper, the RCM avoided emitting the equivalent of more than

1,400 tonnes of carbon dioxide

in 2018, reducing our carbon footprint.



CUSTOMERS

- We actively consult with our passionate collectors and customer community through our Coin Talk customer insights panel.
- The RCM is accredited by the London Bullion Market Association (LBMA) against the stringent criteria for the Good Delivery List adhering to global standards in the responsible sourcing of precious metal material, refining and storage.
- Applying ISO 9001 standards across its manufacturing facilities in Ottawa and Winnipeg helps ensure that customers get consistent, good quality products and services, which drives business results. The Ottawa facility successfully recertified in 2018, as did the Winnipeg facility in 2017.

PEOPLE

Working Together

The RCM makes significant investments in training and development, health and safety, and mental wellness programs to ensure employees are not only engaged, but equipped with the right tools and support to be successful in their jobs.

Mental Health

We are committed to raising mental health awareness. As we continue building on our program, this year we introduced the importance of empathy and compassion and how they cultivate care and concern in the work environment.

Under the guidance of our employee-led dedicated Mental Health working group, we provided additional leader workshops and training and distributed more than

500 resource kits

to help support our employees.

The RCM's program was featured at various Canadian conferences, in Ottawa and Toronto, and featured in Canadian Government Magazine.

Health and Safety

It is our highest priority that our employees are safe and enabled to perform their best.

Examples of significant supporting capital investments in 2018 include:

- reducing hazardous materials risks in Ottawa
- improving forklift and pedestrian safety in Winnipeg

We have expanded our focus on behavioural aspects of health and safety by launching a 'Mind on Minting' presence campaign and will continue full implementation in 2019.

In the Community

Since 2008, we have committed to donating gently-used steel-toed work boots to charity groups in Winnipeg and Ottawa. Not having safety equipment is a barrier for many men and women seeking to enter the job market. By donating these boots, the RCM not only reduces waste, but also provides workers with essential tools for a variety of jobs in the trades.

Over 650 pairs of boots

have been donated, often accompanied by clothing and other safety items.

CONNECTING TO THE CORPORATE PLAN

The RCM is a strong and vibrant organization. We continue on the strategic path outlined in the 2018-2022 Corporate Plan[1], with adjustments for recent developments. Our focus on productivity, results and sustainability is ongoing, driving increased rigour around capital investments and expenses. We are optimistic about our bright future as a high-performing productive and innovative manufacturing and marketing entity in Canada.

OUR VISION

Delivering excellence… through our **customer**-driven businesses, our talented **people** and the value we add to **Canada** and Canadians.

The RCM delivered positive results in 2018. We exceeded our financial targets as highlighted in the Management Discussion and Analysis starting on page 17.

We delivered on our 2018 corporate objectives as stated in the 2018-2022 Corporate Plan[1]. Our corporate objectives align with our vision pillars: Canada, Customers and People.

Canada: Strengthen position of our core mandate	
Achieve profit targets while reducing costs to Canada and promoting Canadian heritage and culture.	
• Effectively meet Canadian coin demand	✓
• Deliver Corporate Plan financial commitments	✓

Customers: Create foundation for strong and sustainable performance	
Sustainable profitability is enabled across our customer-focused Bullion, Numismatics and Foreign Circulation businesses.	
• Become customer-focused in Numismatics marketing	✓
• The RCM consistently ranks first or second in global market share amongst Mints for both gold and silver bullion coins	✓
• Continue Foreign Circulation market leadership position by securing contracts for more than 1 billion Foreign circulation coins and/or blanks annually	✓

People: Support our people and enable them to be successful	
A safe, healthy and engaged workplace with staffing capacity and capabilities to support the achievement of our strategy and business objectives.	
• Continue diversity and equity focus	✓
• Launch next phase of Mental Health Strategy	✓
• Enable people leaders to confidently communicate future direction and business priorities of the RCM	✓

[1] The Mint's Board of Directors approved the 2018 – 2022 Corporate Plan which was submitted to the Minister of Finance on November 2, 2018 and is still pending approval by the Treasury Board.

2019 CORPORATE OBJECTIVES

LOOKING FORWARD, TO BUILD ON OUR PROGRESS AND CONTINUE DELIVERING RESULTS, OUR 2019 CORPORATE OBJECTIVES ARE:

Canada
To add Value to Canada and Canadians
The RCM effectively supports trade and commerce by reliably producing and managing Canada's supply of durable and secure circulation coins. We celebrate Canada's history, diversity and values, with pride and purpose, through thoughtful and beautiful numismatic and commemorative circulation coins.
As a commercial Crown demonstrating strong governance, the RCM generates sustainable financial contributions to Canada while demonstrating good corporate social citizenship.

Customers
Our Customer-Driven Businesses
The RCM creates value for its domestic and international customers by offering uniquely relevant products and services, as well as delivering a great customer experience.
The RCM consistently demonstrates global minting and operational excellence, and capitalizes on market and customer opportunities when they arise through its continual focus on innovation, productivity and agility.

People
Our Talented People
The RCM provides diverse experiences, training, tools and support to enable employees to successfully execute on strategies and business objectives.
RCM employees are proud, engaged and enabled to perform at their best. The RCM provides a positive and inclusive work environment through its commitment to teamwork in a healthy and safe workplace.

DIRECTION FROM CANADA'S MINISTER OF FINANCE, CLEARLY IDENTIFIED EXPECTATIONS FOR THE ROYAL CANADIAN MINT'S YEAR AHEAD.

Canada's Mint	**The RCM is an instrument of public policy and is accountable to Parliament and Canadians.**
Profit	**The expectation of sustainability extends to all of the Mint's businesses.**
People	The RCM continues to focus on its employees' well-being, mental health, engagement and inclusive culture.
Celebration	The RCM makes commemorative coins reflecting Canada's culture, values, history and diversity.
Corporate citizenship	The RCM remains committed to improving and strengthening its corporate social responsibility.

MESSAGE FROM THE CHAIR

I was honoured to be named Chair of the Royal Canadian Mint (RCM) Board of Directors in May 2018. It has been a welcome challenge and opportunity to assume this leadership role at a time when the Board has undergone genuine renewal. Within eight months, all but two of my fellow Directors were appointed under the federal government's new open and transparent appointments process. Their broad range of skills and ideas, as well as a keen understanding of the shareholder's expectations, have already made a positive difference in the oversight of a unique and diversified organization.

For its part, the RCM's capable senior management team, supported by a strong core of professional, dedicated and innovative employees, has earned the full confidence of the Board. The team has continued to prove its ability to adeptly and creatively manage an ever-changing marketplace under the skilled interim leadership of CFO Jennifer Camelon.

I have been impressed with the ingenuity and resilience of RCM staff in the face of volatile bullion markets, fierce competition in the Foreign Circulation business and the evolving needs of numismatic customers. As a result, the RCM has won an impressive volume of foreign circulation contracts and grown its refinery and precious metal storage business, all while meeting rising demand for its market-leading bullion products. The Board was also pleased to approve a sound new numismatic strategy that should position this key business for future success and sustainability.

Most importantly, the RCM has unequivocally delivered on its core mandate to meet Canadians' demand for circulation coins. In addition to proving itself a dependable ally of Canadian commerce, the RCM celebrated the cherished theme of Remembrance with a two-dollar circulation coin commemorating the 100th anniversary of the Armistice.

The RCM's employees take great pride in creating strong value for Canada and Canadians by offering high-quality, cutting edge products and services that respond to the needs of customers across the country and around the world. The RCM is well-aligned with the stated priorities of the Government of Canada.

In January 2019 the Minister of Finance announced the appointment of Ms. Marie Lemay as Master of the RCM. The Board is very pleased to welcome the new President and CEO, who brings with her a wide spectrum of valuable experience and enthusiasm. I look forward to working closely with her in the future.

With a strong foundation and innovative spirit, the RCM is a professional organization that has delivered on its corporate plan and strategy. In this context, it is only fitting to recognize several people who helped keep the RCM profitable and sustainable over the last year.

I want to first thank Ms. Susan Dujmovic who, in her second assignment as acting Board Chair, provided steady and astute leadership following the 2017 departure of Mr. Carman Joynt. Though I worked only a few months with former President and CEO Sandra Hanington, I gained a sound appreciation of her invaluable contributions to innovation, strategic thinking and good governance at the RCM.

Last but certainly not least of all, I wish to recognize all of the employees whose efforts contribute to the ongoing success of the RCM. I look forward to leading a team of Directors who will work with them to build a strong and sustainable future for this organization, while serving the best interests of Canadians and their federal government.

Phyllis Clark
Chair of the Board

CORPORATE GOVERNANCE

The RCM is committed to maintaining a strong governance framework that guides our leadership in the global minting industry, maintains and 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 RCM is accountable to Parliament through the Minister of Finance. The legislative framework governing the RCM 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 RCM'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 "*deliver excellence... through our customer-driven businesses, our talented people 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 RCM and the heart and strength of our culture. As part of that commitment, employees of the RCM complete mandatory online code of conduct and ethics training on a regular basis.

Ensuring effective governance

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

To fulfill its stewardship responsibilities, the Board approves the RCM'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, monitoring corporate financial performance, ensuring the integrity of financial results, and providing timely reports to the Government of Canada.

At the end of 2018, the Board consisted of 11 directors, including the Interim President and Chief Executive Officer (CEO). Directors are appointed from different regions across Canada and seven of them are women. With the exception of the CEO, all directors are independent of the RCM's senior management. The Board and its committees hold in-camera sessions with and without the presence of the CEO.

The Board of Directors met nine times in 2018. Three standing committees assist the Board in discharging its responsibilities: the Audit Committee, Governance and Nominating Committee, and Human Resources and Workplace Health and Safety Committee. In 2018, each of these groups met twice.

In 2018 the RCM welcomed four new directors including the Chairperson. Thoughtful effort was invested in onboarding new directors.

The Chair of the Board and each director are paid an annual retainer and per diem set by the Governor in Council pursuant to the *Financial Administration Act*. They are reimbursed for all reasonable out-of-pocket expenses incurred while performing their duties related to the RCM, including travel, accommodations and meals.

Board of Directors

Director	Board meeting attendance	Committee meeting attendance
Phyllis Clark [1] *Edmonton, Alberta* *Chair of the Board*	6/6	6/6
Sandra L. Hanington, ICD.D [2] *President and Chief Executive Officer*	4/4	N/A
Jennifer Camelon, CPA, CA [3] *Ottawa, Ontario* *Interim President and Chief Executive Officer*	5/5	6/6
John K. Bell, FCPA, FCA, ICD.D *Cambridge, Ontario*	4/4	N/A
Susan Dujmovic, FICB, ICD.D [4] *Vancouver, British Columbia* *Vice-Chair of the Board, Chair, Audit Committee*	3/3	N/A
Serge Falardeau, CPA, CA, ASC *Sainte-Marie de Beauce, Quebec*	9/9	4/4
Ghislain Harvey, CIRC [5] *Saguenay, Quebec*	4/4	N/A
Sandip K. Lalli, FCPA , ICD.D [6] *Heritage Pointe, Alberta*	5/5	4/4
Fiona L. Macdonald, ICD.D [7] *Vancouver, British Columbia* *Chair, Human Resources and Workplace Health and Safety Committee*	5/5	2/2
Cybele Negris *Vancouver, British Columbia*	9/9	4/4
Gilles Patry, C.M. O.Ont [7] *Ottawa, Ontario*	5/5	4/4
N. William C. Ross *Toronto, Ontario*	9/9	4/4
The Honourable Carol Skelton, ICD.D *Harris, Saskatchewan*	8/9	4/4
Deborah Shannon Trudeau *Montréal, Quebec* *Chair, Governance and Nominating Committee*	9/9	2/2
Victor L. Young O.C. *St. John's, Newfoundland and Labrador* *Chair, Audit Committee*	9/9	2/2

Notes:

[1] Appointed on May 11, 2018

[2] President and CEO until July 1, 2018

[3] Appointed on July 1, 2018

[4] Term end date: May 10, 2018, Vice-Chair of the Board fulfilled the Chair's duties until the appointment of a Chairperson.

[5] Term end date: June 5, 2018

[6] Appointed on June 6, 2018

[7] Appointed on June 11, 2018

Staying connected with the public and our employees

The RCM engages in numerous activities to promote transparency, accountability and accessibility, including hosting an annual public meeting and publishing an annual report that is tabled in Parliament. We solicit feedback from and engage with consumers and other stakeholders through customer surveys, focus groups and other public opinion research on a variety of topics throughout the year. The RCM solicits information from customers using an insights survey tool known as Coin Talk, which has been highly successful.

We also meet regularly with our numismatic and bullion dealers and distributors, and participate in trade conferences and events attended by RCM customers, dealers and distributors.

Meetings were held in the spring and fall of 2018 to update employees on our performance, celebrate achievements and recognize employees' contributions to our success. Managers also held meetings with their direct reports throughout the year to improve communication and promote employee engagement. In 2018, managers identified and implemented initiatives to foster employee engagement and enablement.

During 2018, VP Talks were held on key business topics including bullion, foreign and numismatics. Regular and timely employee-focused performance updates were provided throughout the year including supporting communication for our leaders to be equipped to share information with their teams. Also of note, eight Strategic Leadership Forum (SLF) sessions were held in 2018, with executives and directors, providing a venue to connect and to discuss financial performance, progress on strategic objectives and people-focused initiatives.

Canadian Environmental Assessment Act (CEAA)

The RCM has been using its Environmental, Health & Safety and Security Impact Assessment (EHSIA) process to meet the requirements outlined in Section 67-69 of the *Canadian Environmental Assessment Act*, 2012.

The EHSIA process is completed for all projects that involve the addition and/or modification of processes, equipment and materials. The process is also completed for the addition and/or replacement of chemicals and projects involving the maintenance and/or modifications to buildings and property. As part of the environmental portion of the EHSIA process, the project's impacts to the environment are documented. Mitigation measures are also documented (if required) for the assessment process.

For 2018, all projects undertaken by the RCM, which were evaluated under CEAA 2012, were determined to not likely cause significant adverse environmental effects.

MANAGEMENT DISCUSSION AND ANALYSIS

The rough-hewn texture of the inukshuk stands out against the reverse gold plating of this 1-oz., pure silver coin, in a nod to the stone figures that guide Arctic travellers as they journey through the harsh northern landscape. Behind the figure, the northern lights dance over a rocky shoreline.

This Management Discussion and Analysis (MD&A) provides a narrative discussion outlining the financial results and operational changes for the year ended December 31, 2018, 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, 2018, 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, 2019, unless otherwise noted. Management is responsible for the information presented in the Annual Report and this discussion. The Board of Directors approved the content of this MD&A and the audited consolidated financial statements.

Materiality

In assessing what information to provide in the MD&A, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement would influence decisions that users make based on the financial information.

Forward-looking statements

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

Executive summary

The Royal Canadian Mint is Canada's national mint. Its core mandate is to produce circulation coins for Canada, manage the supporting distribution system and provide advice to the Government of Canada on all matters related to coinage. It accomplishes this mandate through a world-leading coin distribution network and inventory management system, as well as a high-tech high-volume manufacturing, plating and coining facility in Winnipeg. It is also responsible for safeguarding the integrity of Canada's coinage through ongoing research, development and implementation of increasingly sophisticated security features. The Mint is also responsible for the Alloy Recovery Program (ARP) where older-composition Canadian coins are removed from circulation and replaced by multi-ply plated steel (MPPS) coins, which are more durable and secure. This program also involves the systematic replacement or removal of old alloy coins and international coins ensuring that there is consistency in the market and helping to streamline automated coin acceptance transactions. The Mint's activities also include the provision of minting services to foreign countries, the production and marketing of bullion and related refinery products and services, numismatic coins and medals.

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, which allows countries to strike their own coins. These contracts leverage the infrastructure and industry-leading expertise in the Mint's Winnipeg manufacturing facility.

The Bullion Products & Services business provides its customers with market-leading precious metal investment coin and bar products, supported by integrated precious metal refining, storage and exchange traded receipts (ETR) capabilities. These products include the Maple Leaf family of gold, silver, palladium and platinum 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 amongst the highest purity and unprecedented security, the Mint is well positioned to capture a leading share of any increase in demand while sustaining volumes during soft markets. The Canadian Gold and Silver Reserves ETR products listed on the Toronto Stock Exchange allow retail and institutional investors to hold title to precious metals covered under ETRs and stored at the Mint while reducing Mint lease costs.

The common loon, one of Canada's more recognizable birds, appears with wings extended on this 99.99% pure silver coin. As the loon prepares for flight, its stunning markings are on full display—here rendered with selective colouring—while exquisitely engraved reflections dance on the rippled water

The Numismatics business designs, manufactures and sells collectible coins and medals to a loyal customer base in Canada and around the world. The Mint's global leadership in the art and science of minting is consistently recognized with prestigious international awards. This recognition is largely earned by innovative technology enhancements such as glow in the dark, selective plating and vibrant colour that allow the Mint to create unique and compelling products. The Mint sells numismatics products through its e-commerce platform, its Ottawa and Winnipeg boutiques, as well as dealers and partners both domestically and internationally.

Significant corporate events

Memorandum of Understanding (MOU) with the Department of Finance (DOF)

On June 13, 2018, the Mint signed a new MOU with the Department of Finance, which is effective from January 1, 2018 to December 31, 2021.

Corporate Plan and Updated Letter of Expectations

In October 2018, the Chair of the Mint's Board of Directors received an updated letter of expectations from the Minister of Finance. The letter outlines the Minister's expectations of the Mint to deliver accountability to Parliament and Canadians, financial stability and profitability through each of its businesses, commemorative coins reflecting Canada's culture, values and history of diversity, environmental awareness and sustainability, and a focus on employee well-being, mental health, engagement and inclusive culture. The updated letter of expectations is incorporated in the 2019 – 2023 Corporate Plan.

On October 31, 2018, the Mint's Board of Directors approved the 2019 – 2023 Corporate Plan which was submitted to the Minister of Finance on November 2, 2018, and is still pending approval by the Treasury Board.

Dividends

In December 2018, the Mint paid a total dividend of $10 million to the Government of Canada.

This pure silver coin celebrates the most iconic of Canadian symbols. With a bright red enamel maple leaf as its centrepiece, Hearts Aglow features a field of scattered maple leaves that transform in the dark: photoluminescent technology adds a backlit effect to the central leaf and a glow to a ring of smaller leaves around it.

Numismatics strategy update

The 2018 year proved to be an operationally challenging year for the Numismatics business. This necessitated a mid-year re-examination of the business' strategic choices and the identification and approval of a more focused approach to serving the Mint's customers well and profitably.

Following the exceptional breadth and elevated cost of activities in 2017, particularly those associated with Canada 150 programs, management conducted a structured, thorough, and inclusive examination of customers' needs in each market, the related value propositions required to meet those needs well, and the capability choices and configuration requirements to deliver them profitably. It became clear that these choices, as a whole, would require more trade-offs than in previous years.

The revised strategy creates the pathway to sustainable profits by articulating and executing a new set of customer-facing choices that will stabilize the performance of the business and bring it closer to its best and most loyal premium and mainstream customers.

Renewed focus on creating distinct value for our premium and mainstream customers will require a different set of supporting structures and implementation activities across all areas of the business that are designed to deliver distinct premium and mainstream value propositions to market in a cost effective way. Moving forward, sales and marketing will be fully integrated under the leadership of a new Chief Commercial Officer and our product plan will be initially smaller than it is today, focusing on those products that best meet the needs and preferences of our customers.

Organizational update

The Mint's President and CEO, Sandra Hanington, announced her resignation from the Mint effective July 1, 2018. From July 1, 2018 until February 17, 2019, Jennifer Camelon, the Mint's CFO and Vice President of Finance and Administration served as interim President and CEO, while during this period Robert Zintel, the Mint`s Senior Director, Finance, served as acting CFO and Vice President Finance and Administration. On January 21, 2019, the Honourable Bill Morneau, Minister of Finance, announced the appointment of Marie Lemay as the Mint's President and CEO effective February 18, 2019 for a period of five years.

During 2018, there were changes in the Mint`s Leadership team. Scott Ingham, the Mint's Senior Director Manufacturing Ottawa, assumed the role of Acting Vice President of Manufacturing, after the retirement of Sean Byrne, until a permanent replacement is found. In support of the numismatic strategy, Lorne Whitmore, the Mint's Managing Director, Sales and Pierre Justino, Senior Director of Product Strategy and Management, are serving on an acting basis in the respective Sales and Marketing leadership roles until a Chief Commercial Officer is in place.

Appointments to the Board of Directors

On May 23, 2018, Minister Morneau announced the appointment of Phyllis Clark as Chairperson of the Mint's Board of Directors. This appointment is for five years.
On June 13, 2018, Minister Morneau announced the appointment of Fiona L. Macdonald, Dr. Sandip K. Lalli and Dr. Gilles Patry to the Mint's Board of Directors. These appointments are for a four-year term.

Painted leaves and extremely intricate gold plating make this Tree of Life stand out against the proof finish of this 1-oz., 99.99% pure silver coin. Representing the various aspects of our existence, the Tree of Life holds special meaning for many cultures around the world.

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

Consolidated results and financial performance

	2018	2017	$ change	% change
Revenue	**$ 1,420.6**	$ 1,691.3	$ (270.7)	(16)
Profit before income tax and other items[1]	**46.0**	43.9	2.1	5
Profit for the period	**35.1**	36.1	(1.0)	(3)
Gross profit margin[2]	**9%**	9%		
Pre-tax return on equity[3]	**29%**	34%		
Pre-tax return on assets[3]	**12%**	12%		

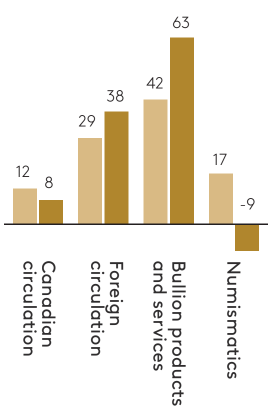
1 A reconciliation from profit for the period to profit before income tax and other items is included on page 28.
2 Prior year figures have been revised to conform to the current year presentation as described in Note 29.
3 Calculation is based on profit before income tax and other items.

	As at			
	2018	2017	$ change	% change
Cash	**$ 66.4**	$ 56.3	$ 10.1	18
Inventories	**62.2**	85.5	(23.3)	(27)
Capital assets	**172.8**	176.2	(3.4)	(2)
Total assets	**397.8**	377.8	20.0	5
Working capital	**107.5**	82.1	25.4	31

Results of operations

Review of financial performance

Contribution by Business*
(% of total profit before taxes and other items)



* Contribution based on profit before taxes and other items

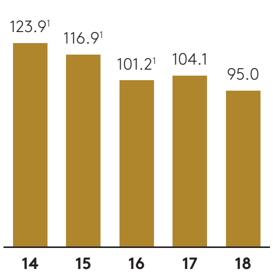
Profit before income tax and other items for the year ended December 31, 2018 increased 5% to $46.0 million from $43.9 million in 2017. The Mint operates as an integrated business and overhead costs are allocated to each business. In 2018, the Canadian Circulation, Foreign Circulation, and Bullion Product and Services businesses were profitable, but 2018 was a challenging year for the Numismatics business and it was not profitable. The increase in profit year over year was primarily driven by strong performance of the Foreign Circulation and the ancillary Bullion Products and Services businesses combined with careful expense management.

Working capital remained strong having increased 32% from December 31, 2017. Cash increased 18% and remains at a level that supports on-going operations. Scheduled loan repayments of $7.5 million in 2018 reduced loans payable. Offsetting these increases, inventories decreased 27% compared to December 31, 2017 due to higher utilization of inventory during the year and timing of metal purchases.

Revenue by business

	2018	2017	$ change	% change
Canadian Circulation	$ **95.0**	$ 104.1	$ (9.1)	(9)
Foreign Circulation	**94.9**	63.9	31.0	49
Bullion Products and Services	**1,113.6**	1,350.8	(237.2)	(18)
Numismatics	**117.1**	172.5	(55.4)	(32)

Canadian Circulation revenue
($ in millions)



[1] Prior year figures have been revised to include ARP revenue in Canadian Circulation

Canadian Circulation

During the year ended December 31, 2018, revenues from the Canadian Circulation business decreased by $9.1 million over the previous year due to a decrease in the volume of coins sold to the Department of Finance (DOF) in 2018 as compared to 2017, combined with the finalization in June 2018 of the MOU between the Mint and the DOF, which was retroactive to January 1, 2018.

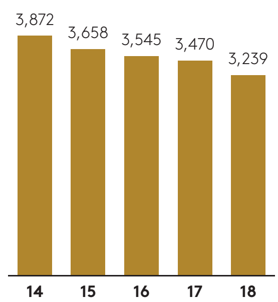
Coin supply

(in millions of coins)	**2018**	2017	Change	%
Financial institutions deposits	**2,824**	2,992	(168)	(6)
Recycled coins	**163**	177	(14)	(8)
Net new coins sold to financial institutions	**415**	478	(63)	(13)
Total coin supply	**3,402**	3,647	(245)	(7)
Less: recycled coins	**(163)**	(177)	14	(8)
Coin supply, excluding recycling	**3,239**	3,470	(231)	(7)

Department of Finance inventory

(in millions of dollars)		**2018**		2017		Change	%
Opening inventory	**$**	**101.1**	$	85.5	$	15.6	18
Net new coins produced		**129.3**		174.2		(44.9)	(26)
Net new coins sold to financial institutions and others		**(132.4)**		(158.6)		(26.2)	(17)
Ending inventory	**$**	**98.0**	$	101.1	$	(3.1)	(3)

Annual supply for coinage across Canada (normalized for recycling and penny redemptions)
(in millions of coins)

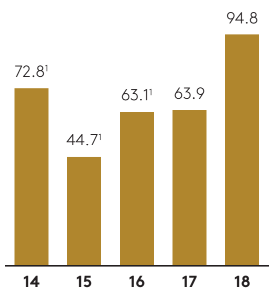


Demand is met through the three main sources of supply outlined in the above table and is subject to variability across regions of the country and seasonality depending on the time of the year. The net supply for Canadian circulation coins, excluding recycling, was 3,239 million coins in 2018 compared to 3,470 million in 2017, a decrease of 7% year over year. Sales of net new coins to financial institutions were lower in 2018 as market activity returned to normal levels following the success of the Canada 150 commemorative program in 2017. Demand seasonality for coinage continues to follow historical patterns with the highest periods being in the summer and winter holidays. The decrease in recycled coins was due to increased competition for RCM's recycling partner from other kiosks typically located in shopping malls. As a result, only 184 metric tonnes (MT) of nickel was recovered and sold for melt in 2018, compared to 201 MT of nickel in 2017. However, higher alloy metal prices combined with production efficiencies allowed the Mint to resume recovering yellow plated nickel resulting in a 22% increase in Alloy Recovery Program revenue.

The Mint actively manages inventory levels in response to changes in demand, financial institution deposits and recycling volumes to ensure coinage demand is met throughout the year. The face value of the DOF-owned inventory at December 31, 2018 was $98 million, which was within the inventory limit outlined in the Mint's MOU with the DOF, with zero coin shortages for the year. To replenish inventories held on behalf of the DOF, the Mint produced 369 million net new coins, including 3 million commemorative coins, in the year compared to 560 million, including 103 million commemorative coins, for the same period in 2017.

The efficient management of the coinage system is achieved hand-in-hand with the celebration of Canada's history, culture and values. During 2018, the Mint issued a two-dollar circulation coin commemorating the 100th anniversary of the Armistice recalling the signing of the historic peace treaty ending the First World War. The Mint received approval from the Governor in Council to issue a two-dollar commemorative circulation coin honouring the 75th Anniversary of D-Day in 2019, as well as a one-dollar coin recognizing the 50th anniversary of the decriminalization of homosexuality in Canada.

Foreign circulation revenue
($ in millions)



[1] Prior year figures have been revised to exclude ARP revenue

Foreign Circulation

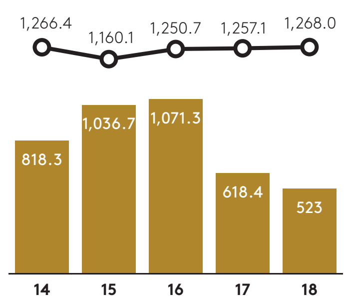
Revenue for the Foreign Circulation business was exceptionally strong in 2018, having increased 49% to $94.9 million from $63.9 million the previous year.

The increase in Foreign Circulation revenue reflects the production and/or shipment of 1,816 million (2017 – 1,522 million) coins and blanks for 12 (2017 – 14) countries. In 2018, the Mint secured 15 new production contracts for an aggregate of 1,634 million coins.

The implementation of International Financial Reporting Standard (IFRS) 15 had a significant impact on the revenue recognized in 2018 as the Mint began recognizing revenue for certain Foreign Circulation contracts as the coins were produced. The Mint disclosed the financial impact of implementing IFRS 15 in Note 3 of the consolidated financial statements for the year ended December 31, 2018. As of December 31, 2018, 1,278 million coins and blanks were recognized as revenue because of the IFRS 15 implementation.

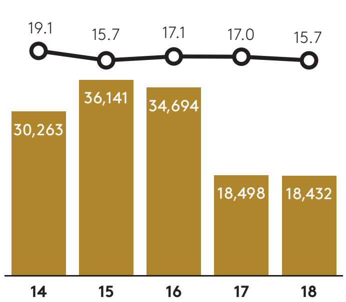
Sales of gold bullion products
(thousands of ounces)

vs. Average price of gold
(US$ per ounce)



Sales of silver bullion products
(thousands of ounces)

vs. Average price of silver
(US$ per ounce)



Bullion Products and Services

	2018	2017
Gross revenue	**$ 1,467.5**	$ 1,717.3
Less: Customer inventory deals	**(353.9)**	(366.5)
Net revenue	**$ 1,113.6**	$ 1,350.8

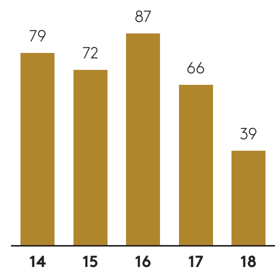
(thousands of ounces)	**2018**	2017
Gold	**523.0**	618.4
Silver	**18,431.8**	18,498.2
Gross ounces	**18,954.8**	19,116.6
Less: ounces from customer inventory deals	**(2,769.6)**	(2,685.1)
Net ounces	**16,185.2**	16,431.5

Bullion Products and Services net revenues decreased 18% to $1.1 billion in 2018 from $1.4 billion in 2017. The decline in revenue year over year was mainly attributable to lower global market demand for gold bullion products as a strong recovery in global market demand for silver bullion products in the final quarter of 2018 offset the lower demand for silver in the first three quarters of the year. The 15% decrease in sales volumes of gross gold bullion products for the year ended December 31, 2018 was partially offset by an increase in the price of gold over this same period. The overall decrease in revenue from bullion products was partially offset by an increase in revenue for the Mint's Refinery and Storage Services in 2018 as the Mint received new customers and new contracts for these services in 2018.

Numismatics

Numismatics revenue decreased 32% to $117.1 million from $172.5 million in 2017. The decrease in revenue was largely attributable to a 36% decrease in the volume of silver and base metal numismatic products sold in 2018, compared to 2017 Numismatics revenue which was supported by the strong Canada 150 campaign. In addition, some key marketing initiatives, including product mix optimization and Canada 150 customer conversion, did not materialize during the year, which contributed to the decrease in revenue year over year.

Numismatic sellouts
(number of coins)



		2018		2017[1]
Gold	**$**	**25.1**	$	23.8
Silver		**79.7**		124.5
Non Gold or Silver		**12.3**		24.2
Total revenue	**$**	**117.1**	$	172.5

[1] Prior year figures have been revised to conform to the current year presentation.

Expenses, other income and income tax

Expenses (income)

		2018		2017[1]		$ change	% change
Cost of sales	**$**	**1,286.0**	$	1,533.3	$	247.3	16
Operating expenses							
Marketing and sales expenses		**36.6**		48.7		12.1	25
Administration expenses		**57.2**		64.5		7.3	11
Net foreign exchange (gain) loss		**(3.7)**		4.3		8.0	
Finance (income) costs, net		**(1.9)**		(0.6)		1.3	
Other income		**(0.5)**		(5.6)		(5.1)	
Income tax expense		**11.7**		10.6		(1.1)	

[1] Prior year figures have been revised to conform to the current year presentation as described in Note 29 of the audited consolidated financial statements.

Cost of sales decreased 16% to $1.3 billion for the year ended December 31, 2018 from $1.5 billion in 2017.

The overall decrease in cost of sales was in line with the net decrease in total revenue in 2018 when compared to 2017. The decrease was mainly due to the lower cost of sales from bullion products and services, which decreased 19% year over year, in particular lower sales volumes for gross gold bullion products in 2018.

The decreases in cost of sales were partially offset by Face Value metal revaluation losses, which increased $2 million for the year mainly due to a significant decrease in silver price partially offset by the Canadian-US exchange rate during the period.

This 1-oz., 99.99% pure silver coin recalls the Vikings who sailed the ocean guided only by a deep knowledge of nature — without compass or other instrument. A coloured border of Norse-inspired serpent motifs and runic characters representing the four cardinal points rings the fearsomely carved dragon head prow of a Viking ship that could have landed on the shores of Newfoundland and Labrador 1,000 years ago.

Operating expenses decreased 17% in 2018 to $93.8 million compared to $113.2 million in 2017. The decrease in administration expenses was largely due to lower employee compensation, as well as lower consulting expenses and lower one-time costs incurred in 2018 as compared to 2017 attributable to the consolidation of office workspace in Ottawa, which also led to savings on rent and depreciation expense in 2018. The decrease in sales and marketing expenses was largely attributed to a more productive use of marketing investment for Numismatics products combined with a smaller commemorative coin program in 2018.

Net foreign exchange gain increased $8.0 million when compared to the same period in 2017. The net foreign exchange gain of $3.7 million was mainly due to a weaker Canadian dollar in relation to the US dollar and the resulting positive impact on the translation of the Mint's US dollar balances.

Finance income increased $1.3 million mainly due to the reversal of a $1.6 million penalty accrued in 2016 in respect of the 2013-2014 HST audit. The Canada Revenue Agency has not issued an assessment and is now statute-barred from assessing tax, interest or penalties for that audit.

Other income decreased by $5.1 million due to the de-recognition in 2017 of a $5.1 million liability owing to the DOF related to an accounting adjustment that was recorded at the date of transition to IFRS in 2010.

Income tax expense for the year increased $1.1 million when compared to 2017 due to an increase in taxable income partially offset by an increase in reserves in 2018, which resulted in a decrease in deferred tax expense.

Liquidity and capital resources

Cash flows

	2018	2017	$ change	% change
Cash, at the end of the period	**$ 66.4**	$ 56.3	$ 10.1	18
Cash flow from operating activities	**39.7**	57.6	(17.9)	(31)
Cash flow used in investing activities	**(13.9)**	(14.2)	0.3	(2)
Cash flow used in financing activities	**(17.5)**	(100.7)	83.2	(83)

Cash generated from operating activities in 2018 was $39.7 million, a $17.9 million decrease compared to 2017. The decrease was mainly due to the timing of billings to customers and timing of payments to vendors combined with the absence of foreign tax credits, which were received in 2017, offset by higher utilization of inventory during the year.

Cash used in investing activities was fairly consistent year over year. Capital expenditures at the Mint are guided by anticipated growth in sales, new product and technology research, development and production requirements, the support and enhancement of facilities and information technology, and return on investment. These expenditures fell into three categories in 2018:

- Building ($3.9 million): includes office modernization and improvements to optimize the Mint's office footprint in Ottawa. The Mint also completed storage expansion in the year.
- Equipment ($6.0 million): includes investments for reliability, flexibility and capability improvement as well as safety, security and protection of the environment. In 2018, the Mint continued the implementation of a second painting line in Winnipeg and started the implementation of the Acid Less Separation (ALS) processing machine in Ottawa to lower chlorine gas emissions and costs, and lower process losses in the refining process.
- Information Technology ($4.0 million): includes computer hardware and software for the ongoing support and development of the computing and communications infrastructure. The main projects for 2018 include the disaster recovery project, software upgrade as well enhancement to the Mint's official website.

The $83.2 million decrease in cash used in financing activities for the year represented a lower dividend declared and paid to the Government of Canada during 2018 compared to 2017. The dividends paid in the fourth quarter of 2017 and 2018 represented the projected year end cash balance over a pre-determined cash reserve requirement defined in the Mint's Corporate Plan; however the 2017 dividend reflected a one-time adjustment to align the Mint's cash balance to this cash reserve.

Borrowing facilities

The Mint entered 2018 with total outstanding long-term loans of $19.5 million. During the year, repayments of $7.5 million decreased the balance to $12 million. The Mint entered the period with a long-term loan-to-equity ratio of 1:7 and closed the period with a long-term loan-to-equity ratio of 1:13. See note 18 to the audited consolidated financial statements page 83 for details on the Mint's borrowing facilities.

Financial risks

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

The Mint rendered the elements of the Royal Astronomical Society of Canada's 150th anniversary logo with scientifically accurate photorealism for this eye-catching coin, which includes a fragment of real meteorite sourced from the Campo del Cielo field.

For more than 70 years, Her Majesty Queen Elizabeth II has been not only Canada`s monarch but also a mother. In 2018, the Mint celebrated that dual role, commemorating the 70th birthday of His Royal Highness the Prince of Wales with a 1-oz., 99.99% pure silver coin that features an image of Her Majesty and her five-week-old son in 1948. The coin's elegant, selectively gold-plated border blends maple leaves and St. Edward's Crown, highlighting the connection between Canada and the monarchy.

Sensitivity table

Key factor	Change	Dominant impact
Canadian dollar is	Weaker relative to the US dollar	Increases revenue from products sold in US dollars Increases costs incurred in US dollars Decreases Face Value redemptions liability and cost of sales
Gold price/ounce	Increases	Increases revenue from Bullion products Increases product cost for Bullion and Numismatics
Silver price/ounce	Increases	Increases product cost for Bullion and Numismatics Decreases Face Value redemptions liability and cost of sales
Nickel price/kg	Increases	Increases revenue for ARP
Steel price/kg	Increases	Increases revenue from Foreign Circulation products Increases product cost for Foreign and Canadian Circulation
Bullion lease rates	Increases	Increases product cost for Bullion

Return to the Government of Canada

For the year ended December 31, 2018, the Mint paid $10 million in dividends to its shareholder, the Government of Canada. The following table summarizes the financial benefit the Mint has made to Canada over the last five years:

	2014	2015	2016	2017	2018	**Total**
Total dividends	$ 10.0	$ 53.0	$ 31.0	$ 93.2	$ 10.0	**$ 197.2**
Income tax paid	$ 16.9	$ 9.9	$ 12.8	$ 9.0	$ 6.9	**$ 55.5**
Total financial benefit to Canada	$ 26.9	$ 62.9	$ 43.8	$ 102.2	$ 16.9	**$ 252.7**

Contractual obligations and other commercial commitments

See notes 15, 16 and 28 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, 2018 indicate that the financial goals established in the 2018-2022 Corporate Plan, approved by the Mint's Board of Directors, but pending submission to the Governor in Council, were exceeded.

The financial goal for 2018 was profit before income tax and other items of $30.6 million compared to actual results of $46.0 million. The Mint exceeded its target for 2018 primarily due to higher than anticipated revenue from storage services, higher Bullion and Foreign Circulation sales, and continued cost savings.

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

		2018		2017
Profit for the period	**$**	**35.1**	$	36.1
Add (deduct):				
Income tax expense		**11.7**		10.6
Other income		**(0.5)**		(5.6)
Net foreign exchange (gain) loss		**(3.7)**		4.3
FV Revaluation[1]		**3.4**		(1.5)
Profit before income tax and other items	**$**	**46.0**	$	43.9

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

Partnering for a second time with sculptor Dave Zachary, the Mint once again merged the traditional soapstone art form with cutting-edge coin finishing techniques. On this 5-oz., 99.99% pure silver coin, the detailed engraving of a whale and calf is coated with translucent blue enamel and topped with a handcarved soapstone sculpture of the whale's powerful tail.

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 and the Audit Committee, the Mint's enterprise risk management process is undertaken by the Leadership Team. It focuses on the identification and management of the key risks, which could impact the achievement of the Mint's strategic objectives. As part of its oversight process, the Board reviews the Mint's corporate risk profile on a quarterly basis and has input into the broader risk management approach.

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

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

As of December 31, 2018, the Mint has identified the following key corporate level risks that could materially impact its forecasted financial results.

This 99.999% pure gold coin blends traditional formline art with modern aesthetics and ultra-high relief to render a distinctive vision of the moon as characterized by the Indigenous peoples of the Pacific Northwest. Its serene and knowing face is framed by finely engraved line art and enhanced with multiple finishes.

Strategic risks

Shareholder relations

The Mint is a Crown corporation governed primarily under the *Royal Canadian Mint Act* and the *Financial Administration Act*.

If the Mint's relationship with its shareholder is hindered, then the Mint may face added reporting and governing requirements, difficulties to obtain timely or complete coin approval and lengthy negotiations. Following a recent review of the touchpoints between the Mint and various areas of the government, we established a program to facilitate more effective and focused communication that is intended to increase the efficiency, in particular, of the government's corporate plan and coin approval processes. The Mint continues to use a risk-based approach to monitoring shareholder relations.

Regulations

If the regulatory requirements increase in volume and complexity above the Mint's capacity or capability, then we may have gaps leading to non-compliance, impacting our ability to successfully execute on our strategy. Management continues to implement a compliance framework fit for the size, mandate and operating environment of the Mint and continues to use a risk-based approach to regulatory compliance.

Geopolitical environment

If political events with foreign governments have significant international trade implications, then the Mint's market share or cost competitiveness of its various businesses could be negatively impacted. Due to the limited options to mitigate the likelihood or the impact of this risk, management continues to monitor this risk while maintaining and developing market share in other regions.

Numismatics value proposition

The Mint completed a review of its Numismatics strategy in the fall of 2018. The new strategy is market driven with clear and distinct choices of where the Mint will participate, how it will win, and how it will configure going forward. If the execution of the newly developed strategy is not sufficiently robust to successfully implement necessary changes: integration of our marketing and sales organization, clear and distinct investing choices in our capabilities, tools to optimize operational costs, then the long term growth and profitability of the Mint's Numismatics business may not be sustainable.

E-payment rate of adoption

Trends in e-payments, both in Canada and abroad, have made predicting future coin demand a challenge. The Mint recognizes that its financial targets and operating model might be negatively impacted if the rate of e-payment adoption accelerates well beyond current projections. We currently have in place an effective monitoring and trending analysis process for coin demand that will alert management of any decline in coin demand beyond forecasted numbers. Additionally, the Mint is already addressing the decline in circulation coins by incorporating its impact into operational plans as well as actively monitoring the assumptions underlying our forecasts for coin demand.

Financial risks

Bullion market volatility

The demand for bullion is largely determined by market forces beyond the Mint's control. The Mint intends to maintain its global market share through targeted sales and marketing programs that highlight our innovative products and services. We will continue to monitor market conditions and adjust business strategies and tactics as necessary, including optimizing operating costs and planning to lower production levels.

Majestic grey wolves come alive on this 1-oz., 99.99% pure silver coin featuring a blend of low poly art and more realistic painting. One wolf treads carefully while the other appears to leap free of the prism-like geometry into a richly coloured forest scene.

Foreign market dynamics

The Mint's Foreign Circulation business operates in a competitive environment. Our financial targets are subject to achieving adequate volumes and profitability. The Mint continues to focus on productivity, competitive pricing and expansion of paint services, as well as maintaining a targeted sales approach.

Operational risks

Resilience and recovery

The Mint's operations can be impacted by adverse events such as natural disasters, pandemics, disruptions to critical infrastructure, and cyber attacks. Our ability to be sufficiently resilient and to properly recover from these adverse events is dependent on having plans, tools, and systems in place that are documented and regularly tested and maintained. We have three major initiatives currently underway: a cyber security upgrade which is intended to improve protection of our systems and client information; and formalization and testing of business continuity and disaster recovery plans.

Change management

The Mint recognizes that the people side of change needs to be adequately managed in order to deliver organizational results. We currently have processes in place to identify and address change volume that is beyond current capacity. In addition to prioritizing projects/initiatives, we continue to monitor voluntary attrition statistics, address employee engagement survey results and work proactively with union leaders to ensure healthy labour relations.

Internal controls over financial reporting

The Mint's internal controls over financial reporting provide reasonable assurance about the reliability of financial reporting and preparation of its consolidated financial statements. The Mint has developed a multi-year program, which started in 2017, to improve and strengthen internal controls. Notwithstanding the continuous improvements the Mint has been implementing, an error or inaccuracy could have a material impact on its consolidated financial statements.

The Canadian National Institute for the Blind is one of the country's most enduring charities. To commemorate its centennial, the Mint produced the world's first pure silver coin designed by a partially sighted artist—and the first to feature braille. The 2-oz., 99.99% pure silver coin's design appears at first to be a sun setting on a mountain range, but on closer examination is revealed to be a stylized representation of an eye.

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

See notes 4 and 5 to the consolidated financial statements starting on pages 60 and 64, 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 for the year ended December 31, 2018.

	2018	2017	$ change	% change
Travel	**$ 1.7**	$ 1.6	$ 0.1	6
Hospitality	**0.2**	0.1	0.1	100
Conference fees	**0.3**	0.3	–	–
Total travel, hospitality, conference and event expenditures	**$ 2.2**	$ 2.0	$ 0.2	10

Outlook

Overall demand for Canadian Circulation coin continues to experience modest declines, although production of new circulation coin is slightly higher than forecast. The main reasons for this are a strong Canadian economy coupled with slower turnover and recycling of existing coins in the market. While the trend towards e-payments continues, there remains a number of systemic reasons for coin demand not decreasing in a more accelerated way. Principally, i) gaps in a seamless e-payment experience; ii) the security, privacy and convenience of cash – particularly for low value transactions; and iii) demographics of people with access to mobile, debit and credit will continue to make coins relevant into the foreseeable future with modest declines anticipated over the planning period.

The Mint has strong contracted business for its Foreign Circulation business for 2019. Over the next 12 months, central banks are expected to issue tenders for over 4 billion nickel plated steel coins and coin blanks. The Mint anticipates continued profitable utilization of its Winnipeg assets.

Recent demand for gold and silver have improved due to short-term supply issues in the US market and volatility of the equity markets. The Mint continues to monitor Bullion market conditions closely and will capitalize on any prolonged demand. The Mint continues to focus on customer/market strategies and product differentiation in support of its strong market share, while carefully managing operating costs to mitigate the impact of uncertainty in the bullion coin market. The Mint's Storage and Refinery Services business remains solid.

The Mint believes the Numismatics business has good fundamentals and a solid foundation from which to generate sustainable future profits. The nature of this business has changed substantially over the last few years with the wind-down of the Face Value Program and fewer commemorative coins and programs (such as Canada 150), which have negatively impacted our ability to attract and grow new customers. Investments in improved marketing and customer service capabilities and tools are being made in order for the Numismatics business to profitably grow and service the Mint's loyal and passionate customer base. In 2019, the Mint will focus on the implementation of its updated numismatics strategy and will shift its approach from an inward product focused perspective to an outward customer focused approach. Its growth activities in Canada and the US will continue, while maintaining ancillary markets such as Europe and Asia. The Mint will also capitalize on its strong network of bullion dealers and distributors to cross-promote incremental numismatic opportunities and generate healthy, quality earnings.

The Mint celebrated legendary Shawnee warrior Tecumseh with a 12-g, 14-karat gold coin depicting the military hero in traditional Shawnee clothing and wearing his King George III medal. The portrait, based on extensive research, is set against a map of Upper Canada indicating the sites of several key battles in the War of 1812.

Forward-looking statements

This annual report, including this MD&A, contains 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 estimates regarding expected growth, results of operations, performance, business prospects and opportunities (assumptions). While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results 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, as well as in Note 11 – 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 assumptions and subject to 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, 2019, and the Mint does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

MANAGEMENT REPORT

The consolidated financial statements contained in this annual report have been prepared by Management of the Royal Canadian Mint in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board using the best estimates and 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 is performing its 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

Jennifer Camelon, CPA, CA
Vice President, Finance and Administration and Chief Financial Officer

Ottawa, Canada
March 7, 2019

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 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2018, 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, except for the change in the method of accounting for revenues as explained in Note 3.1 to the consolidated financial statements, 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.

Karen Hogan, CPA, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
7 March 2019

Consolidated Statement of Financial Position

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

	Notes		2018		2017 (Note 29)
Assets					
Current assets					
Cash		**$**	**66,364**	$	56,268
Trade receivables, net and other receivables	6		**38,764**		16,787
Prepaid expenses	7		**3,395**		3,615
Income taxes receivable			**–**		4,246
Inventories	8		**62,239**		85,455
Contract assets	9		**17,304**		–
Derivative financial assets	11		**50**		361
Total current assets			**188,116**		166,732
Non-current assets					
Prepaid expenses	7		**612**		2,336
Derivative financial assets	11		**92**		111
Deferred income tax assets	24		**36,196**		32,379
Property, plant and equipment	12		**164,170**		166,071
Investment property	13		**236**		236
Intangible assets	14		**8,390**		9,930
Total non-current assets			**209,696**		211,063
Total assets		**$**	**397,812**	$	377,795
Liabilities					
Current liabilities					
Trade payables, other payables and accrued liabilities	15	**$**	**48,999**	$	55,935
Provisions	16		**5,784**		4,868
Face value redemptions	17		**1,292**		1,789
Income tax payable			**2,388**		–
Deferred revenue	10		**–**		11,013
Contract liabilities	9		**14,590**		–
Loan payable	18		**3,000**		7,507
Employee benefits	19		**2,540**		2,874
Derivative financial liabilities	11		**2,064**		597
Total current liabilities			**80,657**		84,583
Non-current liabilities					
Trade payables, other payables and accrued liabilities	15		**274**		–
Provisions	16		**2,136**		1,881
Face Value redemptions	17		**138,527**		139,346
Loan payable	18		**8,989**		11,994
Employee benefits	19		**10,756**		11,765
Derivative financial liabilities	11		**23**		–
Total non-current liabilities			**160,705**		164,986
Total liabilities			**241,362**		249,569
Shareholder's equity					
Share capital (authorized and issued 4,000 non-transferable shares)			**40,000**		40,000
Retained earnings			**116,358**		88,127
Accumulated other comprehensive income			**92**		99
Total shareholder's equity			**156,450**		128,226
Total liabilities and shareholder's equity		**$**	**397,812**	$	377,795

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

Approved on behalf of the Board of Directors

Phyllis Clark,
Chair
Board of Directors

Approved on behalf of Management

Marie Lemay
President and
Chief Executive Officer

Jennifer Camelon,
CPA, CA
Vice-President of Finance and Administration and Chief Financial Officer

Consolidated Statement of Comprehensive Income

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

	Notes	2018	2017 (Note 29)
Revenue	21	**$ 1,420,563**	$ 1,691,299
Cost of sales	20, 22	**1,286,044**	1,533,267
Gross profit		**134,519**	158,032
Marketing and sales expenses	20, 22	**36,568**	48,749
Administration expenses	20, 22, 25	**57,226**	64,477
Operating expenses		**93,794**	113,226
Net foreign exchange gain (loss)	23	**3,701**	(4,311)
Operating profit		**44,426**	40,495
Finance income (costs), net		**1,876**	573
Other income		**502**	5,574
Profit before income tax		**46,804**	46,642
Income tax expense	24	**(11,725)**	(10,588)
Profit for the period		**35,079**	36,054
Items that will be reclassified subsequently to profit:			
Net unrealized (losses) gains on cash flow hedges		**(7)**	360
Items that will not be reclassified subsequently to profit:			
Net actuarial gains (losses) on defined benefit plans		**1,128**	(344)
Other comprehensive income, net of income tax		**1,121**	16
Total comprehensive income		**$ 36,200**	$ 36,070

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 income (Net gains(losses) on cash flow hedges)	Total
Balance as at December 31, 2016		$ 40,000	$ 145,617	$ (261)	$ 185,356
Profit for the period		–	36,054	–	36,054
Other comprehensive (loss) income, net[1]		–	(344)	360	16
Dividends paid	11.1	–	(93,200)	–	(93,200)
Balance as at December 31, 2017		$ 40,000	$ 88,127	$ 99	$ 128,226
Balance as at January 1, 2018		40,000	88,127	99	128,226
Impact of change in accounting policy[1]	3.1	**–**	**2,024**	**–**	**2,024**
Adjusted balance as at January 1, 2018		**$ 40,000**	**$ 90,151**	**$ 99**	**$ 130,250**
Profit for the period		**–**	**35,079**	**–**	**35,079**
Other comprehensive income (loss), net[1]		**–**	**1,128**	**(7)**	**1,121**
Dividends paid	11.1	**–**	**(10,000)**	**–**	**(10,000)**
Balance as at December 31, 2018		**$ 40,000**	**$ 116,358**	**$ 92**	**$ 156,450**

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

Consolidated Statement of Cash Flows

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

	Notes	2018	2017 (Note 29)
Cash flows from operating activities			
Profit for the period		**$ 35,079**	$ 36,054
Adjustments to reconcile profit to cash flows from operating activities:			
Depreciation and amortization	22	**18,080**	20,244
Income tax expense	24	**11,725**	10,588
Finance (income) costs, net		**(1,876)**	(573)
Other income		**(502)**	(5,574)
Net foreign exchange (gain) loss		**(3,387)**	1,223
Adjustments to other (revenue) expenses, net	26	**(1,832)**	3,060
Changes in liability for Face Value redemptions		**1,959**	(2,721)
Net changes in operating assets and liabilities	26	**(11,600)**	3,539
Cash from operating activities before interest and income tax		**47,646**	65,840
Income tax paid, net of received	26	**(8,938)**	(9,202)
Interest received, net of paid	26	**943**	925
Net cash from operating activities		**39,651**	57,563
Cash flows used in investing activities			
Acquisition of property, plant and equipment		**(11,699)**	(12,799)
Acquisition of intangible assets		**(2,156)**	(1,405)
Net cash used in investing activities		**(13,855)**	(14,204)
Cash flows from financing activities			
Dividends paid	11.1	**(10,000)**	(93,200)
Repayment of loans	18	**(7,500)**	(7,500)
Net cash used in financing activities		**(17,500)**	(100,700)
Effect of changes in exchange rates on cash		**1,800**	(576)
Increase (decrease) in cash		**10,096**	(57,917)
Cash at the beginning of the period		**56,268**	114,185
Cash at the end of the period		**$ 66,364**	$ 56,268

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

1. Nature and description of the Corporation

The Royal Canadian Mint (the Mint or the Corporation) was incorporated in 1969 by the *Royal Canadian Mint Act* to mint coins and carry out other related activities. The Corporation is an agent corporation of Her Majesty named in Part II of Schedule III to the *Financial Administration Act*. It produces all of the circulation coins used in Canada and manages the support distribution system for the Government of Canada.

In July 2015, the Corporation was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. The directive also required the Corporation to report on the implementation of this directive in the Corporation's next Corporate Plan. The Corporation has complied with this directive, including implementing subsequent amendments in 2017 to Treasury Board's Directive on Travel, Hospitality, Conference and Event Expenditures.

The Corporation is one of the world's foremost producers of circulation, collector and bullion investment coins for the domestic and international marketplace. It is also one of the largest gold refiners in the world. The addresses of its registered office and principal place of business are 320 Sussex Drive, Ottawa, Ontario, Canada, K1A 0G8 and 520 Lagimodière Blvd, Winnipeg, Manitoba, Canada, R2J 3E7.

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

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

2. Significant accounting policies

2.1 Basis of presentation

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

The policies set out below were applied consistently to all the periods presented in these consolidated financial statements, except for the changes in the accounting policies for revenue and financial instruments as highlighted in Note 3.

These consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on March 7, 2019.

2.2 Consolidation

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

2.3 Foreign currency translation

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

Transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rate of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated to Canadian dollars using the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

2.4 Inventories

Inventories consist of raw materials and supplies, work in process and finished goods, and are measured at the lower of cost and net realizable value. Cost of inventories includes all costs of purchase, all costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventory is determined by the weighted average cost method. Net realizable value represents the estimated selling price of inventory in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.5 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Accounting policy applied for the year ended December 31, 2018
The Corporation's financial assets and financial liabilities are classified and subsequently measured as follows:

Financial Instrument	Classification	Subsequent measurement
Cash	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
Loan payable	Amortized cost	Amortized cost
Derivative financial liabilities	Derivatives at FVTPL and at fair value through other comprehensive income (FVOCI)	Fair value

The application of IFRS 9 by the Corporation had no financial impact on the carrying amounts of any of its financial instruments. There were no financial instruments reclassified from FVTPL to FVOCI.

Accounting policy applied for the year ended December 31, 2017
The Corporation's financial assets and financial liabilities were classified and subsequently measured as follows:

Financial Instrument	Classification	Subsequent measurement
Cash	Held for trading	Fair value
Trade receivables, net and other receivables	Loans and receivables	Amortized cost
Derivative financial assets	Held for trading	Fair value
Trade payables, other payables and accrued liabilities	Other financial liability	Amortized cost
Loan payable	Other financial liability	Amortized cost
Derivative financial liabilities	Held for trading	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 through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.6 Financial assets

Accounting policy applied for the year ended December 31, 2018
On initial recognition, the Corporation's financial assets are classified and measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

Accounting policy applied for the year ended December 31, 2017
The Corporation's financial assets were classified into the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and was determined at the time of initial recognition. All regular purchases or sales of financial assets were recognized and derecognized on a trade date basis.

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

2.6.1 Trade receivables, net and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are measured at amortized cost using the effective interest method, less any impairment write downs. Assets in this category include trade receivables and are classified as current assets in the consolidated statement of financial position.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

2.6.2 Derivative financial assets at fair value through profit or loss

Accounting policy applied for the year ended December 31, 2018
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 remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 11.2.3.

Accounting policy applied for the year ended December 31, 2017
Financial assets were classified at FVTPL when the financial asset was either held for trading or is designated at FVTPL.

A financial asset was classified as held for trading if:
- it had been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it was part of a portfolio of identified financial instruments that the Corporation managed together and had a recent actual pattern of short-term profit-taking; or
- it was a derivative that was not designated or effective as a hedging instrument.

A financial asset other than a financial asset held for trading may have been designated at FVTPL upon initial recognition.

Financial assets at FVTPL were presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value was determined in the manner described in Note 11.2.3

2.6.3 Impairment of financial assets and contract assets

Accounting policy applied for the year ended December 31, 2018
The Corporation recognizes loss allowances for expected credit losses (ECLs) on:
- financial assets measured at amortized cost; and
- contract assets.

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

ECLs are recognized at each reporting period, even if no actual loss events have taken place. In addition to past events and current conditions, reasonable and supportable forward-looking information that is available without undue cost or effort is considered in determining impairment.

The Corporation applies a single impairment model to all financial instruments and contract assets subject to impairment testing. The impairment model is based on a forward-looking ECL model. The model applies to trade receivables and contracts assets (as defined in IFRS 15). In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment.

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

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

Accounting policy applied for the year ended December 31, 2017
Financial assets, other than those at FVTPL, were assessed for indicators of impairment at the end of each reporting period. Financial assets were considered to be impaired when there was objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment had been affected.

Objective evidence of impairment could include:
- significant financial difficulty of the debtor; or
- breach of contract, such as a default or delinquency in payments; or
- it becoming probable that the debtor would enter bankruptcy or financial re-organization; or
- significant decrease in creditworthiness of the debtor.

For financial assets carried at amortized cost, the amount of the impairment loss recognized was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset was reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount was reduced through the use of an allowance account. When a trade receivable was considered uncollectible, it was written off against the allowance account. Subsequent recoveries of amounts previously written off were credited against the allowance account. Changes in the carrying amount of the allowance account were recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss was reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment does not exceed what the amortized cost would have been had the impairment not been recognized.

2.6.4 Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.7 Financial liabilities

Accounting policy applied for the year ended December 31, 2018
Financial liabilities, except designated and effective hedging instruments for which hedge accounting applies (see Note 2.8.1), are classified as either financial liabilities at FVTPL or amortized cost.

Accounting policy applied for the year ended December 31, 2017
Financial liabilities were classified as either financial liabilities at FVTPL or other financial liabilities.

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

2.7.1 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 remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 11.2.3.

2.7.2 Derecognition 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 remeasured to their fair value at the end of each reporting period. Attributable transaction costs are recognized in profit or loss as incurred. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the 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 twelve months and it is not expected to be realized or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

2.8.1 Hedge accounting

The Corporation designates certain derivatives as hedges of highly probable forecasted transactions or hedges of firm commitments (cash flow hedges). Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure. All designated hedges are formally documented at inception, detailing the particular risk management objective and the strategy undertaking the hedge transaction.

The documentation identifies the specific asset or liability being hedged, the risk that is being hedged, the type of derivative used and how effectiveness will be assessed. The Corporation assesses whether the derivatives are highly effective in accomplishing the objective of offsetting changes in forecasted cash flows attributable to the risk being hedged both at inception and over the life of the hedge. Furthermore, accumulated ineffectiveness is measured over the life of the hedge.

The gain or loss relating to the changes in the fair value of the effective portion of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income are transferred to profit or loss in the period when the hedged item is recognized in the consolidated statement of comprehensive income.

Hedge accounting is discontinued prospectively when the hedging instrument is terminated, exercised, matured or when the derivative no longer qualifies for hedge accounting. The Corporation currently only applies hedge accounting to interest rate swaps.

2.9 Property, plant and equipment

2.9.1 Asset recognition

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

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 use by the Corporation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which are estimated as follows:

Land improvements	40 years
Buildings & improvements	10–60 years
Equipment	3–40 years

Capital projects in process for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Corporation's accounting policy. Depreciation of these assets commences when the assets are available for their intended use.

Freehold land is not depreciated.

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

2.9.3 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 Derecognition

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 sales 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 in the Corporation's Winnipeg location. The fair value of the investment property is disclosed in Note 13. If in management's judgement, it is likely that there is significant change in the market price of the investment property, a new valuation will be carried out.

2.11 Intangible Assets

2.11.1 Software

The Corporation's intangible assets include software for internal use or for providing services to customers. These assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are from 2 to 10 years. The estimated useful life and amortization method are reviewed at each year end with necessary adjustments being recognized on a prospective basis as changes in estimates.

2.11.2 Research and development

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

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

2.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Corporation. All other leases are classified as operating leases.

The Corporation has no finance leases at the end of the reporting period.

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

2.13 Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs 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 and intangible 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 and intangible assets for indicators of impairment reversal. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as expenses in profit or loss in the period in which they are incurred.

2.15 Income tax

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

2.15.1 Current income tax

The income tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Corporation’s liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.15.2 Deferred income tax

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

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

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

2.15.3 Current and deferred income tax for the period

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

2.15.4 Scientific research and experimental development investment tax credit

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

2.16 Employee benefits

2.16.1 Short-term employee benefits

Short-term employee benefits are the employee benefits that are expected to be settled within twelve months after the end of the period in which the employees render the related service. The Corporation's short-term employee benefits include wages and salaries, annual leave and other types of short-term benefits.

The Corporation recognizes the undiscounted amount of short-term employee benefits earned by an employee in exchange for services rendered during the period as a liability in the consolidated statement of financial position, after deducting any amounts already paid and as an expense in profit or loss.

2.16.2 Pension benefits

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

2.16.3 Other post-employment benefits

Other post-employment benefits include severance benefits and supplementary retirement benefits, including post-retirement benefits and post-retirement insurance benefits for certain employees and former employees. The benefits are accrued as the employees render the services necessary to earn them.

The accrued benefit obligation is actuarially determined by independent qualified actuaries using the projected unit credit actuarial valuation method based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors, such as future wage increases and employee termination rates.

Actuarial gains and losses arise when actual results differ from results which are estimated based on the actuarial assumptions. Actuarial gains and losses are reported in retained earnings in Shareholder's equity in the year that they are recognized as other comprehensive income in the consolidated statement of comprehensive income.

When past service costs occur, they are recognized at the earliest of when the amendment or curtailment occurs or when the Corporation recognizes the related restructuring or termination costs.

2.16.4 Other long-term employee benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits) that are not expected to be settled within twelve months after the end of the period in which the employees render the related service.

The Corporation's other long-term employee benefits include benefits for employees in receipt of long-term disability benefits, sick leave and special leave benefits and worker's compensation benefits.

The Corporation's sick leave and special leave benefits that are accumulated but not vested are 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 workers' compensation benefits is actuarially determined based on known awarded disability and survivor pensions and other potential future awards in respect of accidents that occurred up to the measurement date. The benefit entitlements are based upon relevant provincial legislations in effect on that date.

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

2.17 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 Share capital

In 1987, the revised *Royal Canadian Mint Act* provided the Corporation with an authorized share capital of $40 million divided into 4,000 non-transferable shares, redeemable at their issue price of $10,000 each. In 1989, the Minister of Supply and Services purchased the 4,000 shares in the Corporation. This was a part of a financial structuring that allows the Corporation to apply its net earnings to meet operational requirements, replace property, plant and equipment, generally ensure its overall financial stability and pay a reasonable dividend to the Government of Canada. The shares are currently held in trust by the Minister of Finance for Her Majesty in Right of Canada.

2.19 Revenue

2.19.1 Accounting policy applied for the year ended December 31, 2018

2.19.1.1 Revenue from contracts with customers recognized over time or at a point in time
IFRS 15 does not distinguish products from services, but rather defines performance obligations that encompass both. Performance obligations as defined under IFRS 15 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. Under IFRS 15, 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 an end-to-end service for the Government of Canada including coin forecasting, production, logistics, recycling and distribution operations, circulation, and monitoring services.

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

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

The transaction price for Canadian circulation revenue is based on the terms of the Corporation's memorandum of understanding (MOU) with the Government of Canada which the Corporation determined meets the definition of a contract under IFRS 15 based on the Corporation's customary business practices with the Government of Canada. Standard payment terms for Canadian circulation revenue is net five days.

Foreign circulation revenue

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

Revenue from foreign circulation contracts is generally recognized at a point in time when the coins, blanks and dies (foreign circulation products) are shipped to or received by the customer. For certain contracts under IFRS 15, the Corporation recognizes revenue as foreign circulation products are produced where the Corporation has established that there is no alternative use for the foreign circulation products and the Corporation has an enforceable right to payment for the foreign circulation products produced at any point in time over the term of the contract.

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

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

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

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

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

Revenue for storage services is earned over time as the customer receives and consumes the benefits provided by the Corporation's performance.

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

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

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

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

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

The Corporation's Masters Club program is a loyalty program under which members receive reward points that can be redeemed on purchases for a limited period of time from their issuance. The revenue associated with those points is deferred and only recognized when the points are redeemed. Some customers are also entitled to an annual free coin based on their annual spend levels. The revenue for this free coin is also deferred and only recognized when delivery occurs.

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

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

2.19.1.2 Payments received in advance from customers

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

2.19.1.3 Contract costs

The Corporation previously recognized commission fees payable related to foreign circulation contracts as expenses when they were incurred. Under IFRS 15, these fees are capitalized as costs of obtaining a contract when they are incremental and they are expected to be recovered. Capital contract costs are amortized to profit or loss over the term of the contract these costs are related to, consistent with the transfer to the customer of the related goods or services. If the expected amortization period is one year or less the commission fee will continue to be expensed as incurred. There were no contract costs capitalized as at January 1, 2018 or December 31, 2018.

2.19.1.4 Contracts with a customer that include a significant financing component

The Corporation adjusts the promised amount of consideration to be received from a customer for the effects of a significant financing component if the Corporation expects, at contract inception, that the period between when the Corporation transfers a promised good or service to a customer and when the customer pays for that good or service will be more than one year. There were no contracts with a significant financing component as at January 1, 2018 or December 31, 2018.

2.19.2 Accounting policy applied for the year ended December 31, 2017

Revenue was measured at the fair value of the consideration received or receivable. Revenue was presented net of estimated customer returns, rebates and other similar allowances.

2.19.2.1 Sale of goods
Revenue from the sale of goods was recognized when:

- the Corporation had transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Corporation retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods;
- the revenue and transaction costs incurred could be reliably measured; and
- it was probable that the economic benefits associated with the transaction would flow to the Corporation.

Customer returns for numismatic coins were estimated based on the Corporation's return policy and historical experience. When the Corporation could not reliably estimate customer returns, rebates and other similar allowances, revenue was not recorded.

The Corporation recognized revenue in certain circumstances in which the delivery of the goods was delayed at the buyer's request, but the buyer took title and accepted billing. These were referred to as bill and hold arrangements. The revenue was recognized provided that it was probable that the delivery would be made, the item was on hand, identifiable and ready for delivery at the time of the sale and that usual payment terms apply.

Transactions for the sale of goods were evaluated to determine whether the Corporation was the principal, as well as whether the transactions should be recorded on a gross or net basis. In situations where the Corporation was not the principal in a transaction, revenue and cost of sales were recorded on a net basis.

2.19.2.2 Rendering of services
Revenue from the rendering of services was recognized by reference to the stage of completion of contracts at the reporting date. The revenue was recognized when:

- the amount of revenue, stage of completion and transaction costs incurred could be reliably measured; and
- it was probable that the economic benefits associated with the transaction would flow to the Corporation.

The stage of completion of contracts at the reporting date was determined by reference to the costs incurred to date as a percentage of the estimated total costs of the contract.

2.20 Liability for Face Value redemptions

The Corporation determined that it cannot reliably estimate the redemptions of coins that were part of the Face Value coin program. The judgements exercised in reaching this determination are described in Note 4.2.1. The liability for Face Value redemptions represents the expected net cash outflows to be incurred by the Corporation if all Face Value coins are redeemed, including the estimated costs of redemptions offset by the market value of the precious metal content of the coins that will be recovered by the Corporation when these coins are redeemed. If the Corporation is able to determine a reliable estimate of redemptions, the liability for Face Value redemptions would be reduced in the period the estimate is determined and income would be recognized in the consolidated statement of comprehensive income.

(In thousands of Canadian dollars, unless otherwise indicated)

3. Changes in accounting policies

3.1 Revenue from contracts with customers

The Corporation adopted IFRS 15 – *Revenue from Contracts with Customers* with a date of initial application of January 1, 2018. As a result, the Corporation changed its accounting policy for revenue recognition as detailed in Note 2.19.

The Corporation applied IFRS 15 using the modified retrospective method. Under this method, the Corporation applied the standard retrospectively only to the most current period presented in the consolidated financial statements and recognized the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings as at January 1, 2018. Therefore, the comparative information for 2017 presented in the Corporation's consolidated financial statements ended December 31, 2018 has not been restated and continues to be reported under the accounting policies disclosed in Note 2.19.2. Under the modified retrospective method, only contracts that had remaining undelivered performance obligations as at January 1, 2018 were assessed under IFRS 15 based on the form of these contracts as at January 1, 2018, including any contract modifications up to this date. The details of the significant changes and quantitative impact of these changes are set out below.

The following tables summarize the impacts of adopting IFRS 15 on the Corporation's consolidated financial statements as at December 31, 2018.

a) **Consolidated statement of financial position**

As at January 1, 2018

	Balances with adoption of IFRS 15	Adjustments	Balances without adoption of IFRS 15
Inventories	$ 75,663	$ 9,792	$ 85,455
Contract assets	11,257	(11,257)	–
Deferred income tax asset	31,691	688	32,379
Total assets	$ 378,572	$ (777)	$ 377,795
Deferred revenue	$ –	$ 11,013	$ 11,013
Contract liabilities	9,766	(9,766)	–
Total liabilities	$ 248,322	$ 1,247	$ 249,569
Retained earnings	$ 90,151	$ (2,024)	$ 88,127
Total shareholder's equity	$ 130,250	$ (2,024)	$ 128,226
Total liabilities and shareholder's equity	$ 378,572	$ (777)	$ 377,795

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2018

	As reported	Adjustments	Balances without adoption of IFRS 15
Inventories	62,239	10,696	72,935
Contract assets	17,304	(17,304)	–
Deferred income tax asset	36,196	4	36,200
Total assets	$ 397,812	$ (6,604)	$ 391,208
Trade payables, other payables and accrued liabilities	$ 48,999	$ 1,166	$ 50,165
Income tax payable	2,388	(971)	1,417
Contract liabilities	14,590	(14,590)	–
Deferred revenue	–	12,962	12,962
Total liabilities	$ 241,362	$ (1,433)	$ 239,929
Retained earnings	$ 116,358	$ (5,171)	$ 111,187
Total shareholder's equity	$ 156,450	$ (5,171)	$ 151,279
Total liabilities and shareholder's equity	$ 397,812	$ (6,604)	$ 391,208

The amount of revenue and related costs recognized in 2018 from performance obligations satisfied or partially satisfied is mainly due to the change in the estimate of the stage of completion of contracts. The contract assets primarily relate to the Corporation's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables, net and other receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for contracts along with accrued contract costs related to revenue earned from contracts but not yet billed as well as amounts relating to customer loyalty programs.

b) Consolidated statement of comprehensive income

For the year ended December 31, 2018

	As reported	Adjustments	Balances without adoption of IFRS 15
Revenue	$ 1,420,563	$ (4,898)	$ 1,415,665
Cost of sales	1,286,044	(1,239)	1,284,805
Net foreign exchange gain	3,701	225	3,926
Income tax expense[1]	(11,725)	287	(11,438)
Profit for the period	$ 35,079	$ (3,147)	$ 31,932
Total comprehensive income	$ 36,200	$ (3,147)	$ 33,053

[1] The income tax expense adjustment of $0.3 million includes a current tax expense impact of $1.0 million and a deferred tax recovery impact of $0.7 million. The deferred tax impact was recognized in opening retained earnings on January 1, 2018.

(In thousands of Canadian dollars, unless otherwise indicated)

c) **Consolidated statement of cash flows**

For the year ended December 31, 2018

		As reported		Adjustments		Balances without adoption of IFRS 15
Profit for the period	$	35,079	$	(3,147)	$	31,932
Adjustments to reconcile profit to cash flows from operating activities:						
Net foreign exchange gain		(3,387)		(225)		(3,612)
Adjustments to revenue, net		(1,832)		3,659		1,827
Income tax expense[1]		11,725		(287)		11,438
Net cash from operating activities	$	39,651	$	–	$	39,651

1 The income tax expense adjustment of $0.3 million includes a current tax expense impact of $1.0 million and a deferred tax recovery impact of $0.7 million. The deferred tax impact was recognized in opening retained earnings on January 1, 2018.

3.2 Financial instruments

The Corporation adopted *IFRS 9 – Financial Instruments* (IFRS 9) and *IFRS 7 – Financial Instruments – Disclosures* (IFRS 7) with a date of initial application of January 1, 2018. As a result, the Corporation changed its accounting policy for the classification of its financial instruments.

The application of IFRS 9 by the Corporation had no financial impact on the carrying amounts of any of its financial instruments.

The Corporation applied IFRS 9 and IFRS 7 on a retrospective basis, but decided not to restate its comparative consolidated financial statements and adjusted its consolidated statement of financial position as at January 1, 2018 to reflect the application of the new requirements.

In addition, the Corporation applied the simplified approach in its impairment testing for financial assets measured at amortized cost and for trade receivables and contract assets within the scope of IFRS 15.

3.2.1 Classification and fair value measurements of financial instruments

After the Corporation performed its assessment of IFRS 9 on its financial instruments, it concluded that:

- Cash which was classified as held for trading and measured at fair value under IAS 39 is classified and measured at amortized cost under IFRS 9;
- Derivative financial assets and derivative financial liabilities classified as held for trading and measured at fair value under IAS 39 are classified as derivatives at FVTPL for instruments not designated as hedges and as FVOCI for the instruments designated as hedges, and measured at fair value under IFRS 9;
- Financial instruments classified as loans and receivables under IAS 39 are measured at amortized cost under IFRS 9.

The change in the classification of the Corporation's financial assets and financial liabilities is outlined in Note 2.5.

3.2.2 Impairment of financial assets

IFRS 9 introduced a new impairment model based on expected losses, rather than incurred loss as per IAS 39.

- IFRS 9 applies a single impairment model to all financial instruments subject to impairment testing while IAS 39 has different models for different financial instruments. Impairment losses are recognized on initial recognition, and at each subsequent reporting period, even if the loss has not yet been incurred.
- The new impairment requirements are based on a forward-looking expected credit loss (ECL) model. The model applies to lease receivables, trade receivables, contracts assets (as defined in IFRS 15), and loan commitments and financial guarantee contracts that are not at FVTPL.
- In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment in accordance with IFRS 9.

The implementation of IFRS 9 on the Corporation's consolidated financial statements was not significant as at January 1, 2018 or December 31, 2018.

4. Key sources of estimation uncertainty and critical judgements

4.1 Key sources of estimation uncertainty

The preparation of these consolidated financial statements requires management to exercise judgement to make complex or subjective estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

In making estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant items where estimates and assumptions are used are the Face Value redemptions, estimated useful lives of property, plant and equipment, and intangible assets, impairment of property, plant and equipment, and intangible assets, employee benefits liabilities, the precious metal reconciliation process including the expected precious metal content in refinery by-products, inventory valuation allowance, provisions and income taxes.

4.1.1 Face Value redemptions

The liability for Face Value redemptions 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 liability for Face Value redemptions as discussed in Note 2.20. These estimates are reviewed at the end of each reporting period. The carrying amount of the liability for Face Value redemptions is included in Note 17.

4.1.2 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with finite useful lives, are depreciated over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of these assets are reviewed annually for continued appropriateness. Changes to the useful life estimates would affect the timing of future depreciation expense and the future carrying value of assets. The carrying amounts of the property, plant and equipment and intangible assets as at the end of the reporting periods are included in Note 12 and Note 14, respectively.

Determining whether property, plant and equipment and intangible 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 weighted average costs 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 includes estimated future metal prices, expected future revenues, future costs and discount rates. Changes to these estimates will affect the recoverable amounts of the cash-generating units and individual assets, and may then require a material adjustment to their related carrying value.

4.1.3 Employee benefits liabilities

The present value of the other post-employment and other long-term employee benefits liabilities to be settled in the future depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as discount rates, long-term rates of compensation increase, retirement age, future health-care and dental costs and mortality rates. The Corporation consults with external actuaries regarding these assumptions annually. Any changes in these assumptions will impact the carrying amount of the pension, other post-employment and other long-term employee benefits liabilities. The carrying amount of the employee benefits liabilities as at the end of the reporting periods is included in Note 19.

4.1.4 Precious metal inventory and reconciliation

Certain refinery by-products with precious metal content which cannot be processed by the Corporation are shipped to contract refineries to determine the actual precious metal content. Due to the varying degrees of the physical homogeneity of these materials the Corporation relies on the best available sampling and assay methodologies to arrive at its best estimate of the precious metal content when materials are shipped. Once final settlements are reached with the contract refineries and the actual precious metal content is known these estimates are replaced by the actual values. The Corporation also refines by-products internally which requires estimates of precious metal content using the same methodology as described above. Due to this, the Corporation minimizes the amount of unrefined by-products in inventory to reduce the variability in the precious metal reconciliation results.

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

Any changes in these estimates will impact the carrying amount of the inventory. The carrying amount of the inventory as at the end of the reporting periods is included in Note 8.

4.1.5 Inventory valuation allowance

Inventory valuation allowance is estimated for slow moving or obsolete inventories. Management reviews the estimation regularly. Any change in the estimation will impact the inventory valuation allowance. The carrying amount of the inventory as at the end of the reporting periods is included in Note 8.

4.1.6 Provisions

Provisions are based on the Corporation's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions for individual events (restructuring, legal settlements or tax related items) are measured at the most likely amount while provisions for large populations of events (sales returns and allowances or warranties) are measured at a probability-weighted expected value. Management reviews and adjusts the provisions at each balance sheet date. If an outflow is determined to be no longer probable, the provision is reversed. Further information on the Corporations' provisions is provided in Note 16.

4.1.7 Income tax

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

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

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

4.2 Critical judgements

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations, that have the most significant effects on the amounts recognized in the Corporation's consolidated financial statements are as follows:

4.2.1 Face Value redemptions

In making the judgement on the appropriate accounting treatment for 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. 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 at the end of the reporting period. As such, the best estimate at this time is that all Face Value coins will be redeemed resulting in the liability for Face Value redemptions. 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 liability for Face Value redemptions as discussed in Note 2.20. The carrying amount of the liability for Face Value redemptions is included in Note 17.

4.2.2 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.

In 2018, no indicators of impairment and no indicators which would cause the reversal of previous impairments were observed.

4.2.3 Provisions and contingent liabilities

In determining whether a liability should be recorded in the form of a provision, management is required to exercise judgement in assessing whether the Corporation has a present legal or constructive obligation as a result of a past event, whether it is probable that an outflow of resources will be required to settle the obligation, and whether a reasonable estimate can be made of the amount of the obligation. In making this determination, management may use past experience, prior external precedents and the opinions and views of legal counsel. If management determines that the above three conditions are met, a provision is recorded for the obligation. Alternatively, a contingent liability is disclosed in the notes to the consolidated financial statements if management determines that any one of the above three conditions is not met, unless the possibility of an outflow of resources in settlement is considered to be remote.

4.2.4 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 recognizes 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 reach their finished state. 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 as part of the terms and conditions of the contract with a customer, 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. 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.

4.2.5 Divestiture of MintChip™

In December 2015, the Company closed the sale of MintChip™ for a cash consideration of $5 million paid at closing and an $11 million, 4% interest-bearing, secured promissory note with interest payments due semi-annually and the principal amount due on December 16, 2022. Management is required to make a judgement with respect to the uncertainty over the collectability of the promissory note. At December 31, 2018 and 2017, it was determined that no asset would be recorded in the consolidated financial statements and any additional future consideration related to interest and principal repayments will be recognized as other income upon receipt of cash.

5. Application of new and revised IFRS pronouncements

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

The Corporation has reviewed the revised accounting pronouncements that have been issued which had mandatory effective dates of annual periods beginning on or after January 1, 2018.

a) The following amendments were adopted by the Corporation on January 1, 2018 and had a significant impact on the consolidated financial statements. The disclosure of the impact of the application of these new pronouncements on the Corporation's consolidated financial statements is included in Note 3.

IFRS 15 - *Revenue from Contracts with Customers*, IFRS 7 *Financial Instruments – Disclosures* and IFRS 9 - *Financial Instruments*.

b) The following amendments were adopted by the Corporation on January 1, 2018 and did not have a significant impact on the consolidated financial statements.

IAS 40 Investment Property (IAS 40)
An amendment was released in December 2016 to IAS 40 which states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if the property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual improvements to IFRSs 2014-2016
In December 2016, the International Accounting Standards Board (IASB) issued annual improvements during the 2014-2016 cycles. The standards covered by the amendments are: IFRS 1 – First time adoption of IFRS which deletes the short-term exemptions in paragraphs E3-E7 because they have now served their intended purpose; IAS 28 – Investments in Associates which clarifies the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22")
IFRIC 22 addresses foreign currency transactions or parts of transactions where: there is consideration that is denominated or priced in a foreign currency; the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary. The IFRS Interpretations committee concluded the date of the transaction for the purpose of determining the exchange rate is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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

The Corporation has reviewed the revised accounting pronouncements that have been issued, but are not yet effective and has made the following assessments of their impact on the consolidated financial statements.

a) The adoption of the following amendment is expected to have a significant impact on the Corporation's consolidated financial statements beginning in 2019.

IFRS 16 Leases ("IFRS 16")
IFRS 16 was issued in January 2016 to replace IAS 17 - Leases. The new standard requires that leases be brought onto companies' statements of financial position, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases for lessees as either operating leases or finance leases, treating all leases as finance leases. Short-term leases (less than twelve months) and leases of low-value assets will have an optional exemption from the requirements. For lessors, IFRS 16 substantially carries forward the requirements of IAS 17 - Leases. The new standard is effective for annual periods beginning on or after January 1, 2019.

i. Leases in which the Corporation is a lessee
Under IFRS 16, the Corporation will recognize right-of-use assets and lease liabilities for its operating leases which include mainly leases of warehouse and office premises, and manufacturing equipment. For precious metal lease arrangements, the Corporation is required to return the same quantity and type of precious metal but not the same precious metal received at the commencement of the arrangements. As a result, there are no identified assets in these arrangements and therefore, these arrangements are not considered leases under IFRS 16. The Corporation will refer to these types of transactions as precious metal commitments beginning January 1, 2019.

Beginning January 1, 2019, the nature of expenses related to these leases will change because the Corporation will recognize a depreciation expense for right-of-use assets and interest expense on lease liabilities. Previously, the Corporation recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent there was a timing difference between actual lease payments and the expense recognized.

A full assessment of all existing leases under IFRS 16, as well as an assessment of the impact of the financial statement presentation and disclosure requirements on the Corporation's consolidated financial statements is complete. The Corporation estimates that approximately $9.7 million of right-of-use assets, with corresponding lease liabilities of the same amount, will be capitalized on the consolidated statement of financial position as of January 1, 2019.

ii. Leases in which the Corporation is a lessor
No significant impact is expected for leases in which the Corporation is a lessor. The Corporation currently subleases two of its floors in one of its leased premises.

iii. Implementation approach
The Corporation will implement IFRS 16 using the modified retrospective approach, under which the Corporation will apply the standard retrospectively only to the most current period presented in the consolidated financial statements. The Corporation will recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings as at January 1, 2019, if any.

b) The adoption of the following IFRS pronouncement has been assessed as having a possible impact on the Corporation's consolidated financial statements in the future.

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

The Revised Conceptual Framework is effective for annual periods beginning on or after January 1, 2020.The adoption of the following amendments is not expected to have a material impact on the Corporation's consolidated financial statements.

c) The adoption of the following amendment is not expected to have a material impact on the Corporation's consolidated financial statements in the future. Other amendments issued this year were assessed and the Corporation concluded they are not applicable and therefore have not been included in this disclosure.

(In thousands of Canadian dollars, unless otherwise indicated)

Annual improvements to IFRSs 2015-2017

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle. The standards covered by the amendments are: IFRS 3 - Business Combinations which clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. IFRS 11 - Joint Arrangements which clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. IAS 12 - Income Taxes which clarifies that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises. IAS 23 - Borrowing Costs which clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The annual improvements are to be applied for annual periods beginning on or after January 1, 2019.

6. Trade receivables, net and other receivables

As at December 31

	2018	2017
Receivables and accruals from contracts with customers	**$ 37,918**	$ 11,956
Receivables from contracts with related parties (Note 27)	**443**	3,512
Allowance for expected credit losses (Note 11.3.1.1)	**(274)**	(28)
Net trade receivables	**38,087**	15,440
Other current financial receivables	**384**	205
Other receivables	**293**	1,142
Total trade receivables, net and other receivables	**$ 38,764**	$ 16,787

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

7. Prepaid expenses

As at December 31

	2018	2017
Prepaid expenses current	**$ 3,395**	$ 3,615
Prepaid expenses non-current	**612**	2,336
Total prepaid expenses	**$ 4,007**	$ 5,951

Included in prepaid expenses is $1.8 million (2017 - $1.8 million) related to a five year intellectual property and research and development agreement. Included in prepaid expenses non-current is $0.2 million (2017 – $2.0 million) related to this same agreement.

(In thousands of Canadian dollars, unless otherwise indicated)

8. Inventories

As at December 31

		2018		2017
Raw materials and supplies	**$**	**14,605**	$	18,343
Work in process		**12,609**		20,155
Finished goods		**35,025**		46,957
Total inventories	**$**	**62,239**	$	85,455

The amount of inventories recognized as cost of sales in 2018 is $1,260.1 million (2017 - $1,507.8 million).

The cost of inventories recognized as cost of sales in 2018 includes $5.3 million write-downs of inventory to net realizable value (2017 - $6.6 million).

No inventory is pledged as security for borrowings as at December 31, 2018 or 2017.

9. Contract assets and liabilities

The contract assets relate to the Corporation's rights to consideration for work completed, but not billed as at December 31, 2018. The contract liabilities relate to the consideration received in advance from customers for which revenue has not yet been recognized and accrued expenses related to contract assets and amounts relating to customer loyalty programs.

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

As at December 31

		2018		
		Contract Assets		**Contract Liabilities**
Opening balance, January 1, 2018	**$**	**11,257**	**$**	**9,766**
Revenue recognized		**–**		**(8,221)**
Cash received, excluding amounts recognized during the period		**–**		**10,733**
Transfers from contract liabilities to payables		**–**		**(8,534)**
Foreign exchange revaluation		**(4)**		**193**
Transfers from contract assets to receivables		**(51,020)**		**–**
Increases resulting from changes in the measure of progress[1]		**57,071**		**10,653**
Closing balance	**$**	**17,304**	**$**	**14,590**

[1] Increases resulting from changes in the measure of progress in contract liabilities include $0.5 million related to the Corporation's memorandum of understanding with the Department of Finance (Note 27)

(In thousands of Canadian dollars, unless otherwise indicated)

Contract liabilities were composed of the following:

As at December 31

		2018
Customer prepayments	**$**	**10,479**
Loyalty programs		**473**
Deferred revenue from a related party (Note 27)		**509**
Accrued liabilities related to revenue recognized over time		**3,129**
Total contract liabilities	**$**	**14,590**

10. Deferred revenue

As at December 31

		2017[1]
Customer prepayments	$	10,246
Deferred revenue		767
Total deferred revenue	$	11,013

[1] On January 1, 2018, deferred revenue was reclassified to contract liabilities (Note 3)

Customer prepayments arise when customers prepay the cost of purchasing materials in order to lock in the purchasing price, primarily of the metals. The prepayments will be recognized as revenue when the shipments are made. Included in the deferred revenue is the liability for the Corporation's Masters Club program under which members receive rewards points which can be redeemed on purchases for a limited period of time from their issuance.

11. Financial instruments and financial risk management

11.1 Capital risk management

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of organizational growth to provide returns to 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, 2017.

The capital structure of the Corporation consists of a loan payable as detailed in Note 18 and shareholder's equity which is composed of issued capital, accumulated other comprehensive income and retained earnings.

The Corporation's senior management reviews the Corporation's capital structure periodically. As part of the review, senior management considers the cost of the capital and the associated risks in order to comply with the borrowing limits stipulated by the *Royal Canadian Mint Act*. The Corporation manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets, required changes to accounting standards, and the Corporation's working capital requirements. The timing, terms and conditions of all borrowing transactions are approved by the Minister of Finance.

(In thousands of Canadian dollars, unless otherwise indicated)

The Corporation may borrow money from the Consolidated Revenue Fund, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the year ended December 31, 2018, approved short-term borrowings for working capital needs within this limit were not to exceed $25 million (2017 - $25 million) or its US dollar equivalent.

To support such short-term borrowings as may be required from time to time, the Corporation has various commercial borrowing lines of credit, made available to it by Canadian financial institutions. These lines are unsecured and provide for borrowings up to 364 days in term based on negotiated rates. No amounts were borrowed under these lines of credit as at December 31, 2018 or 2017.

The Corporation also monitors debt leverage ratios as part of the management of liquidity to ensure it is properly financed and leveraged to facilitate planned objectives. See below the debt leverage ratios at the end of the reporting period.

Debt to Equity ratio

As at December 31

	2018	2017
Loan payable (current and non-current)	**$ 11,989**	$ 19,501
Shareholder's equity	**156,450**	128,226
Debt to Equity ratio	**1:13**	1:7

Debt to Assets ratio

As at December 31

	2018	2017
Loan payable (current and non-current)	**$ 11,989**	$ 19,501
Total assets	**397,812**	377,795
Debt to Asset ratio	**1:33**	1:19

In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to 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 remitted dividends of $10.0 million to its shareholder, the Government of Canada, in 2018 (2017 - $93.2 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 paid in the fourth quarter of each year beginning in 2018.

(In thousands of Canadian dollars, unless otherwise indicated)

11.2 Classification and fair value measurements of financial instruments

11.2.1 Carrying amount and fair value of financial instruments

The classification, as well as the carrying amount and fair value of the Corporation's financial assets and financial liabilities are presented in the following tables:

As at December 31. 2018

		Carrying Amount		Fair value
Financial Assets				
Amortized cost				
Cash	$	**66,364**	$	**66,364**
Trade receivables, net and other receivables		**38,471**		**38,471**
Derivatives at FVTPL				
Derivative financial assets:				
Foreign currency forwards		**19**		**19**
Derivatives at FVOCI				
Derivative financial assets:				
Interest rate swap		**123**		**123**
Financial Liabilities				
Amortized cost				
Trade payables, other payables and accrued liabilities		**45,109**		**45,109**
Loan payable		**11,989**		**11,995**
Derivatives at FVTPL				
Derivative financial liabilities:				
Foreign currency forwards		**2,087**		**2,087**

As at December 31. 2017

		Carrying Amount		Fair value
Financial Assets				
Held for Trading				
Cash	$	56,268	$	56,268
Derivative financial assets:				
Foreign currency forwards		334		334
Interest rate swaps		138		138
Loans and receivables				
Trade receivables, net and other receivables		15,645		15,645
Financial Liabilities				
Held for Trading				
Derivative financial liabilities:				
Foreign currency forwards		587		587
Interest rate swaps		10		10
Other Financial Liabilities				
Trade payables, other payables and accrued liabilities[1]		54,774		54,774
Loans payable		19,501		19,520

[1] Prior year figures have been reclassified to conform to the current year presentation (Note 29)

(In thousands of Canadian dollars, unless otherwise indicated)

11.2.2 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 is classified as level 1 of the fair value hierarchy as at December 31, 2018 and 2017. The fair value measurements of all other financial instruments held by the Corporation are classified as level 2 of the fair value hierarchy as at December 31, 2018 and 2017. There were no transfers of financial instruments between levels during 2018.

11.2.3 Classification and fair value techniques of financial instruments

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

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

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

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

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

11.2.4 Interest income and expense

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

For the year ended December 31

		2018		2017
Financial assets held at amortized cost:				
Interest income earned on cash	**$**	**986**	$	998
Other financial liabilities:				
Interest expense on loan and other payables	**$**	**407**	$	588

(In thousands of Canadian dollars, unless otherwise indicated)

11.3 Financial risk management objectives and framework

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

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

11.3.1 Credit risk management

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

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

11.3.1.1 Receivables from customers

The Corporation's exposure to credit risk associated with trade receivables and other 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 customer balances which could present collectability issues. An allowance for ECL is provided for accounts with collectability issues when needed.

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

As at December 31

		2018		2017[1]
Asia and Australia	**$**	**18,671**	$	3,949
Canada		**11,295**		10,324
Latin America and Caribbean		**7,765**		1,518
United States		**606**		648
Europe, Middle East and Africa		**427**		348
Total trade receivables, net and other receivables	**$**	**38,764**	$	16,787

[1] Prior year figures have been reclassified to expand the disclosure of the trade receivables, net and other receivables to a specific region

(In thousands of Canadian dollars, unless otherwise indicated)

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

As at December 31

	2018	2017
Central and institutional banks	**$ 26,160**	$ 6,191
Consumers, dealers and others	**10,704**	6,228
Governments (including governmental departments and agencies)	**1,900**	4,368
Total trade receivables, net and other receivables	**$ 38,764**	$ 16,787

The Corporation established an allowance for ECLs based on a provision matrix that reflected the estimated impairment of trade receivables and other receivables. 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, which results in an average of 30 day payment terms. The Corporation also reviewed its exposure related to contract assets as at December 31, 2018 and evaluated the risk to be minimal as each related contract is subject to a contract specific risk assessment process. As at December 31 2018, the Corporation's rate of credit losses was less than 1% of total trade receivables, other receivables and contract assets.

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

As at December 31

	2018		2017	
	Gross carrying amount	**Lifetime ECL allowance**	Gross carrying amount	Lifetime ECL allowance
0–30 days	**$ 22,470**	**$ 113**	$ 16,594	$ -
31–60 days	**9,406**	**17**	19	-
61–90 days	**6,164**	**10**	7	-
Over 90 days	**998**	**134**	195	28
Total	**$ 39,038**	**$ 274**	$ 16,815	$ 28
Net		**$ 38,764**		$ 16,787

The change in the lifetime ECL allowance was as follows:

As at December 31

	2018	2017
Balance at beginning of year	**$ 28**	$ 47
Additions	**349**	217
Write-offs	**(103)**	(236)
Balance at end of year	**$ 274**	$ 28

(In thousands of Canadian dollars, unless otherwise indicated)

11.3.1.2 Cash

The Corporation's surplus funds are maintained in commercial bank accounts or invested to earn investment income when needed while maintaining the safety of principal and providing adequate liquidity to meet cash flow requirements. The Corporation manages its credit risk relating to cash by utilizing a short-term investment policy to guide investment decisions. Investments must maintain a credit rating from at least one of the following credit agencies, meeting the following minimum criteria:

Dominion Bond Rating Service (DBRS) rating of R1 Low
Moody's rating of P1
Standard and Poor's (S&P) rating of A1

The Corporation regularly reviews the credit rating of issuers with whom the Corporation holds investments, and disposes of investments at the prevailing market rate when the issuer's credit rating declines below acceptable levels.

At each of the reporting dates presented, the Corporation did not hold any investments of this nature.

11.3.1.3 Derivative instruments

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

11.3.2 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, 2018

	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	**$ (45,109)**	**$ (45,109)**	**$ (45,109)**	**$ –**	**$ –**	**$ –**
Loan payable	**(11,989)**	**(12,524)**	**(3,214)**	**(3,161)**	**(6,149)**	**–**
Derivative instruments						
Foreign currency forwards	**$ (2,087)**	**$ 51,414**	**$ 50,219**	**$ 1,195**	**$ –**	**$ –**

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2017

	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[1]	$ (54,774)	$ (54,774)	$ (54,774)	$ –	$ –	$ –
Loan payable	(19,501)	(20,410)	(7,881)	(3,214)	(9,315)	–
Derivative instruments						
Foreign currency forwards	$ (253)	$ 31,193	$ 31,193	$ –	$ –	$ –

1 Prior year figures have been reclassified to conform to the current year presentation (Note 29)

11.3.3 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. The Corporation's policy is not to enter into derivative instruments for trading or speculative purposes.

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

Based on the forward exchange contracts as at December 31, 2018, 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 $3.7 million (2017 - $2.1 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, 2018, all other variables held constant, would have been a decrease or increase in profit for the year of $3.4 million (2017 - $0.7 million).

11.3.3.2 Interest rate risk

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. There is no interest rate risk related to cash. The Corporation's Bankers' Acceptance interest rate swap loan instruments expose the Corporation to cash flow interest rate risk. The Corporation has fully hedged the exposure to fluctuations in interest rates related to these instruments by entering into corresponding interest rate swaps, where the Corporation pays a fixed interest rate in exchange for receiving a floating interest rate. The interest rate swaps are designated as hedging instruments under the cash flow hedge accounting model.

(In thousands of Canadian dollars, unless otherwise indicated)

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation's interest rate swap exposes the Corporation to fair value interest rate risk. An increase of 50 basis points in interest rates at the reporting date would increase the fair value of the interest rate swap derivative asset/liability and decrease other comprehensive income by approximately $0.1 million (2017 – $0.2 million). A decrease of 50 basis points in interest rates would have an equal, but opposite impact.

11.3.3.3 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 purchase commitments for precious and base metals to mitigate the commodity price risk (Note 28.1 and Note 28.3).

For contracts that are entered into for the purpose of procuring commodities to be used in production, the Corporation applies the normal purchases classification.

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

11.4 Foreign currency forwards and interest rate swap

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

As at December 31, 2018

		Designated as hedges		Not designated as hedges	
	Maturities	**Notional value**	**Fair value**	**Notional value**	**Fair value**
Derivative financial assets					
Current					
Interest rate swap	**2019**	**$ 3,000**	**$ 31**	**–**	**–**
Foreign currency forwards	**2019**	**–**	**–**	**$ 685**	**$ 19**
Non-current					
Interest rate swap	**2022**	**$ 9,000**	**$ 92**	**–**	**–**
		$ 12,000	**$ 123**	**$ 685**	**$ 19**
Derivative financial liabilities					
Current					
Foreign currency forwards	**2019**	**$ –**	**$ –**	**50,219**	**2,064**
Non-current					
Foreign currency forwards	**2019**	**–**	**–**	**$ 1,195**	**$ 23**
		$ –	**$ –**	**$ 51,414**	**$ 2,087**

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2017

		Designated as hedges		Not designated as hedges	
	Maturities	**Notional value**	**Fair value**	**Notional value**	**Fair value**
Derivative financial assets					
Current					
Interest rate swaps	2018	$ 3,000	$ 27	–	–
Foreign currency forwards	2018	–	–	$ 14,503	$ 334
Non-current					
Interest rate swaps	2022	$ 12,000	$ 111	–	–
		$ 15,000	$ 138	$ 14,503	$ 334
Derivative financial liabilities					
Current					
Interest rate swaps	2018	$ 1,500	$ 10	–	–
Foreign currency forwards	2018	–	–	$ 19,840	$ 587
		$ 1,500	$ 10	$ 19,840	$ 587

The gains/losses on derivatives designated as cash flow hedges will be reclassified from accumulated other comprehensive income to profit or loss during the periods when the hedged gains/losses are realized. The amounts will be reclassified to profit or loss over periods up to 4 years. The amount to be reclassified in the next twelve months is not significant.

12. 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

	2018	2017
Cost	**$ 429,019**	$ 417,012
Accumulated depreciation	**(264,849)**	(250,941)
Net book value	**$ 164,170**	$ 166,071

Net book value by asset class

As at December 31

	2018	2017
Land and land improvements	**$ 3,068**	$ 3,073
Buildings and improvements	**89,573**	91,694
Equipment	**69,172**	70,346
Capital projects in process	**2,357**	958
Net book value	**$ 164,170**	$ 166,071

(In thousands of Canadian dollars, unless otherwise indicated)

Reconciliation of the opening and closing balances of property, plant and equipment for 2018 and 2017:

	Land and land improvements	**Buildings and improvements**	**Equipment**	**Capital projects in process**	**Total**
Cost					
Balance as at December 31, 2016	$ 4,094	$ 158,448	$ 252,429	$ 2,295	$ 417,266
Additions	–	4,326	7,932	309	12,567
Transfers	–	3,207	(1,561)	(1,646)	–
Derecognition	–	(3,801)	(8,513)	–	(12,314)
Disposals	–	–	(507)	–	(507)
Balance as December 31, 2017	4,094	162,180	249,780	958	417,012
Additions	**–**	**3,630**	**7,103**	**2,357**	**13,090**
Transfers	**–**	**(570)**	**1,528**	**(958)**	**–**
Disposals	**–**	**–**	**(1,083)**	**–**	**(1,083)**
Balance at December 31, 2018	**$ 4,094**	**$ 165,240**	**$ 257,328**	**$ 2,357**	**$ 429,019**
Accumulated depreciation and impairment					
Balance as at December 31, 2016	$ 1,019	$ 67,339	$ 178,654	$ –	$ 247,012
Depreciation	2	6,947	9,847	–	16,796
Derecognition	–	(3,800)	(8,560)		(12,360)
Disposals	–	–	(507)	–	(507)
Balance as at December 31, 2017	1,021	70,486	179,434	–	250,941
Depreciation	**5**	**5,181**	**9,147**	**–**	**14,333**
Disposals	**–**	**–**	**(425)**	**–**	**(425)**
Balance as at December 31, 2018	**$ 1,026**	**$ 75,667**	**$ 188,156**	**$ –**	**$ 264,849**
Net book value as at December 31, 2018	**$ 3,068**	**$ 89,573**	**$ 69,172**	**$ 2,357**	**$ 164,170**

Included in property, plant and equipment additions is a total accrual of $2.4 million (2017 - $1.0 million).

No asset is pledged as security for borrowings as at December 31, 2018 or 2017.

(In thousands of Canadian dollars, unless otherwise indicated)

13. Investment property

As at December 31

		2018		2017
Cost	**$**	**236**	$	236

The fair value of the land at the Corporation's Winnipeg location is $2.6 million (2017 - $2.6 million). The fair value measurement of the investment property is classified as level 2 of the fair value hierarchy (see Note 11.2.2 for definitions). The valuation was performed using a market approach with market prices for similar properties in the relevant location as observable inputs. A new valuation will be carried out when there is a significant change in the market price.

No indicators of impairment were found for investment property as at December 31, 2018 or 2017.

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

14. Intangible assets

As at December 31

		2018		2017
Cost	**$**	**34,217**	$	32,052
Accumulated amortization and impairment		**(25,827)**		(22,122)
Net book value	**$**	**8,390**	$	9,930

Reconciliation of the opening and closing balances of intangibles for 2017 and 2018:

		Software		Capital projects in process		Total
Cost						
Balance as at December 31, 2016	$	30,500	$	178	$	30,678
Additions		900		474		1,374
Transfers		67		(67)		–
Balance as at December 31, 2017		31,467		585		32,052
Additions		**2,073**		**134**		**2,207**
Transfers		**585**		**(585)**		**–**
Derecognition		**(42)**		**–**		**(42)**
Balance as at December 31, 2018	**$**	**34,083**	**$**	**134**	**$**	**34,217**
Accumulated amortization and impairment						
Balance as at December 31, 2016	$	18,674	$	–	$	18,674
Amortization		3,448		–		3,448
Balance as at December 31, 2017		22,122		–		22,122
Amortization		**3,747**		**–**		**3,747**
Derecognition		**(42)**				**(42)**
Balance as at December 31, 2018	**$**	**25,827**	**$**	**–**	**$**	**25,827**
Net book value as at December 31, 2018	**$**	**8,256**	**$**	**134**	**$**	**8,390**

Included in capital additions is a total accrual of $0.1 million (2017 - $0.1 million).

(In thousands of Canadian dollars, unless otherwise indicated)

15. Trade payables, other payables and accrued liabilities

As at December 31

		2018		2017[2]
Trade payables	**$**	**4,007**	$	2,207
Other current financial liabilities[1]		**40,828**		52,567
Other payables and accrued liabilities		**4,164**		1,161
Total current trade payables, other payables and accrued liabilities		**48,999**		55,935
Other non-current financial liabilities	**$**	**274**	$	–
Total non-current trade payables, other payables and accrued liabilities		**274**		–
Trade payables, other payables and accrued liabilities	**$**	**49,273**	$	55,935

1 Other current financial liabilities include payables that are not trade in nature, as well as various operating and capital accruals.
2 Prior year figures have been reclassified to conform to the current year presentation (Note 29)

16. Provisions

The following table presents the changes in the provisions:

As at December 31

		2018		2017
Carrying amount at the beginning of the year	**$**	**6,749**	$	4,008
Additional provisions recognized		**4,043**		3,064
Payments		**(1,092)**		(323)
Derecognition of provisions		**(1,780)**		–
Carrying amount at the end of the year	**$**	**7,920**	$	6,749

Provisions include the following:

As at December 31

		2018		2017
Sales returns and warranty	**$**	**2,264**	$	2,254
Restructuring and other employee compensation		**3,374**		686
Other provisions		**2,282**		3,809
Total provisions	**$**	**7,920**	$	6,749

		2018		2017
Current portion	**$**	**5,784**	$	4,868
Non-current portion		**2,136**		1,881
Total provisions	**$**	**7,920**	$	6,749

(In thousands of Canadian dollars, unless otherwise indicated)

17. Face Value redemptions

As at December 31

	2018	2017
Face Value redemptions	**$ 180,224**	$ 182,060
Precious metal recovery	**(40,405)**	(40,925)
Face Value redemptions, net	**139,819**	141,135
Less: Current portion	**(1,292)**	(1,789)
Non-current Face Value redemptions, net	**$ 138,527**	$ 139,346

As at December 31

	2018	2017
Opening balance	**$ 141,135**	$ 141,017
Additions, net	**–**	643
Redemptions, net	**(1,455)**	(1,873)
Revaluation	**139**	1,348
Ending balance	**$ 139,819**	$ 141,135

As at December 31, 2018, the Corporation determined that it continues to be unable to reliably estimate the redemptions of Face Value coins.

Face Value redemptions 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 each consolidated financial statement reporting date. The impact of the revaluation of the precious metal component of the liability, including the impact of the balance sheet revaluation, was an increase of $0.1 million for the year ended December 31, 2018 (2017 - $1.3 million).

The current portion of the Face Value redemptions 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 is no longer selling Face Value coins and all back-orders are now complete. The Corporation continues to monitor the redemption levels of Face Value coins to ensure requisite funding for future redemptions is maintained.

(In thousands of Canadian dollars, unless otherwise indicated)

18. Loan payable

As at December 31

		2018		2017
Loan	**$**	**11,989**	$	19,494
Accrued interest		**–**		7
Total loan payable	**$**	**11,989**	$	19,501
Current	**$**	**3,000**	$	7,507
Non-current		**8,989**		11,994
Total loan payable	**$**	**11,989**	$	19,501

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

A 10 year $30 million Bankers' Acceptance (BA) /Interest rate swap loan bearing an interest rate at 2.06% with maturity in 2022. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The structure of the loan involves the use of a revolving 1 month BA and an interest rate swap to lock in the BA refinancing. The loan is being repaid by $3 million per year for 10 years. As at December 31, 2018 the balance of the principal is $12.0 million (2017 – $15.0 million) and the fair value of the Bankers' Acceptance is $12.0 million (2017 – $15.0 million).

As at December 31, 2018 both the 10-year $15 million BA/Interest rate swap loan bearing an interest rate at 2.67% and the 5-year $15 million loan bearing a fixed interest rate of 2.35% matured and were paid in full.

19. Employee benefits

i) Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate for 2018 was dependent on the employees' employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate was 1.01 times (2017 – 1.01) the employees' contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate was 1.00 (2017 – 1.00) times the employees' contribution.

The Corporation made total contributions of $10.2 million in 2018 (2017 – $10.2 million). The estimated contribution for 2019 is $10.1 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.

(In thousands of Canadian dollars, unless otherwise indicated)

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 obligation at reporting date:

As at December 31

	2018	2017
Post employment benefits	**$ 158**	$ 620
Other long-term employee benefits	**2,382**	2,254
Employee benefits current	**2,540**	2,874
Post employment benefits	**$ 9,185**	$ 10,388
Other long-term employee benefits	**1,571**	1,377
Employee benefits non-current	**10,756**	11,765
Total employee benefits obligation	**$ 13,296**	$ 14,639

Movement of employee benefits obligations were as follows:

As at December 31

	Post employment benefits		**Other long-term employee benefits**		**Totals**	
	2018	2017	**2018**	2017	**2018**	2017
Beginning of the year	**$ 11,008**	$ 10,155	**$ 3,631**	$ 2,812	**$ 14,639**	$ 12,967
Current service cost	**105**	609	**3,365**	3,108	**3,470**	3,717
Interest cost	**381**	386	**149**	108	**530**	494
Benefits paid	**(741)**	(691)	**(3,724)**	(3,360)	**(4,465)**	(4,051)
Past service cost	**–**	118	**–**	–	**–**	118
Actuarial (gains) losses:						
from other assumptions	**(315)**	(210)	**(9)**	(15)	**(324)**	(225)
from demographic assumptions	**(474)**	125	**638**	949	**164**	1,074
from financial assumptions	**(621)**	516	**(97)**	29	**(718)**	545
End of the year	**$ 9,343**	$ 11,008	**$ 3,953**	$ 3,631	**$ 13,296**	$ 14,639

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

(In thousands of Canadian dollars, unless otherwise indicated)

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

Employee benefits expenses were as follows:

For the year ended December 31

	2018	2017
Pension benefits contribution	**$ 10,227**	$ 10,233
Other post employment benefits	**486**	1,113
Other long-term employee benefits	**4,046**	4,179
Total employee benefits expenses	**$ 14,759**	$ 15,525

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

For the year ended December 31

	2018	2017
In Profit		
Pension benefits contribution	**$ 10,227**	$ 10,233
Current service cost	**3,470**	3,717
Interest cost	**530**	494
Past service cost	**–**	118
Actuarial loss for other long term employee benefits	**532**	963
	14,759	15,525
In Other comprehensive income		
Actuarial (gain) loss for post-employment benefits	**(1,410)**	459
Total amounts recognized in the consolidated statement of comprehensive income	**$ 13,349**	$ 15,984

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

As at December 31

	2018	2017
Accrued benefit obligation		
Discount rate	**3.75%**	3.25%
Rate of compensation increase – Union	**2.00%**	2.00%
Rate of compensation increase – Non-union	**2.50%**	2.50%
Benefit costs for the year ended		
Discount rate	**3.75%**	3.25%
Rate of compensation increase – Union	**2.00%**	2.00%
Rate of compensation increase – Non-union	**2.50%**	2.50%
Assumed health care cost trend rates		
Initial health care cost trend rate – OPEB/OLTEB Medical	**5.00%**	5.50%
Cost trend rate declines to	**5.00%**	5.00%
Initial health care cost trend rate – OPEB Dental	**4.00%**	5.00%
Initial health care cost trend rate – OLTEB Dental	**4.00%**	4.00%

(In thousands of Canadian dollars, unless otherwise indicated)

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

For the year ended December 31

	2018	2017
Medical cost trend rates:		
Current service cost and interest cost	**$ 88**	$ 92
Defined benefit obligation	**607**	821
Discount rates:		
Current service cost and interest cost	**$ (3)**	$ (26)
Defined benefit obligation	**(1,277)**	(1,539)
Salary rates:		
Current service cost and interest cost	**$ 71**	$ 62
Defined benefit obligation	**474**	519

The weighted average duration of the defined benefit obligation is 11 years (2017 – 13 years). The distribution of the timing of benefit payments is shown in the table below:

For the year ended December 31, 2018

	Within 1 Year	**2 to 5 Years**	**6 to 11 Years**
Expected pension benefit payments	**$ 4,058**	**$ 4,639**	**$ 4,391**

For the year ended December 31, 2017

	Within 1 Year	2 to 5 Years	6 to 13 Years
Expected pension benefit payments	$ 4,003	$ 4,540	$ 4,161

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.

(In thousands of Canadian dollars, unless otherwise indicated)

20. Employee compensation expenses

For the year ended December 31

		2018		2017 (Note 29)
Included in cost of sales:				
Salaries and wages including short term employee benefits	**$**	**34,122**	$	38,060
Pension costs		**5,511**		5,064
Other long term employee and post-employment benefits		**2,912**		2,448
Termination benefits		**965**		482
Included in marketing and sales expenses:				
Salaries and wages including short term employee benefits		**16,356**		16,896
Pension costs		**1,638**		1,748
Other long term employee and post-employment benefits		**665**		375
Termination benefits		**818**		932
Included in administration expenses:				
Salaries and wages including short term employee benefits		**30,654**		31,978
Pension costs		**3,122**		3,524
Other long term employee and post-employment benefits		**1,261**		1,302
Termination benefits		**69**		1,375
Total employee compensation and benefits expenses	**$**	**98,093**	$	104,184

21. Revenue

On January 1, 2018, the Corporation applied IFRS 15 using the modified retrospective method as described in Note 3 and therefore the comparative information for 2017 has not been restated and continues to be reported under the accounting policies disclosed in Note 2.19 of the Corporation's consolidated financial statements for the year ended December 31, 2017. The impact of the implementation of IFRS 15 on the Corporation's consolidated financial statements is disclosed in Note 3.

21.1 Revenue by performance obligation

For the year ended December 31

	2018[1]
Performance obligations satisfied at a point in time	
Sale of goods	**$ 1,248,686**
Rendering of services	**15,230**
Total performance obligations satisfied at a point in time	**$ 1,263,916**
Performance obligations satisfied over time	
Sale of goods	**55,039**
Rendering of services	**101,608**
Total revenue recognized over time	**156,647**
Total revenue	**$ 1,420,563**

1 Current year figures have been presented in accordance with IFRS 15 (Note 3)

(In thousands of Canadian dollars, unless otherwise indicated)

For the year ended December 31

	2017[1]
Revenue from the sale of goods	$ 1,665,873
Revenue from the rendering of services	25,426
Total revenue	$ 1,691,299

[1] Prior year figures have been presented in accordance with IAS 18 (Note 2.19.2 and Note 3), and have been reclassified to move $2.3 million of revenue from the sales of goods related to Refinery services from rendering of services to the sale of goods.

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

For the year ended December 31

	2018	2017[1]
Gross revenue from the sale of goods	**$ 1,657,583**	$ 2,032,395
Less: Customer inventory deals	**(353,858)**	(366,522)
Net revenue from the sale of goods	**$ 1,303,725**	$ 1,665,873

[1] Prior year figures have been reclassified to move $2.3 million of sales of goods related to Refinery services from revenue from the rendering of services to revenue from the sale of goods.

21.2 Disaggregation of Revenue

In the following table, revenue is disaggregated by primary geographical region and business.

For the year ended December 31

Primary Geographic Regions	**2018**	2017
North America	**$ 814,418**	$ 1,051,080
Europe, Middle East & Africa	**431,517**	480,943
Asia & Australia	**135,153**	154,576
Latin America & Caribbean	**39,475**	4,700
Total revenue	**$ 1,420,563**	$ 1,691,299

For the year ended December 31

Business	**2018**	2017
Canadian Circulation	**$ 94,950**	$ 104,128
Foreign Circulation	**94,849**	63,921
Bullion Products and Services	**1,113,624**	1,350,733
Numismatics	**117,140**	172,517
Total revenue	**$ 1,420,563**	$ 1,691,299

21.3 Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to current contracts with customers that have fixed performance obligations that are unsatisfied (or partially unsatisfied) as at December 31, 2018.

For the year ended December 31

	2019	**2020**	**2021**	**Total**
Total revenue	$ 97,394	$ 73,470	$ 71,433	$ 242,297

(In thousands of Canadian dollars, unless otherwise indicated)

22. Depreciation and amortization expenses

For the year ended December 31

		2018		2017
Depreciation of property, plant and equipment	**$**	**14,333**	$	16,796
Amortization of intangible assets		**3,747**		3,448
Total depreciation and amortization expenses	**$**	**18,080**	$	20,244

Depreciation and amortization expenses were allocated to operating expenses as follows:

For the year ended December 31

		2018		2017
Cost of sales	**$**	**10,686**	$	10,413
Marketing and sales expenses		**2,981**		4,068
Administration expenses		**4,413**		5,763
Total depreciation and amortization expenses	**$**	**18,080**	$	20,244

23. Foreign exchange gain (loss)

For the year ended December 31

		2018		2017
Foreign exchange gain (loss), balance sheet revaluation	**$**	**5,667**	$	(2,895)
Foreign exchange (loss) gain, forward contracts		**(2,542)**		409
Foreign exchange gain (loss), other		**576**		(1,825)
Total foreign exchange gain (loss), net	**$**	**3,701**	$	(4,311)

24. Income taxes

The major components of income tax expense were as follows:

For the year ended December 31

		2018		2017
Current income tax expense	**$**	**13,648**	$	10,419
Foreign tax expense		**1,046**		712
Adjustments for prior years		**1,816**		(1,338)
Income tax expense recognized directly in equity (Note 3.1)		**(684)**		–
Total current income tax expense recognized in profit	**$**	**15,826**	$	9,793
Origination and reversal of temporary differences	**$**	**(2,096)**	$	927
Adjustments for prior years		**(2,005)**		(132)
Total deferred income tax (recovery) expense	**$**	**(4,101)**	$	795
Total income tax expense recognized in profit	**$**	**11,725**	$	10,588

(In thousands of Canadian dollars, unless otherwise indicated)

The Corporation's effective income tax expense for the year is different from its expense at its Federal statutory income tax rate of 25% (2017 – 25%) due to the differences noted below:

For the year ended December 31

	2018	2017
Profit before income tax for the year	**$ 46,804**	$ 46,642
Income tax rate	**25%**	25%
Computed income tax expense	**11,701**	11,661
Non-deductible expense	**62**	299
Impact of foreign taxes	**19**	–
Adjustments for prior years	**(75)**	(1,441)
Other net amounts	**18**	69
Income tax expense recognized in profit	**$ 11,725**	$ 10,588

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

For the year ended December 31

	2018			**2017**		
	Before income tax	**Income tax (expense) benefit**	**Net of income tax**	Before income tax	Income tax (expense) benefit	Net of income tax
Net unrealized gains (losses) on cash flow hedges	**$ (10)**	**$ 3**	**$ (7)**	$ 480	$ (120)	$ 360
Net actuarial gains (losses) on defined benefit plan	**1,410**	**(282)**	**1,128**	(459)	115	(344)
Total	**$ 1,400**	**$ (279)**	**$ 1,121**	$ 21	$ (5)	$ 16

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities in 2018 and 2017 are presented below:

As at December 31, 2018

	Opening balance	**Recognized in profit**	**Recognized in OCI**	**Closing balance**
Deferred income tax assets:				
Employee benefits	**$ 3,660**	**$ 486**	**$ (282)**	**$ 3,864**
Trade payables, other payables and accrued liabilities	**2,240**	**2,381**	**–**	**4,621**
Face Value redemptions	**35,650**	**(337)**	**–**	**35,313**
Derivative financial assets	**31**	**452**	**3**	**486**
Deferred income tax liabilities:				
Property, plant and equipment	**(6,729)**	**668**	**–**	**(6,061)**
Intangible assets	**(2,311)**	**482**	**–**	**(1,829)**
Investments tax credits	**(162)**	**(32)**	**–**	**(194)**
IFRS 15 adjustment to opening retained earnings	**–**	**(4)**	**–**	**(4)**
Net deferred income tax asset	**$ 32,379**	**$ 4,096**	**$ (279)**	**$ 36,196**

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2017

	Opening balance	Recognized in profit	Recognized in OCI	Closing balance
Deferred income tax assets:				
Employee benefits	$ 3,241	$ 304	$ 115	$ 3,660
Trade payables, other payables and accrued liabilities	4,252	(2,012)	–	2,240
Face Value redemptions	35,254	396	–	35,650
Derivative financial assets	1,113	(962)	(120)	31
Deferred income tax liabilities:				
Property, plant and equipment	(7,472)	743	–	(6,729)
Intangible assets	(3,001)	690	–	(2,311)
Investment tax credits	(181)	19	–	(162)
Net deferred income tax asset	$ 33,206	$ (822)	$ (5)	$ 32,379

25. Scientific research and experimental development expenses, net

For the year ended December 31

	2018	2017
Scientific research and experimental development expenses	**$ 4,166**	$ 4,660
Scientific research and experimental development investment tax credit	**(778)**	(657)
Scientific research and experimental development expenses, net	**$ 3,388**	$ 4,003

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

26. Supplemental cash flow information

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

For the year ended December 31

	2018	2017[1]
Expenses		
Employee benefits expenses	**$ 14,826**	$ 15,525
Employee benefits paid	**(14,744)**	(14,436)
Inventory write-downs	**1,282**	1,957
Gains (loss) on disposal of assets	**658**	(53)
Provisions[1]	**2,771**	2,741
Prepaid expenses[1]	**1,808**	1,341
Other non-cash expenses, net[1]	**245**	1,206
Revenue		
Foreign circulation revenue	**(3,659)**	–
Bullion service revenue	**(5,019)**	(5,221)
	$ (1,832)	$ 3,060

[1] Prior year figures have been reclassified to conform to the current year presentation. (Note 29)

(In thousands of Canadian dollars, unless otherwise indicated)

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

For the year ended December 31

		2018		2017[1]
Trade receivables, net and other receivables	**$**	**(23,633)**	$	7,743
Inventories		**16,834**		(5,055)
Prepaid expenses[1]		**136**		(1,611)
Trade payables, other payables and accrued liabilities[1]		**(6,886)**		4,527
Deferred revenue		**–**		(2,065)
Contract liabilities		**1,949**		–
	$	**(11,600)**	$	3,539

1 Prior year figures have been reclassified to conform to the current year presentation. (Note 29)

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

For the year ended December 31

		2018		2017
Income tax paid	**$**	**(12,982)**	$	(15,235)
Income tax received		**4,044**		6,033
	$	**(8,938)**	$	(9,202)

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

For the year ended December 31

		2018		2017
Interest received	**$**	**1,361**	$	1,541
Interest paid		**(418)**		(616)
	$	**943**	$	925

27. Related party transactions

Government of Canada

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

(In thousands of Canadian dollars, unless otherwise indicated)

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 (DOF) related to the production, management and delivery of Canadian circulation coins which are governed by the terms outlined in the memorandum of understanding signed on June 13, 2018 which is effective from January 1, 2018 to December 31, 2021.

The transactions with Department of Finance was as follows:

For the year ended December 31

		2018		2017
Revenue from DOF	**$**	**86,734**	$	97,455

As at December 31

		2018		2017
Receivable from DOF (Note 6)	**$**	**443**	$	3,512
Contract liabilities (Note 9)	**$**	**509**	$	–

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

In 2016, the Corporation recorded a $1.6 million penalty which was included in trade payables, other payables and accrued liabilities, the majority of which was due to undercharged sales tax to the Department of Finance for 2013 and 2014. The Canada Revenue Agency had not issued an assessment as of December 31, 2018 and as of December 27, 2018 is now statute barred from assessing tax, interest or penalties for the audit period in question. The Corporation reversed the original penalty accrued and will not bill the Department of Finance for the undercharged sales tax for 2013 and 2014 that had been previously disclosed by the Corporation.

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

		2018		2017
Wages, bonus and short-term benefits	**$**	**2,862**	$	2,850
Post-employment and termination benefits		**727**		1,852
Other long-term benefits		**95**		140
Total compensation	**$**	**3,684**	$	4,842

(In thousands of Canadian dollars, unless otherwise indicated)

28. Commitments, contingencies and guarantees

28.1 Precious metal commitments

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments, as well as precious metal leases. As at December 31, 2018 the Corporation had $16.1 million outstanding precious metal purchase commitments (2017 - $17.6 million).

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

As at December 31

Ounces	**2018**	2017
Gold	**262,843**	73,370
Silver	**5,785,450**	5,892,387
Palladium	**–**	538
Platinum	**18,781**	24,165

The fees for these leases are based on market value. The precious metal lease payments expensed for 2018 was $2.9 million (2017 - $2.7 million). The value of the metals under these leases has not been reflected in the Corporation's consolidated financial statements since the Corporation intends to settle these commitments through receipt or delivery of the underlying metal.

28.2 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As at December 31, 2018, under the guarantees and bid bonds, the maximum potential amount of future payments is $16.1 million (2017 – $11.3 million).

(In thousands of Canadian dollars, unless otherwise indicated)

28.3 Other commitments and contingencies

Total estimated minimum remaining future commitments were as follows:

As at December 31

	2019	2020	2021	2022	2023	2024 and thereafter	Total
Operating leases	$ 3,501	$ 2,331	$ 2,219	$ 1,243	$ 976	$ 3,073	$ 13,343
Other commitments	21,463	2,763	994	11	5	15	25,251
Base metal commitments	13,025	–	–	–	–	–	13,025
Capital commitments	2,155	–	–	–	–	–	2,155
Total	$ 40,144	$ 5,094	$ 3,213	$ 1,254	$ 981	$ 3,088	$ 53,774

The minimum lease payments recognized as an expense for the year ended December 31, 2018 were $2.8 million (2017 – $3.9 million).

Other commitments included firm contracts with suppliers for goods and services, excluding precious metal commitments and operating leases. Operating leases included leased premises and machinery used in our manufacturing process, as well as office equipment.

Base metal commitments are firm fixed-price purchase commitments which 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 has committed as at December 31, 2018 to spend approximately $2.2 million (2017 – $3.3 million) in 2019 on capital projects.

In addition, there are various legal claims against the Corporation. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. A $0.9 million provision for potential legal obligations is included in other provisions (Note 16) as at December 31, 2018 (2017 – $0.9 million). The amount and timing of the settlement of the provision is uncertain.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2017.

(In thousands of Canadian dollars, unless otherwise indicated)

29. Reclassifications

In 2018, the Corporation modified the consolidated statement of financial position and the consolidated statement of cash flows to include the presentation of provisions which more accurately presents its financial position. In addition, the Corporation also modified the consolidated statement of comprehensive income classification for certain amounts between cost of sales, marketing and sales expenses and administration expenses to more appropriately reflect their nature. Comparative amounts in these consolidated financial statements were reclassified for consistency.

The following table shows the combined impact of these reclassifications:

As at December 31

	2017		
Increase (Decrease)	As reported	Reclassifications	As reclassified
Consolidated Statement of Financial Position			
Trade payables, other payables and accrued liabilities:			
Current	$ 60,803	$ (4,868)	$ 55,935
Non-current	1,881	(1,881)	–
Provisions:			
Current	–	4,868	4,868
Non-current	–	1,881	1,881

For the year ended December 31

	2017		
Increase (Decrease)	As reported	Reclassifications	As reclassified
Consolidated Statement of Comprehensive Income			
Cost of sales	1,507,977	25,290	1,533,267
Marketing and sales expenses	70,399	(21,650)	48,749
Administration expenses	68,117	(3,640)	64,477
Consolidated Statement of Cash Flows			
Adjustments to other (revenue) expenses, net	(738)	3,798	3,060
Provisions	–	2,741	2,741
Prepaid expenses	–	1,341	1,341
Other non-cash expenses, net	1,490	(284)	1,206
Net changes in operating assets and liabilities	7,337	(3,798)	3,539
Prepaid expenses	(270)	(1,341)	(1,611)
Trade payables, other payables and accrued liabilities	6,984	(2,457)	4,527

STATISTICS

Table 1 — Canadian circulation coinage

Production up to December 31, 2018

	2018	2017	2016
$2	**26,730,000**	39,595,000	25,669,000
$1	**33,930,000**	30,900,000	38,764,000
25¢	**102,560,000**	143,220,000	106,880,000
10¢	**118,525,000**	219,925,000	220,000,000
5¢	**87,528,000**	126,680,000	140,952,000

Table 2 — Canadian circulation coinage

Commemorative/regular design production in 2016 – 2018

	2018	2017	2016
Two Dollars	**23,730,000**	24,465,000	20,669,000
Two Dollars - 75th Anniversary of the Battle of the Atlantic	**–**	–	5,000,000
Two Dollars - Canada 150: My Canada, My Inspiration – Dance of the Spirits	**–**	10,000,000	–
Two Dollars - 100th Anniversary of the Battle of Vimy Ridge	**–**	5,130,000	–
Two Dollars - 100th Anniversary of Armistice	**3,000,000**	–	–
One Dollar	**33,930,000**	15,750,000	28,764,000
One Dollar - Lucky Loonie	**–**	–	5,000,000
One Dollar - 100th Anniversary of Canadian Women's Right to Vote	**–**	–	5,000,000
One Dollar - Canada 150: My Canada, My Inspiration – Connecting a Nation	**–**	10,000,000	–
One Dollar - 100th Anniversary of the Toronto Maple Leafs®	**–**	5,150,000	–
25 Cent	**102,560,000**	110,720,000	106,880,000
25 Cent - Canada 150: My Canada, My Inspiration – Hope for a Green Future	**–**	20,000,000	–
25 Cent - 125th Anniversary of the Stanley Cup®	**–**	12,500,000	–
10 Cent	**118,525,000**	199,925,000	220,000,000
10 Cent - Canada 150: My Canada, My Inspiration – Wings of Peace	**–**	20,000,000	–
5 Cent	**87,528,000**	106,680,000	140,952,000
5 Cent - Canada 150: My Canada, My Inspiration – Living Traditions	**–**	20,000,000	–

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President and
Chief Executive Officer

Jennifer Camelon
Interim President and CEO
and Chief Financial Officer
& Vice-President of Finance
and Administration

Michel Boucher
Vice-President, Human
Resources

Scott Ingham
Acting Vice-President of
Manufacturing

Pierre Justino
Acting Vice-President,
Marketing

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

Lorne Whitmore
Acting Vice-President, Sales

Bob Zintel
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