ROYAL CANADIAN MINT
MONNAIE ROYALE CANADIENNE

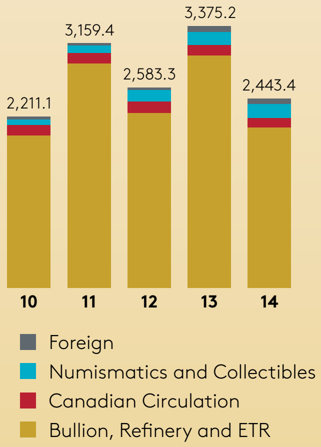
TOMORROW'S MINT

ANNUAL REPORT 2014

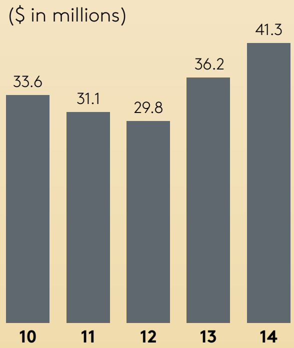
FINANCIAL AND OPERATING HIGHLIGHTS

	2014	2013	% change
Key financial highlights (in millions of dollars)			
Revenues	**2,443.4**	3,375.2	(27.6)
Gross profit	**198.1**	180.0	10.1
Profit before income tax	**56.1**	48.0	16.9
Profit after tax	**41.3**	36.2	14.1
Total assets	**491.1**	458.4	7.1
Shareholder's equity	**333.8**	303.2	10.1
Capital expenditures	**25.4**	48.3	(47.4)
Cash flow from operating activities	**87.9**	45.3	94.0
Pre-tax return on equity	**16.8%**	15.8%	6.3
Long-term loan to equity	**10.3%**	13.8%	(25.4)
Key operating highlights			
Canadian circulation coins produced (in millions of pieces)	**361.2**	435.4	(17.0)
Gold bullion coin sales (in thousands of ounces)	**709.2**	1,140.4	(37.8)
Silver bullion coin sales (in millions of ounces)	**29.2**	28.2	3.5
Total production (millions of pieces)	**1,936.1**	2,059.7	(6.0)
Number of employees (at December 31)	**1,262**	1,255	0.6

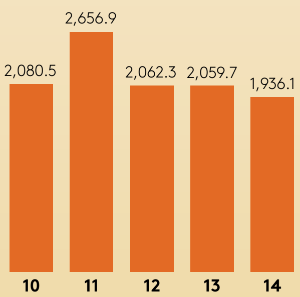
Revenues (segmented)
($ in millions)



Profit after tax
($ in millions)



Total production
(millions of pieces)



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Laser marking has helped make Canada's $1 coin one of the most secure coins in the world.

TOMORROW'S MINT

Leadership in any domain is the culmination of years of effort. Sustaining that leadership demands proactivity, drive, ingenuity and vision

In 2014, the Royal Canadian Mint continued to push the industry forward, once again achieving high profitability, reinforcing its trusted role as manager of Canada's circulation coin system, and strengthening its position as a global minting leader.

Through ongoing diversification, innovation and pursuit of optimization, the Mint has evolved strategically—to thrive in today's competitive economic environment amid a volatile precious metals market and the radical transformations of the digital age; to be agile and responsive to customers' current demands while simultaneously anticipating the market needs and opportunities that will define the years ahead…

to be tomorrow's mint.

2015 $1 Fine Silver Coin – Big Coin Series – Dollar

Part of the Mint's six-coin series of 5-ounce fine silver version of Canada's circulation coins, the one-dollar coin features Canadian wildlife artist Robert-Ralph Carmichael's loon design. This elegant coin features selective gold plating on both the reverse and obverse sides.

Collectors snapped up products with regional market appeal like this fractional Maple Leaf set popular in Germany and the one-ounce gold and silver animal series in the U.S.

1

2

1 and 2 The Mint's contact centre team drove Numismatics and Collectibles sales and delivered on the promise of customer service excellence.

3 The Mint continued to be a leader in allocated bullion storage, drawing on strong relationships with institutional and retail investors. Its new global storage offering—launched in Lima, Peru—allows investors to store their gold, silver and platinum with a trusted Government of Canada entity in different locations around the world.

4 Popular custom bullion issues last year included the silver Birds of Prey series featuring the Bald Eagle and Peregrine Falcon. The series ends in 2015 with the Red-tailed Hawk and Great Horned Owl.

4

3

DIVERSIFICATION DELIVERS

Diversification continued to prove a vital strategy for the Royal Canadian Mint in 2014, with every commercial business line contributing to another successive year of high profitability.

Numismatics and Collectibles achieved all-time-high sales of $177 million by meeting the needs of an ever-evolving and expanded customer base cultivated by our customer acquisition program and customer service teams.

Of the 262 numismatic products we launched, 79 sold out—the most ever — including eight of nine coins in the annual $20 for $20 series, a second flight of Superman™ issues, and a fine silver coin for the 75th anniversary of the Royal Winnipeg Ballet. Popular, fast-selling products like these intensify demand and support a strong secondary market for Royal Canadian Mint coins and collectibles.

Breakthroughs in bullion

The Mint sold a record 29.2 million ounces of Silver Maple Leaf bullion in 2014 and maintained a market-leading position in gold as well, gaining ground in North America and Europe and capitalizing on our increased sales presence and focused strategies in Asia.

In a year of lower precious metal prices and market volatility, we differentiated Royal Canadian Mint bullion with targeted custom offerings and innovative products. Maplegram25™ brought unprecedented

THE WORLD'S MOST DIVERSIFIED MINT

FOUR LINES OF BUSINESS

REVENUE BY BUSINESS LINE

CANADIAN CIRCULATION
123.9 million

NUMISMATICS AND COLLECTIBLES
177.3 million

BULLION, REFINERY AND ETR
2.1 billion

FOREIGN
72.8 million

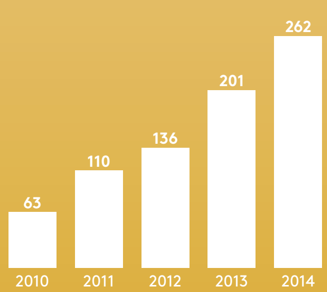
CANADIAN CIRCULATION

Produces and manages the distribution of Canada's circulation coinage and advises the Government of Canada on all matters related to coinage

NUMISMATICS AND COLLECTIBLES

Conceives, designs and produces coins, coin-related collectibles, medals, medallions and tokens by applying the unique art and advanced science of minting

NUMBER OF NUMISMATIC PRODUCTS PRODUCED PER YEAR



FOREIGN

Produces circulation coins, ready-to-strike blanks, numismatic coins, medals, medallions and tokens for customers around the world, and provides training and consulting services

BULLION, REFINERY AND ETR

Produces and markets high-purity gold, silver, platinum and palladium Maple Leaf bullion coins, bars and wafers as well as exchange traded receipts (ETRs) for the investment market, plus gold and silver granules for jewellery and industrial applications

2014	Maplegram25™ launched
	10oz. silver bars launched
2012	Silver ETR launched
2011	Gold ETR launched

1

Sgt Ronald Duchesne, Rideau Hall© Office of the Secretary to the Governor General (2014)

1 For the Order of Canada investiture ceremony at Rideau Hall in November 2014, the Mint rendered in silver the insignia that has been presented to extraordinary Canadians since it was established in 1967. In 2015, the Medals branch will turn its attention to producing the athlete competition medals for the TORONTO 2015 Pan Am and Parapan American Games.

2 and 3 Prior to final assembly, insignia are meticulously finished and precision-engraved with the recipient's name.

4 The Mint honoured the First and Second World War sacrifices of Canadians last year in several ways: launching a First World War microsite to accompany a series of coins on Canadian life in the war years; and issuing this striking *Wait for Me, Daddy* $2 circulation coin based on an historic 1940 photograph of troops marching down 8th Street in New Westminster, British Columbia.

2

3

4

convenience to bullion coin buyers by bundling 25 Gold Maple Leaf coins together in divisible blister packs—and sold out its initial run. Laser-engraved radial lines cemented the Silver Maple Leaf's status as the most secure silver bullion coin in the world. New 10-ounce silver bars and the first of three 99.999% pure gold coin issues featuring Canadian animals rounded out the year's top sellers.

Going forward, we will continue to introduce custom bullion products featuring iconic symbols with broad market appeal. We will also further advance our exchange traded receipts (ETRs) investment.

New markets, new services

The Foreign Business Line strategically targeted markets aligned with the Royal Canadian Mint's unique value proposition of security, technological innovation and environmental sustainability, engaging with customers as far as South America and Asia. Internationally we continued to offer our full-service business and technical support to help countries develop successful coin strategies—for example, providing consulting services to the Casa da Moeda do Brasil as it prepares to launch significant numismatic product programs.

In 2015, we will move ahead with defining and refining a holistic, whole-enterprise sales approach, drawing strategically on the strengths of each business line to seize international opportunities in key markets.

1 The Mint's Bullion DNA reader streamlines authentication of Gold and Silver Maple Leaf coins using secure networking technology.

2 and 3 Winnipeg's high-speed pad printing press mass produces higher resolution and more detailed colour circulation coins that go through a rigorous quality control process.

4 New Zealand was the first international customer to take advantage of the Mint's revolutionary high-speed colour pad printing for this 50¢ commemorative circulation coin. The Mint delivered its first 50¢ coins to New Zealand in 2014, ahead of an official launch in 2015.

INNOVATION DRIVES EXCELLENCE

Innovation is about preparing to seize future opportunities today and tackling challenges while they are still emerging.

The non-cyanide diffused bronze plating technology the Royal Canadian Mint brought to market in 2014 gives mints and central banks around the world access to a safer and more environmentally sound method of plating yellow coins than traditional chemical processes that involve cyanide and chlorine.

The Bullion DNA (digital non-destructive activation) security and unique Bullion DNA reader we unveiled at the 2014 World Money Fair in Berlin will — when pilot testing is complete and the solution fully commercialized — allow bullion dealers to confirm the authenticity of Royal Canadian Mint Gold and Silver Maple Leaf bullion coins in real time by matching coins to encrypted images stored in our secure database.

The high-speed colour pad printing technology we unveiled at the Mint Directors Conference held in Mexico in May 2014 allows for mass production of high-resolution, multi-colour coins, with the potential to take circulation coin design to new, previously unattainable, heights. The Mint Directors Conference provides one of the most important opportunities for the Mint to showcase its innovation on the international stage.

Product packaging innovations like this music box issued with 2014's Royal Winnipeg Ballet anniversary coin boost the desirability of Mint giftables among collectors.

The Mint has eliminated barriers to producing cost-effective, durable, colour circulation coins since the launch of its colour pad printing solution.

1 With virtual imaging, laser marks, DNA technology and more, Canada's $1 and $2 coins remained the world's most secure coins in 2014.

2 and 3 Cellular manufacturing has not only accelerated production on the Mint's Canadian circulation line but also made the plant floor quieter — reducing machine-made noise by at least 20 decibels for improved health and safety.

1

The quest for discovery

Sustaining our ability to commercialize innovations like these, we increased our research and development team and invested $9.6 million in R&D in 2014—12 percent more than the year before. To guide our innovation activities, we laid out a multi-year innovation roadmap and implemented a five-step gated process to evaluate the feasibility and commercial scalability of new technologies.

Putting innovation to the test

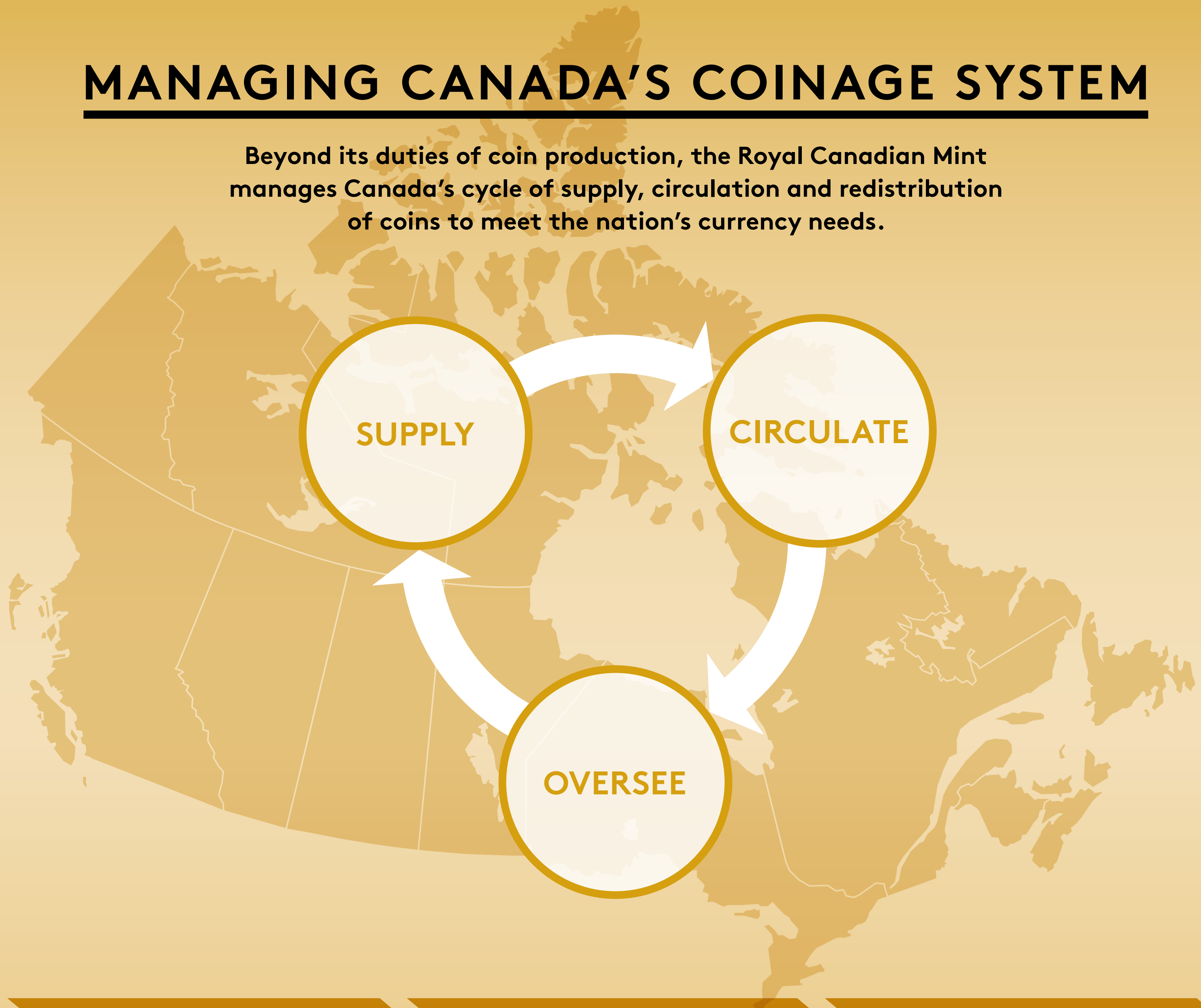
A new automated plating line in the Hieu C. Truong Centre of Excellence allows us to shorten the development cycle for new plating processes and material characteristics without interrupting production flows. A pilot line is also available to scale-up the development—identifying enhancements for implementation in customers' real-world production facilities. With an eye on cost-effective production processes, automation will be one of the focuses for R&D going forward: seeking opportunities to automate processes to enhance quality, efficiency and employee well-being.

2


3

MANAGING CANADA'S COINAGE SYSTEM

Beyond its duties of coin production, the Royal Canadian Mint manages Canada's cycle of supply, circulation and redistribution of coins to meet the nation's currency needs.



SUPPLY

FORECAST

Combining high- and low-level inputs, the Mint generates a long-term, national forecast based on historical transaction data and macroeconomic factors once a year; a regional current-year forecast based on monthly reviews of the six- to 12-month horizon and real-time market activity; and a monthly outlook based on week-by-week reviews of the next month's horizon and immediate currency needs.

PRODUCE

Some 4.5 to 5 billion coins a year are needed to meet Canada's trade and commerce requirements. The Mint maintains that supply through efficient recirculation of existing coins and deposits of recycled coins back into the system—and produces new coins to meet demand.

CIRCULATE

DISTRIBUTE

We leverage strong relationships with financial institutions to ensure the efficient distribution of Canadian coins to meet the country's needs for trade and commerce.

RECIRCULATE

We minimize production volatility by recycling and redistributing existing coins, drawing on our partnerships with major recycling companies. Our Alloy Recovery Program maintains system integrity by removing damaged coins and foreign contaminants, ensuring vending machine consistency and providing revenues to support other Mint operations.

OVERSEE

MONITOR

The Mint employs an interactive Plan—Do—Check—Act management method to oversee Canada's complex coin system, incorporating best practices in forecasting, transportation network optimization and sampling.

IMPROVE

At the heart of this successful model is close collaboration with financial institutions and other key coin industry stakeholders.

1 Press operators individually strike coins in a clean-room environment.

2 The web sales team was a powerful contributor to the Mint's overall performance in 2014. A component to this success was the web optimization of mint.ca to give customers a better mobile experience.

3 The Mint has reclaimed more than five billion pennies in the two years since Canada retired its one-cent coin.

4 2014 was the first year that numismatic quality (proof) was achieved on circulation blanks in Winnipeg. The introduction of a new press in 2015 will enhance proof quality production at the Mint's Winnipeg plant, and with a planned full range of production and distribution functions, logistics and transfers with Ottawa will be minimized.

OPTIMIZING OPERATIONS END TO END

Sustaining a diversified business demands exceptional capacity, efficiency and flexibility. Our efforts to optimize Royal Canadian Mint operations in 2014 contributed directly to the bottom line: we produced our highest-ever volumes of numismatic products and silver bullion coins, and achieved record profits.

The modular, conveyor-based cellular manufacturing process we adopted in Winnipeg streamlines coin production into a single workflow that eliminates hold times on work in process as well as the logistics cost of forklifting associated with traditional manufacturing configurations. It also allows for real-time adjustments when deficiencies occur and provides better ergonomics and noise abatement for employees.

Dexterity on the plant floor

To promote production team flexibility in Ottawa, last year we cross-trained 94 operators so they could switch between numismatic and bullion-related functions in line with shifts in demand. We also established a cross-functional troubleshooting team to identify opportunities for better performance across our manufacturing operations—to increase efficiency, boost yields and minimize reject rates.

Many channels, one experience

To enhance the customer experience, we took further steps to evolve to an omni-channel sales approach that will allow customers to switch seamlessly between communication modes as they connect with us. Our website, mint.ca, was once again a powerful sales engine in 2014, contributing $58 million to the year's overall Numismatics and Collectibles sales. As a step in the omni-channel evolution, we completed smartphone optimization of mint.ca in 2014.

A platform for growth

Last year, we operationalized an upgraded enterprise resource planning (ERP) system with 3,000 new features, giving us the speed, agility and scalability to optimize every part of our business. This will provide a platform to support higher-volume coin production—which, as an example, may be required for activities associated with Canada's 150th anniversary celebrations in 2017.

The Mint acquired three additional Sack & Kiesselbach coining presses to prepare for growth and meet production requirements ahead of Canada's 150th anniversary celebrations in 2017. One of these includes an automatic feeding system that will bring greater efficiency and quality to numismatic production while mitigating the risk of repetitive strain injuries.

THE PILLARS OF SUSTAINABILITY

The Mint's corporate social responsibility framework stands on five pillars — representing the full scope of the Corporation's commitments and obligations as a global company.

ENVIRONMENTAL STEWARDSHIP

To minimize and manage the environmental impact of its operations in 2014, the Royal Canadian Mint:

- Continued its domestic program of coin recycling, minimizing the volume of new coinage minted to meet the needs of Canadian trade and commerce
- Managed wastewater through five wastewater systems (two in Ottawa, three in Winnipeg), using chemical and physical treatments to remove acids and neutralize heavy metals, with monitoring to ensure contaminant levels remain below applicable requirements
- Evaluated the environmental impact of the Ottawa Refinery processing higher concentrations of deleterious metals in incoming materials
- Introduced an Environmental Management System supported by tools for measurement control and impact assessment to be overseen by the Mint's Environmental Management Committee
- Maximized the use of physical information technology (IT) assets through extensive virtualization, reducing power consumption and physical footprint
- Ensured secure, environmentally friendly disposal and destruction of obsolete IT equipment

EMPLOYEES

To ensure the Mint is a safe and healthy place to work, the organization:

- Rolled out staff health and safety training on topics including working alone, ergonomics, confined space assessments and maintaining a respectful workplace
- Initiated collaboration across functions to engineer more ergonomic work stations to limit repetitive strain injuries
- Extended its health and safety registry to Winnipeg for tracking incidents through to resolution
- Developed specifications for an occupational health module to be added to the Mint's HR management system to improve tracking and help identify prevention initiatives and safety
- Reviewed chemical emergency procedures in Ottawa and planned emergency training, auditing and inspections for 2015
- Enhanced our medical surveillance program to ensure employees are not overexposed to chemicals, with a hygienist in both Ottawa and Winnipeg to monitor chemical and noise exposure
- Invited participation in a new Run-Walk-Bike initiative with the goal of employees, friends and family collectively covering the distance from Ottawa to Winnipeg (achieved in week 1, with the circumference of the world covered by the end of the challenge)

SUPPLY CHAIN

The Mint continued to execute its London Bullion Market Association (LBMA)-certified Responsible Metals Program, designed to identify the sources of all gold-bearing materials processed by the Mint's refinery, and assess and respond to potential risks in the gold supply chain in accordance with the LBMA's Responsible Gold Guidance standards. Activities in 2014 included:

- Briefing Executive Committee and Board of Directors on program initiatives and 2014 LBMA Responsible Gold Guidance audit findings
- Updating responsible metals program policy and procedural guidelines, instructions and related tools
- Engaging directly with refinery customers

COMMUNITY

In support of its local community and communities abroad, the Mint:

- Raised over $34,000 for the Children's Wish Foundation through its annual Exile Island challenge, with both Ottawa and Winnipeg locations earning number-one fundraiser status in their respective cities and attracting 200 Mint employees to sign up
- Donated 50 used personal computers to an African school for girls

CUSTOMERS AND PRODUCTS

For the health, safety, environmental impact and social well-being of customers, the Mint:

- Launched non-cyanide diffused bronze (SM&RT Bronze) as a low-impact alternative for manufacturing yellow coins
- Advised the Eastern Caribbean Central Bank on the recovery, reuse and responsible disposal of legacy coin, modelling on the Mint's penny redemption experience

MESSAGE FROM THE PRESIDENT AND CEO

I was honoured to be appointed President and CEO of the Royal Canadian Mint in February 2015. This is a unique and special organization: a vital contributor to Canadian trade and commerce; a driver of innovation in an evolving industry; a successful competitor in the dynamic global marketplace.

Our continued success means growing selectively and strategically, with a diversified business. It means bringing continuous innovation to products, processes and technologies. It means seeking optimization—being the leanest, most efficient organization possible to maintain profitability while keeping pace with change and seizing new opportunities. And in doing all of this, we will always remain focused on our customers.

The Mint's efforts in 2014 produced strong results: among our highest profits ever, in a year of reduced revenue; record sales in bullion Silver Maple Leaf and numismatics enabled by exceptional customer service, solid dealer relationships and effective channels; and investments in R&D yielding first-of-their-kind innovations such as Bullion DNA and non-cyanide diffused bronze.

I am especially pleased at our results in a year of senior leadership transition with the retirements of President and CEO Ian E. Bennett, Chief Operating Officer Beverley Lepine, Vice-President of Legal and Corporate Affairs Marguerite Nadeau, Q.C. and Board Chairman James B. Love, Q.C. Each of these dedicated individuals has left an imprint on our organization. I am pleased to report that an equally dedicated and passionate team has taken up their collective mantle.

The successes we have achieved and those still ahead for us are due to the calibre of our people. In getting to know this Corporation, I have been struck again and again by the dedication of the people who work here. In 2014, we recognized the opportunity to further strengthen our team—creating an employee engagement strategy to promote internal alignment and holding our first annual leadership symposium in February 2015.

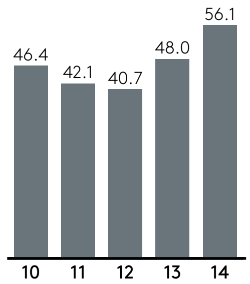
It is no small challenge for a Corporation to meet diverse needs across four clearly distinct business lines. Already I have been impressed by the breadth of our customers and their varied interests, and am grateful for their loyalty. I look forward to strengthening these relationships in the future.

In the year ahead, I know our teams are excited about the Mint's participation in celebrations of Canada's 150th anniversary in 2017—and about engaging with Canadians through a public coin design competition around that event.

Our organization has been successful at understanding and developing markets, generating and applying innovative technologies, and focusing on operational excellence. These are the foundations we will build on as we continue in our role as a leading Canadian institution and contributor to the life of the country.

Sandra L. Hanington
President and CEO

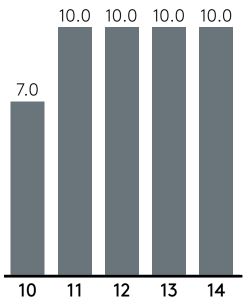
Profit before income tax at the Mint
(in millions of dollars)



MESSAGE FROM THE CHAIR

Dividends paid/declared

(in millions of dollars)



It has been a pleasure to serve as Chair of the Board of the Royal Canadian Mint on an interim basis in 2014. In recognizing our legacy of innovative governance, it was my goal to see that we continued to excel in our core competencies while supporting and furthering the competitive necessity of product innovation.

Focusing on its differentiators of quality, expertise and value-added services, the Mint once again stood out as an innovation leader and savvy global business in 2014. Its strong, stable performance is in part the product of a disciplined governance approach. Acting on the findings of a Special Examination by the Auditor General of Canada, we made progress to strengthen our governance framework, in particular, augmenting our focus to ensure we have a sound Enterprise Risk Management framework and policy.

2014 also saw the culmination of two years of careful groundwork in the planning and execution of a series of senior leadership transitions. Throughout, the Mint was committed to ensuring that the anticipated succession planning would not be disruptive to the business and its customers. Now complete, I am confident the organization is poised for even more success in the years ahead.

Strong governance goes hand-in-hand with strong leadership, so I must first thank James B. Love, for his service and contributions during his five years as Board Chair. I also want to thank all members of the Mint executive team for their dedication and in particular, Marc Brûlé for his strong leadership as Interim President and CEO.

I am grateful to all members of the Board and executive who brought sharp strategic focus to what was a highly productive strategic planning session last year, working closely together to set the course for continued, selective growth.

Going forward, the Board will maintain the Mint's focus on business growth and operational efficiency and on supporting the innovations at the R&D Centre of Excellence that play a material role in the Corporation's future; and on continuing to carry out its core mandate of expertly managing Canada's circulation coin system.

I look forward to continuing to be a part of tomorrow's mint—Canada's Mint— and to what we will achieve in the year to come.

Susan Dujmovic, FICB, ICD.D
Interim Chair

CORPORATE GOVERNANCE

2014 $5 Fine Silver Coin Alice Munro

The Mint proudly celebrated this Nobel Prize®-winning author with a unique silver coin with micro-text engraving that honours Munro's literary contribution—both at home and worldwide. As the recipient of the 2013 Nobel Prize® in Literature, Munro holds the added distinction of being the first Canadian woman to win this remarkable accolade.

The Royal Canadian Mint is committed to maintaining a strong governance framework that allows it to continue its leadership in the global minting industry, maintain and promote its corporate values, and safeguard its long-term viability as a federal Crown corporation. This section of our annual report presents information about our Board of Directors and its committees.

Legislative authority and mandate

The Mint was incorporated in 1969 under the *Royal Canadian Mint Act* and is accountable to Parliament through the Minister of Finance. The legislative framework governing the Mint consists primarily of the *Royal Canadian Mint Act* and Part X of the *Financial Administration Act*, which sets out the control and accountability regime for Crown corporations. The Mint is also subject to other legislation and regulations, including the *Access to Information Act*, the *Privacy Act* and the *Official Languages Act*.

The *Royal Canadian Mint Act* prescribes the general objective for the Mint and specifies the governance structure and approval process for circulation and non-circulation coins. The Mint's *raison d'être* is to produce and distribute Canadian circulation coins and to provide advice on all matters related to coinage to the Minister of Finance. With a mandate to operate for profit, the Mint is one of three government institutions under Schedule III-II of the *Financial Administration Act* that are self sustaining and do not receive funding from the federal government for their operations. As a fully commercial Crown corporation, the Mint generates commercial revenue by offering a wide range of specialized coin products and related services both nationally and internationally.

In December 2014, following an announcement in its *Economic Action Plan 2014*, the Government of Canada amended the *Royal Canadian Mint Act* to specify the Mint shall not anticipate a profit for goods and services provided to the Government of Canada, particularly as related to circulation coins. The Mint is working with Finance Canada to implement this change to its mandate and ensure it produces Canadian circulation coinage in the most cost-effective way.

Role and composition of the Board of Directors

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

The Board holds management accountable for the Mint's business performance and achievement of its objectives. To fulfill its responsibilities, the Board establishes and approves the Mint's strategic direction through a five-year business plan, and reviews and approves major strategies and initiatives. It exercises due diligence by assessing risks and opportunities, monitoring financial corporate performance, ensuring the integrity of financial results, and providing timely reports to the Government of Canada.

The Board consists of nine to 11 directors including the Chair and the President and Chief Executive Officer (CEO). Directors are appointed from different regions across Canada. They must have competencies that complement the current Board membership and are relevant to the Mint's unique business environment and activities.

Directors are subject to the *Conflict of Interest Act* and also adhere to the Mint's internal Code of Conduct and Conflict of Interest Policy. Each year, directors are required to affirm understanding of their obligations and declare any possible conflicts of interest.

Both the Chair and President and CEO are appointed by the Governor in Council for a term considered appropriate by the Governor in Council. All other directors are appointed by the Minister of Finance with the approval of the Governor in Council for terms of up to four years. Directors' appointments may be renewed and, unlike the Chair and President and CEO, those whose terms have expired remain on the Board until they are replaced. In 2014, the term of one director was renewed. There are currently two vacancies on the Board.

In April 2014, James B. Love completed his term as Chair; Susan Dujmovic then led the Board as Interim Chair until a successor was named in February 2015. The new Chair of the Board, Carman Joynt, was first appointed as a director in November 2007.

February 2015 also saw the Mint welcome Sandra L. Hanington as its new President and CEO—an experienced senior executive with a strong background in the financial industry, strategic operations and corporate governance. Following the retirement of the former President and CEO, Ian E. Bennett, in June 2014, Marc Brûlé, Chief Financial Officer and Chief Emerging Payments Officer, led the Mint's activities as Interim President and CEO until a successor could be named.

Profiles of the members of the Board of Directors and the Mint's senior officers are available online.

Independence of the Board of Directors

With the exception of the President and CEO, all directors are independent of the Mint's senior management. At each regular meeting, the Board holds an *in camera* session with the President and CEO as well as a separate *in camera* session without.

The Audit Committee meets *in camera* with the Mint's external and internal auditors. The President and CEO attend the Committee meetings only as observers. In addition, the Board and its committees may hire independent advisors as necessary to discharge their powers and responsibilities.

Education and evaluation of the Board of Directors

New directors are oriented to the Mint and its businesses through comprehensive briefings by senior management as well as tours of the Ottawa and Winnipeg facilities (including in-depth presentations on the facilities' operations). Regular updates on the Mint's activities are also provided at Board meetings. Given the Mint's unique business and the importance of having its directors fully understand the global competitive environment in which it operates, directors attend select industry-related trade shows and conferences in Canada and abroad. Board members are also encouraged to participate in ongoing professional development activities.

The Board and its committees conduct periodic performance self-evaluations. In 2014, the Board decided to conduct these evaluations on a two- to three-year rotation, but an evaluation can be triggered sooner at the request of a director or if a serious issue emerges. The results from written questionnaires, which rely on qualitative responses to identify issues and improvements, are discussed at committee and/or Board meetings. The Chair provides feedback on the Board's self-evaluation to management; a high-level summary of the discussions is shared with the Minister of Finance.

Ethical conduct and corporate values

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

The Mint's corporate values of *honesty*, *respect*, *pride* and *passion* were defined through a series of employee focus groups. These values support the Corporation's broader vision "to be the best Mint in the world." An initiative is currently underway to communicate the Mint's redefined values and desired behaviours to all levels of the organization.

Outreach activities and stakeholder communications

The Mint uses a variety of methods to promote transparency, accountability and accessibility; to communicate its mandate, vision and activities; to solicit feedback from citizens and stakeholders; and to engage stakeholders in the decisionmaking process.

The Corporation held its fifth annual public meeting last November, which was delivered via webcast to reach out to a broad range of stakeholders and coin collectors. The annual public meeting provides an opportunity for the general public to learn more about the Mint's activities.

Also publicly available are the Mint's annual report, which contains consolidated financial statements that have been audited by the Mint's external auditor, and corporate plan summary, which outlines the Mint's objectives and strategic priorities. These documents (and others) are accessible through the Mint's website.

Board remuneration and reimbursement of expenses

Both the Chair of the Board and the President and CEO are compensated in accordance with the terms of the Order-in-Council appointing them. The President and CEO receives an annual salary; the Chair of the Board and the individual directors each receive an annual retainer and *per diem* fee. As a Group 5 Crown corporation, the annual retainer range is between $10,500 and $12,400 for the Chair and between $5,300 and $6,200 for directors. The directors and the Chair are paid the same *per diem*, which ranges from $410 to $485 for meetings, travel time and special executive, analytical or representational responsibilities, such as attendance at Mint-related events. Directors receive only one meeting fee for each 24-hour day, even if they attend more than one meeting during that period. In 2014, the total remuneration paid to the directors was $167,620, excluding the President and CEO.

The Mint reimburses directors for travel and other reasonable out-of-pocket expenses incurred while attending meetings or carrying out the business of the Mint. Expenses for all directors and officers are reviewed by the Chief Financial Officer. The Chair of the Board approves the expenses of the CEO and all directors, while the Chair of the Audit Committee approves the expenses of the Chair of the Board. The Mint's internal auditor conducts a review of a sample of the travel and hospitality expenses incurred by the Board, the President and CEO and officers, reporting the results to the Audit Committee.

Board and committee meetings

The Mint's vice-presidents are invited to attend all Board meetings; their doing so contributes to a more effective relationship between management and the Board by fostering a shared understanding of the Mint's activities and improving the decisionmaking process. Other members of the Mint's management team also attend the regular Board meetings (as well as the Board's strategic and corporate planning sessions) on an as-needed basis and for succession planning purposes.

Meetings are usually held in Ottawa but may also be held outside the National Capital Region, with the Board typically meeting in Winnipeg once a year. To promote interaction between the Board and Mint employees, events or meetings with employees are organized, where possible, at both the Ottawa and Winnipeg facilities.

In 2014, the Board met 12 times and the individual standing committees of the Board met a combined 13 times. Over the course of the year, the Board of Directors oversaw management's implementation of initiatives and major capital projects undertaken by the Mint, approved the Mint's five-year corporate plan and the publication of its quarterly financial information, provided oversight of the Mint's human resources initiatives, approved the mandate for the negotiations with the Mint's three unions, and hired a new Chief Financial Officer. The Board also monitored the divestiture process of MintChip™ assets, and struck a special *ad hoc* committee to work with the federal government to search for and recruit a new CEO.

The Mint's external auditor (the Office of the Auditor General of Canada) conducts a special examination of the Mint at least once every 10 years. Following its examination in 2014, it concluded that the Mint has many elements of a good governance framework that meets the expectations of best practices in Board stewardship, shareholder relations and public communications. The report concluded that there were no significant deficiencies in the Mint's systems and practices that were selected for the examination. The Mint has undertaken a plan of action to address the areas, such as cost allocations and travel and hospitality activities, that require further development or improvement.

Committee mandate and membership

Three standing committees assist the Board in discharging its responsibilities: the Audit Committee, the Governance and Nominating Committee, and the Human Resources and Workplace Health and Safety Committee. When required to examine particular issues of interest, the Board establishes special *ad hoc* committees that are dissolved once they have fulfilled their mandate. The committees are governed by Board-approved terms of reference or charters.

- The Audit Committee oversees the Mint's financial reporting and internal control systems, audit process, and risk management framework. It assesses the Mint's financial performance against its corporate plan and provides oversight for significant capital projects. All members of the Audit Committee are independent of management and are financially literate, with two members having a professional accounting designation. The Director of Internal Audit reports directly to the Audit Committee and administratively to the President and CEO. The Audit Committee was chaired by Susan Dujmovic until May 2014, at which time its meetings were presided by Carman Joynt in his capacity as Vice-Chair.

- Focusing on corporate governance, the Governance and Nominating Committee assesses the elements that facilitate Board effectiveness—for example, the evaluation process for the Board and other committees, the regular review of corporate policies and other documents, and other matters related to the Mint's compliance with the *Privacy Act*. It also helps determine the composition and structure of the Board and recommends candidates for Board membership. In 2014, the Governance and Nominating Committee was chaired by Kirk MacRae.

- The Human Resources and Workplace Health and Safety Committee advises the Board on human resources policies and practices, including issues pertaining to recruitment, development, retention, compensation and labour relations. It sets the President and CEO's annual performance objectives—and evaluates his/her performance against those objectives. It also oversees the Mint's occupational health and safety policies, programs, practices and performance. The Human Resources and Workplace Health and Safety Committee was chaired by Ghislain Harvey until November 25, 2014, at which time Guy Dancosse was appointed as its new Chair.

The Chair of the Board is an *ex officio* voting member on all committees; the CEO is also an *ex officio* voting member of all standing committees with the exception of the Audit Committee, which he/she attends as an observer. All members of the Board serve on at least one committee.

Corporate committees and employee communications

To enhance employee communications and foster greater understanding about the Mint's business, annual employee meetings are held each spring to review the Mint's performance during the previous year, celebrate achievements and recognize employees' contributions to the Mint's success. Each fall, town hall meetings are held in Ottawa and Winnipeg to update employees on the current year's performance. Regular meetings are also held with managers to improve corporate communications and promote employee engagement. A structured system of cascading corporate information from the director and manager levels helps to effectively disseminate information to all employees.

Summary of 2014 Board remuneration, attendance and expenses

The Chair of the Board and directors are paid an annual retainer and *per diem* set by the Governor in Council pursuant to the *Financial Administration Act*. They are reimbursed for all reasonable out-of-pocket expenses including travel, accommodation and meals while performing their duties related to the Mint. For 2014, the expenses were posted quarterly on the Mint's website.

The frequency of meetings in 2014 for the Board and its standing committees are as follows:

- Board of Directors: 12
- Audit Committee: 5
- Governance and Nominating Committee: 3
- Human Resources and Workplace Health and Safety Committee: 5

Director	Total remuneration (annual retainer / per diem)	Board meeting attendance[5]	Committee meeting attendance[5]	Board travel and related expenses[6]
James B. Love[1]	$11,317	4/4	4/4	$6,188
Ian E. Bennett[2]	n/a	5/5	5/5	
John Bell	$17,113	12/12	8/8	$18,208
Claude Bennett	$12,748	7/12	4/8	$12,410
Marc Brûlé[3]	n/a	7/7	8/8	
Guy Dancosse	$23,903	12/12	5/5	$16,503
Susan Dujmovic[4]	$15,900	11/12	11/11	$22,327
Ghislain Harvey	$24,388	12/12	5/5	$24,840
Carman Joynt	$20,993	12/12	10/10	$22,400
Kirk MacRae	$23,175	11/12	3/3	$20,708
Bonnie Staples-Lyon	$18,083	11/12	9/10	$16,132
Total	$167,620			$159,716

Notes:

(1) Term ended on April 22, 2014.

(2) Term ended on June 11, 2014; Ian E. Bennett's business travel and hospitality expenses totalled $30,053, including all domestic and international travel.

(3) Appointed Interim President and CEO on June 12, 2014; Marc Brûlé's business travel and hospitality expenses as Interim CEO totalled $53,698, including all domestic and international travel.

(4) Acted as Interim Chair starting in April 2014.

(5) The number of meetings attended compared to the maximum the member could have attended.

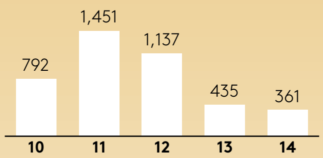
(6) The Board's travel and related expenses include expenses related to coin launches, trade shows, training and development, and meetings with management and other officials.

OUR BUSINESSES

The Mint's core mandate is to produce and manage the distribution of Canada's circulation coinage and to provide advice to the Government of Canada on all matters related to coinage. We operate as four business lines. Three are managed in anticipation of profit while the Canadian Circulation business is managed to ensure a cost-effective supply of coins for Canadians.

Canadian Circulation

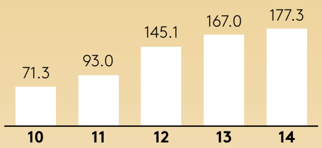
Canadian Circulation coin production
(millions of pieces)



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

Numismatics and Collectibles

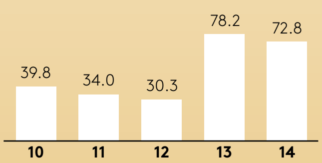
Numismatics and Collectibles revenues
($ in millions)



The Mint merges the art and science of minting to create coins and medals of extraordinary beauty and impeccable craftsmanship. Innovative product development along with imaginative sales and marketing has doubled sales in just three years.

Foreign

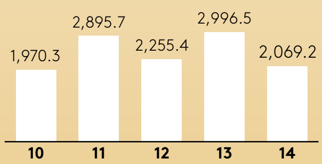
Foreign revenue
($ in millions)



The Foreign Business Line manages the Mint's global relationships, opens new markets for the Mint's products and offers services covering all facets of circulation and numismatic coin design, production, innovation and management.

Bullion, Refinery and ETR

Bullion, Refinery and ETR revenue
($ in millions)



We have a diversified business that is among the leaders in the global market for the physical asset as well as exchange-traded receipts (ETRs) while leveraging our reputation for security by offering precious metal storage. Our refinery is an important vertical integration capability and source of revenue.

PERFORMANCE

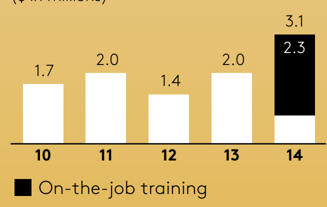
In 2014, the Mint achieved the second highest profit in its history, $41.3 million. This made it possible for the Mint to pay the Government of Canada a dividend of $10 million for the 4th consecutive year. It is a quality of performance that reflects the Mint's vision to be the best mint in the world, a corporate philosophy that is supported by four major strategic objectives.

PEOPLE

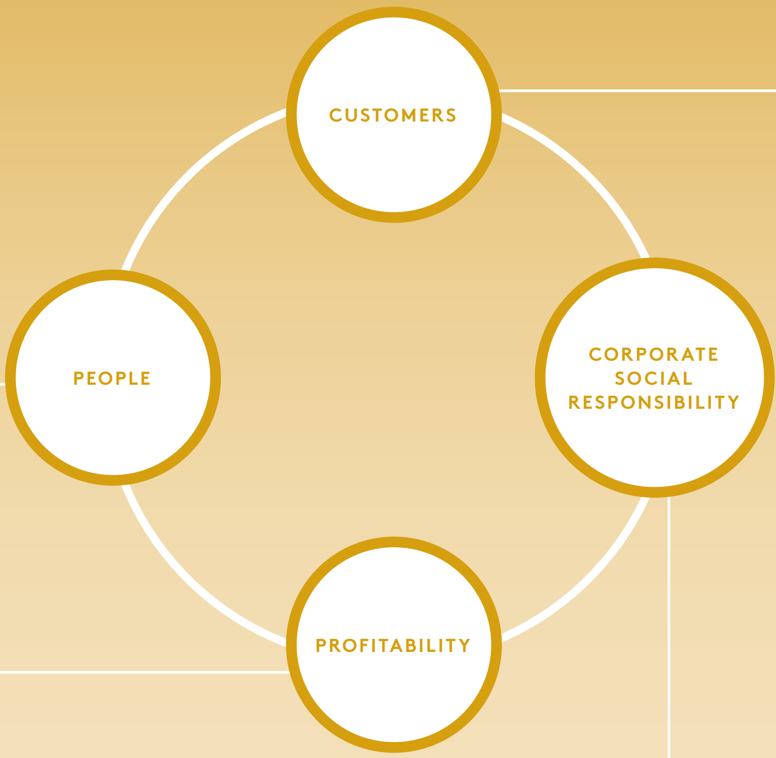
Goal: To enhance employee satisfaction, engagement and well-being. Our employees are our most valuable assets and their pride and satisfaction in their employment at the Mint ensures our long-term success.

2014 Performance
Informed by the results of an employee satisfaction survey in 2013, during 2014 the Mint developed comprehensive action plans aimed at enhancing the leadership capabilities of our managers and supervisors and promoting employee engagement and well-being across the corporation.

Spending on training
($ in millions)



2015 Initiatives
Phase B of the dedicated Human Resources Management Information System will be implemented, providing our leaders with a wealth of information on labour relations, health and safety, wellness, competencies and performance management. All HR programs will be aligned with the corporate values developed in 2013.

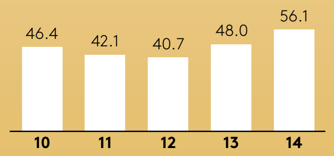


PROFITABILITY

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

2014 Performance
Profit before income taxes increased 16.9% to $56.1 million from $48.0 million in 2013. Profit after tax increased 14.1% to $41.3 million from $36.2 million in 2013.

Profit before income taxes
($ in millions)



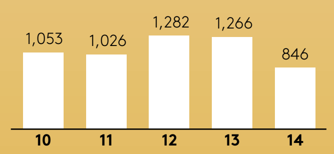
2015 Initiatives
The completion of several major IT and manufacturing projects during 2014 and 2015 will enhance the Mint's productivity while award-winning innovations in design and security will continue to sustain growth in Numismatics and Collectibles and foreign sales as well as market share in bullion.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

2014 Performance
The Mint selected the Children's Wish Foundation as the corporate charity of choice while continuing to support 140 non-profit organizations. Progress was made on the CSR strategy with the establishment of a governance structure and framework.

Coins recycled
(millions of pieces)



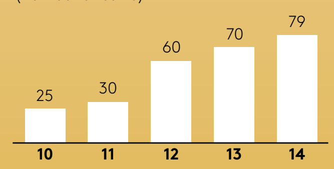
2015 Initiatives
The development of the CSR strategy will continue with the establishment of benchmarks, key performance indicators (KPIs) and a scorecard to monitor consolidated CSR performance. Among specific initiatives to be pursued are the responsible sourcing of precious metals and the commercialization of non-cyanide brass and bronze coins.

CUSTOMERS

Goal: To meet or exceed customers' expectations for quality, service and value. This objective clearly identifies the importance that we place on our customers and their satisfaction with our products and services.

2014 Performance
The unveiling of major industry-leading advancements across our business lines generated excitement among retail, corporate and government customers. Our focus on constant improvements in the shopping experience at mint.ca caused web sales to jump by 10.6%.

Numismatic sellouts
(number of coins)



2015 Initiatives
The Mint is renowned for innovation, but 2015 will see the commercialization of products that could prove critical to elevating the Mint's already enviable position as a global leader, including Bullion DNA, non cyanide bronze coins and richly coloured circulation coins produced through high speed printing.

MANAGEMENT DISCUSSION AND ANALYSIS

2014 $250 Fine Silver Coin In The Eyes of the Snowy Owl

The reverse design features a close-up of the snowy owl's facial features, its bright enamelled yellow eyes standing in stark contrast to its plumage. This is the first in a three-coin annual series celebrating the striking eyes of Canadian wildlife.

International Financial Reporting Standards (IFRS)

As a publicly accountable enterprise, the Royal Canadian Mint follows IFRS according to the requirements of the Canadian Accounting Standards Board.

Mandate

The Mint's mandate is to produce circulation and non-circulation coins for Canada and other countries, manage the domestic coinage system and provide advice to the Government of Canada on all matters related to coinage. It also extends to the production and marketing of bullion and related refinery products and services. Under the *Royal Canadian Mint Act* (*RCM Act*), which establishes the Mint, the corporation is to conduct its businesses in anticipation of profit. The *RCM Act* was amended in December 2014 to eliminate the anticipation of profit by the Mint with respect to the provision of goods and services to the Government of Canada, including the minting of circulation coins.

Vision

To be the best mint in the world.

Major strategic objectives

The Mint has established four major strategic objectives against which the performance of the corporation is measured:

- To generate a commercial return on capital employed and invest in people, research and development, and equipment necessary to ensure the long-term profitability of the Mint;
- To meet or exceed customer's expectations for quality, service and value;
- To enhance employee satisfaction, engagement and well-being;
- To apply best practices in corporate social responsibility.

These four major strategic objectives focus the Mint's efforts on delivering value to customers, employees, the Government of Canada and Canadians while generating a profit. The Mint has also developed three supporting objectives: the establishment of the Mint as the global leader in coinage solutions, increased penetration in domestic and global numismatic markets and the development of products that expand its precious metals business.

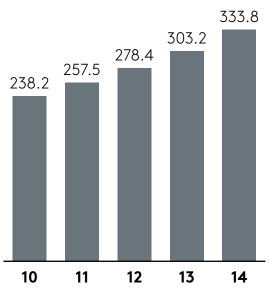
Capabilities to deliver performance

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

- Global leadership in the art and science of minting. The Mint's position as a leader in the minting industry is consistently recognized with international awards during prestigious annual programs such as those run by Krause Publications and the International Association of Currency Affairs.
- A manufacturing facility in Ottawa, where it produces the finest handcrafted collector and bullion coins and products, and a high-tech high-volume manufacturing, plating and coining facility in Winnipeg that produces alloy and multi-ply plated steel circulation coins and blanks for Canada and other countries around the world;
- A sophisticated coin distribution network and inventory management system that ensures efficient trade and commerce across the country;
- A vertically integrated bullion operation from refining and assaying to blanking and minting as well as the ability to produce precious metal grain, wafers, bars and coins in a variety of sizes and of the highest purity. The Mint also provides secure storage for private individuals, institutions, precious metal producers and holders of its Gold and Silver Exchange Traded Receipts;
- An engaged workforce that shares in the Mint's profits through incentive-based compensation introduced within collective agreements;
- A robust research and development program, including the high-tech sophisticated testing and training Hieu C. Truong Centre of Excellence for Research & Development in Winnipeg, ensures the Mint remains at the leading edge of minting technology, solutions and products;

- Continued capital investment in equipment and processes consistent with the Corporation's vision to be the best mint in the world balanced by a sound return on investment;
- Best-in-class security processes and practices to protect its premises, employees and information.

Shareholder's equity
($ in millions)



Performance indicators

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

Consolidated results and financial performance

(in $ millions)	**2014**	2013	$ change	% change
Revenues	**2,443.4**	3,375.2	(931.8)	(27.6)
Profit before income tax	**56.1**	48.0	8.1	16.9
Profit after tax	**41.3**	36.2	5.1	14.1
Total assets	**491.1**	458.4	32.7	7.1
Working capital	**139.7**	114.9	24.8	21.6
Pre-tax return on equity	**16.8%**	15.8%	–	6.3
Pre-tax return on assets	**11.4%**	10.5%	–	8.6

Consolidated financial performance

The Mint achieved the second highest profit in its history, despite a 27.6% decline in revenue to $2.4 billion for fiscal year 2014 from $3.4 billion in 2013. Profit before income taxes increased 16.9% to $56.1 million from $48.0 million in 2013. Profit after tax increased 14.1% to $41.3 million from $36.2 million in 2013.

The decline in revenue was driven primarily by the decline in the sales volume of Gold Maple Leaf coins (GML) compounded by the decline in precious metal prices. There are multiple reasons for the near-record profit: lower manufacturing costs and improved margins in the Refinery and ETR businesses.

Sales of GMLs declined 37.8% to 709.2 thousand ounces compared to 1,140.4 thousand ounces in 2013; at the same time the gold price declined steadily from early 2013 to a low of US$1,142.00 per ounce in late 2014. Although the silver price followed a similar pattern, sales of Silver Maple Leaf (SML) coins increased 3.5% to 29.2 million ounces from 28.2 million ounces in 2013, ensuring the Mint continues to be among the global leaders in both gold and silver investment bullion coins.

The issue of 262 numismatic coins pushed revenue up 6.2% to $177.3 million from $167.0 million in 2013. The volume of Canadian circulation coins produced decreased 17.0% to 361.2 million from 435.4 million in 2013. In 2013, the penny redemption program resulted in a surplus of coins in Canada as Canadians recycled their lower denomination coins as well as their pennies. By reducing production in 2014, the surplus was exhausted. The volume of foreign coins produced was stable as the Mint continued to compete aggressively in a challenging global economy compounded by intense competition from other mints.

Operating costs declined from $3.3 billion in 2013 to $2.4 billion in 2014, due primarily to the decline in the precious metal prices and consequent decline in the cost of goods sold, along with a continuing focus on efficiency of processes and reducing costs. At the same time, capital investments required to sustain the Mint's capabilities also declined with the completion of several major capital projects in 2013.

Significant corporate events

The Mint is a Crown corporation solely owned by the Government of Canada governed under a legislative framework that consists primarily of the *Financial Administration Act* and the *Royal Canadian Mint Act,* which was amended in December 2014. The key change was to the provision that the Mint operate in anticipation of profit with the following qualification: "However, the Mint shall not anticipate profit with respect to the provision of any goods or services to Her Majesty in right of Canada, including the minting of circulation coins." The impact of this change has started to be reflected in the 2014 Mint's results with the effective date of the legislation. The year 2014 was one of management transition for the Mint with the retirement of a number of key executives: Board Chairman James B. Love, President and Chief Executive Officer Ian E. Bennett, Chief Operating Officer Beverley A. Lepine and Vice-President of Corporate and Legal Affairs Marguerite F. Nadeau.

The Mint has made progress in advancing MintChip™ as an innovative, cost effective and secure digital cash product. In February 2014, it was decided that further development and commercialization of MintChip™ should be accomplished through the private sector. The Mint is now in the sale phase of MintChip™ with the ultimate goal of maximizing the return on its investment.

Performance by business line

Revenue by Business Line

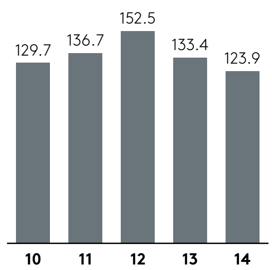
(in $ millions)	**2014**	2013	$ change	% change
Canadian Circulation	**123,923**	133,365	(9,442)	(7.1)%
Numismatics and Collectibles	**177,332**	167,022	10,310	6.2%
Foreign	**72,807**	78,200	(5,393)	(6.9)%
Bullion, Refinery and ETR	**2,069,195**	2,996,454	(927,259)	(30.9)%

Operating Highlights and Analysis of Results

Canadian Circulation

The Mint's core mandate is to manage the five billion coins that comprise the increasingly complex supply of coins in Canada and provide advice to the Government of Canada on all matters related to coinage. The goal is to ensure the supply of coins supports the trade and commerce needs of Canadians. There are three components to fulfilling this mandate: continuously monitor and adjust the inventories of each denomination held by financial institutions across the country; process and redistribute coins collected by coin-recycling kiosks and forecast domestic requirements for coinage and produce new coins as necessary. The Mint is also responsible for safeguarding the integrity of Canada's coinage through constant research, development and implementation of increasingly sophisticated security features.

Canadian Circulation coin revenue
($ in millions)

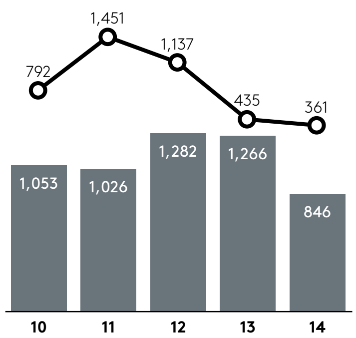


Explanation of results

Revenue related to the management of the coinage system, production of circulation coins and the Alloy Recovery Program (ARP) declined 7.1% to $123.9 million in fiscal 2014 from $133.4 million in fiscal 2013. The variance in revenue reflects the mix of denominations produced and the 33.3% decline in revenue generated by ARP.

The distribution of the billions of circulation coins in Canada is managed through the National Coin Committee (NCC). Chaired by the Mint, the NCC is comprised of representatives from Canadian financial institutions, armoured car companies and the Canadian Bankers Association. Throughout 2014, the Mint ensured that no coin shortage was experienced in any region of Canada. The ability to meet trade and commerce requirements while maintaining optimal levels of inventory is a significant measure of the efficiency with which the Mint manages the nation's coin distribution network.

Volume of coins recycled
(millions of pieces)
vs. Volume of coins produced
(millions)



The Mint also recycles circulation coins, which further enhances the efficiency of Canada's coinage system, extends the life of existing coins, reduces the consumption of materials required to produce new coins and contains production costs. During 2014, the Mint recycled 846 million coins compared to 1.3 billion in 2013, a trend triggered by the phasing out of the penny and the installation of more than 300 coin-counting kiosks in the branches of financial institutions across Canada in 2013. The recycling of coins, along with the increasingly efficient management of coins in circulation, tends to reduce the overall requirement for new coins.

As the Mint recycles coins, it captures coins produced prior to the introduction of multi-ply coins in 2001 and diverts them to the Alloy Recovery Program (ARP) to recover the nickel. This program continues to be a source of revenue for the Mint, which fluctuates with the price of nickel and the volume of alloy coinage recycled. In 2014, the Mint recovered and sold 668.0 metric tonnes of nickel compared to 1,278.4 metric tonnes in 2013: the volume of cupronickel was stable at 228.0 metric tonnes. Revenue from ARP declined 33.3% which reflects the constantly declining volume of alloy coins in the marketplace, as anticipated, and the decline in the price of nickel, which hovered around US$6 per pound throughout most of the year.

In addition to recycling and the ARP program, the Mint is responsible for the efficient phase-out of the penny from circulation on behalf of the Department of Finance. Under this program, the Mint anticipated removing six billion pennies from circulation within three years of its elimination from Canada's coinage system in February 2013. Four billion pennies were recovered in 2013 and approximately one billion in 2014. This task was achieved through extensive print and broadcast communication with Canadians and made possible by the Mint's extensive distribution and management systems as well as its relationships with Canada's financial institutions. The removal of the penny from circulation has not had any impact on trade and commerce in Canada. The scrap metals were recovered from the coins and the proceeds delivered to the Government of Canada.

The Mint is also responsible for forecasting the requirement for and producing new coinage if the existing supply in the financial institution inventories and recycling volumes are not sufficient to meet demand. Throughout 2014, despite the growing trend of using electronic methods of payment, the demand for coinage in Canada remains stable. At the same time, the inventories accumulated by financial institutions through the extraordinary volume of recycling during 2013 has diminished. To ensure adequate coinage in circulation, the Mint produced 361 million new coins compared to 435 million in 2013.

The Mint is also tasked with celebrating Canada's history, culture and values. In 2014, the Mint released five million Lucky Loonie circulation coins as Canadian athletes headed to the Sochi 2014 Olympic and Paralympic Winter Games. The coin portrays the common loon from behind as it spreads its wings and the Canadian Olympic Team logo. In October, the Mint released five million $2 coins with a design inspired by the famous "Wait for Me, Daddy" photograph to commemorate the 75th anniversary of the beginning of the Second World War. The coin was launched with coin-exchange events across Canada.

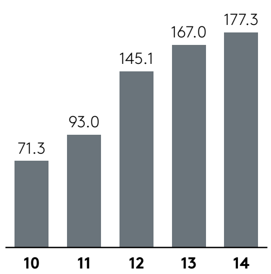
The Mint is continuously enhancing the security and integrity of the coins that it produces through the implementation of advanced features such as micro engraving, edge lettering and surface mapping. The single laser mark micro-engraving on the $1 coin and the double laser marking, virtual image and edge lettering on the $2 coin introduced in 2012 continue to make Canada's coinage among the most secure in the world.

Through the phase-out of the penny and its extensive R&D program, the Mint has ensured every denomination produced for Canada's coinage system now costs less than face value to manufacture. The cost-effective plating technology and manufacturing processes ensure a low materials cost of coinage.

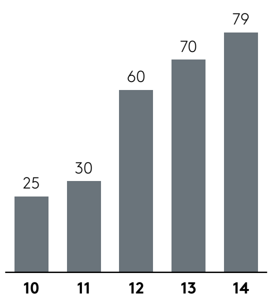
Outlook

The Mint expects demand for coinage to remain stable throughout 2015, but it could begin to build as the Mint rolls out its program to celebrate the 150th anniversary of Confederation. ARP performance will continue to be affected by the declining yield of pre-2001 coins, as anticipated when the program was launched in 2004. The popularity and efficiency of recycling programs in Canada coupled with continual improvement of the coin distribution and delivery system could continue to affect the production of new coins while making it even more important for the Mint to manage inventories effectively and efficiently to ensure coins are available in the right place at the right time. In May 2015, the Mint will have an opportunity to demonstrate its expertise during The Currency Conference, the premiere conference for the global currency industry, to be held in Vancouver.

Numismatics and Collectibles revenues
($ in millions)



Numismatic sellouts
(number of coins)



Numismatics and Collectibles

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

Explanation of results

Numismatics and Collectibles revenue increased 6.2% to $177.3 million in 2014 from $167.0 in 2013, the third consecutive record in the Mint's history. During the year, the Mint issued 262 numismatic coins and 79 were sold out by the end of the year, compared to 201 numismatic coins issued and 70 sellouts in 2013. The total number of coins sold in 2014 increased 21% to 5.1 million pieces from 4.2 million pieces in the previous year. The Mint sells numismatic and collectible products direct to collectors and through an extended network of distributors and dealers across North America, Europe and Asia.

The Mint operates a multi-channel direct sales business composed of online, inbound, outbound and retail. This business continues to experience significant growth with revenues climbing 12.2% to $121.7 million from $108.5 million in 2013, growing to account for approximately 69% of total Numismatics and Collectibles revenues in 2014 compared to 65% in 2013. The key driver behind the Mint's business-to-consumer sales was an integrated selling and segmentation strategy aimed at increasing both the number of customers and customer spend through acquisition, conversion and retention campaigns.

Mint.ca continues to rank among the top destinations for online numismatic coin purchases in Canada and around the world generating sales of $58.0 million in 2014 compared to $52.3 million in 2013. This is a direct result of the e-commerce team's focus on building traffic to the site, optimizing the online customer experience and developing new and interactive ways for customers to purchase coins from the Mint. The Mint upgraded the mobile version of mint.ca with the introduction of a smartphone capability and a "click to chat" feature through which web visitors are invited to participate in a live chat with the Mint's inbound call centre representatives. It also continued to create content tailored to customer's interests, including several micro sites. These initiatives contributed to web sales growth of 10.6% in 2014 over 2013.

In the business-to-business market place, the Mint's network of wholesale distributors and dealers represents the secondary market. These partners work with the Mint to bolster the growing demand in Canada, Europe, Asia and the U.S.

In each channel—business-to-business and business-to-consumer—the craftsmanship and quality of the Mint's products are the foundation of the business line's success. Notable products issued in 2014 include a five coin set of Murano glass coins valued at $18,750 that sold out within hours of release while a fine silver coin with a Venetian glass leopard frog handcrafted by a master glassmaker in Murano, Italy, sold out within days. It is these quick sellouts that build excitement among collectors and help build a stronger secondary market. Coins that employ technology such as the new shimmering colourization technique used to create the sparkle and glitter of a waterfall on the fine silver River Rapids coin are always popular.

The designs of the Mint's coins also serve to celebrate significant Canadian anniversaries and milestones. During 2014, a series of fine silver dollar coins commemorating the 100th anniversary of the declaration of the First World War and two fine silver "Wait for Me, Daddy" coins were the first of a series of coins to be released to commemorate the First and Second World Wars. To tell the story behind the coins, the web team conceptualized, built and launched a First World War microsite. Canadian history and culture were celebrated with the release of coins commemorating the wreck of the RMS *Empress of Ireland*, Emily Carr, Alice Munro and the Royal Winnipeg Ballet. The Mint also followed its popular 2013 Superman™ series with four new coins featuring this popular theme.

The Mint's artistic and technical abilities were acknowledged internationally with eight nominations in the Krause Publications' 2014 Coin Of The Year Awards. This was the most nominations earned in the previous four consecutive years by any national mint or central bank recognized by Krause Publications for their numismatic achievements. In November, the Mint's 2013-dated $3 fine silver coin 'Fishing' won the Most Inspirational category of the 2015 Krause Publications Coin of the Year awards.

Outlook

In 2015, the Mint anticipates continued growth while it optimizes the portfolio of numismatic products, refines the strategy around mintages and solidifies its investment in digital marketing and network of distributors, including the new distribution agreement with CIBC.

One of the key drivers of growth in 2014 – the development of custom products in cooperation with dealers and wholesalers – will continue to drive growth in 2015 along with an expansion in the face value program through which collectors can purchase silver coins at face value and the launch of more coins with technologically innovative features. Internationally, the Mint has expanded its sales presence in Asia and developed a sophisticated strategy for expanding its customer base in the U.S. market.

Recognizing that many customers carry out their purchases using multiple channels and devices, even during a single transaction, the Mint is transforming from a multi-channel business to an omni-channel environment that will provide customers with a seamless, integrated and consistent shopping experience, regardless of channel. The Mint will also launch a new mobile application that will include an online collector application, interactive content and push notifications of special events and product alerts to customers.

Foreign

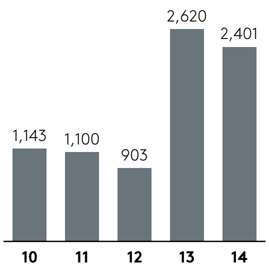
The Mint produces circulation coins, ready-to-strike blanks, numismatic coins, medals, medallions and tokens for customers around the world. It also manages the Mint's foreign relationships, opens new markets to the Mint's products and offers services covering all facets of circulation and numismatic coin design, production, innovation and management.

Explanation of results

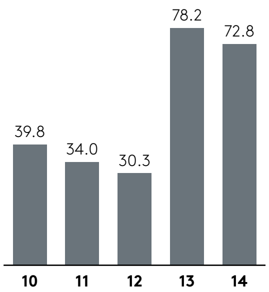
In 2014, the Mint produced and shipped 2.4 billion circulation and numismatic coins and blanks to 15 countries compared to 2.6 billion coins and blanks to 17 countries in 2013. Revenue declined 6.9% to $72.8 million from $78.2 million in 2013.

Revenues represent the fulfillment of multi-year contracts as well as contracts secured in 2014. Among the more significant shipments was a new series of multi-ply plated steel circulation coins for the Bank of Botswana consisting of seven denominations. The coins were officially declared legal tender by Botswana President Seretse Khama Ian Khama at a ceremony to celebrate the nation's new coin series on February 27, 2014. The Mint also shipped 1.9 billion blanks to Brazil to support its domestic coin production.

Foreign Circulation coins sold
(millions of pieces)



Foreign revenue
($ in millions)



The Mint continued to deliver on its multi-year contract with New Zealand, including one million coins produced using new high-speed pad printing technology, the first time this numismatic technology was used on circulation coins. This high-speed printing process not only generates sharper, more detailed coin imagery, it also expands the design field on the coin – enhancing the entire coin with detailed engraving and relief. This very special coin commemorates the 100th anniversary of the formation of the Australian and New Zealand Army Corps and was released in New Zealand on February 10, 2015.

Demand in the international marketplace is recovering, but pricing is intensely competitive. Despite the challenges, the Mint continues to compete aggressively to expand its share of the foreign circulation coinage market by developing new products, such as a new suite of non-cyanide bronze and brass coins under the SM&RT label, while continuously enhancing the exemplary quality of design for which the Mint has been renowned for decades. Using its proprietary technology, the Mint produced and delivered SM&RT bronze blanks to a customer in Southeast Asia, the world's first yellow coin produced without cyanide and the only commercial option to meet growing market demand for the environmentally-friendly production of yellow coins. The Mint has purchased capital equipment to support the high-volume production of these coins beginning in 2015.

Outlook

The Mint remains committed to increasing its share of the available foreign circulation coinage market to 15% by 2020. It is a goal that is achievable through several distinguishing advantages: state of the art security technology; a product portfolio that will be significantly enhanced with the commercialization of SM&RT Bronze and Brass (non-cyanide bronze and brass) and the establishment of high speed pad printing; and a strategic focus on countries seeking to restructure their coinage systems.

As the Mint enters 2015, it will implement a new customer relationship management system and bid/tender process to create a more agile and selective approach to tendering with a focus on crafting long term relationships with customers and offering a full range of services in addition to the production of blanks and coins.

Bullion, Refinery and ETR

The Mint produces and markets a family of high-purity gold, silver and platinum Maple Leaf bullion coins, wafers and bars for the investment market as well as gold and silver granules for the jewellery industry and industrial applications. It also operates gold and silver refineries that offer Canadian and foreign customers an integrated solution to gold and silver processing while creating a stable and responsible source of precious metals to support production in its bullion and Numismatics and Collectibles businesses. Please see the discussion in the Corporate Social Responsibility section of the MD&A.

Through the Canadian Gold Reserves Exchange Traded Receipts (Gold ETR) program launched in the fall of 2011 and Canadian Silver Reserves Exchange Traded Receipts (Silver ETR) program launched in the fall of 2012, the Mint has made it possible for investors to buy and sell gold and silver through receipts listed on the Toronto Stock Exchange. The Mint also offers a precious metal storage service, leveraging its reputation for high security.

Explanation of results

Bullion, Refinery and ETR revenues declined 30.0% to $2.1 billion from $3.0 billion in 2013 as investor sentiment shifted away from precious metals causing the global bullion market to retract. The impact on sales of new bullion coins was compounded by vigorous activity in the secondary market while the impact on revenue was amplified by the decline in the average price of both gold and silver.

Sales of GMLs declined 37.8% to 709.2 thousand ounces from 1,140.4 thousand ounces in 2013 while the average price declined 10.2% to US$1,266.40 per ounce in 2014 from US$1,411.23 per ounce in 2013.

In sharp contrast, sales of Silver Maple Leaf (SML) coins increased to 29.2 million ounces from 28.2 million ounces in 2013, establishing a record volume of sales for the second consecutive year. While the volume of coins sold increased 3.5%, the average silver price declined 19.7% from $US23.8 per ounce in 2013 to $US19.1 per ounce in 2014. Although activity in the silver and gold bullion markets tend to correlate, demand for silver in North America and Europe did not diminish throughout 2014 buoyed in part by expectations that industrial demand for the metal could strengthen on an economic recovery.

The Mint also sold 13.1 thousand ounces of Platinum Maple Leaf coins in 2014 compared to 19.3 thousand ounces in 2013.

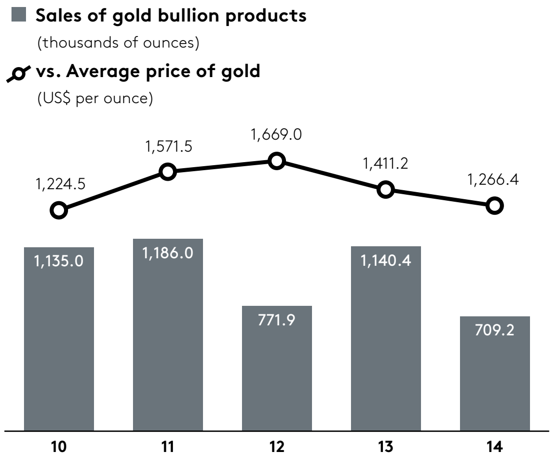
Despite the decline in gold sales, the Mint remains one of the leading suppliers of both gold and silver bullion to global investors, a market position sustained by the credibility of the Mint as a Crown Corporation of the Government of Canada, the superior security features of the coins and the growing interest among bullion investors in the themes offered on custom bullion coins.

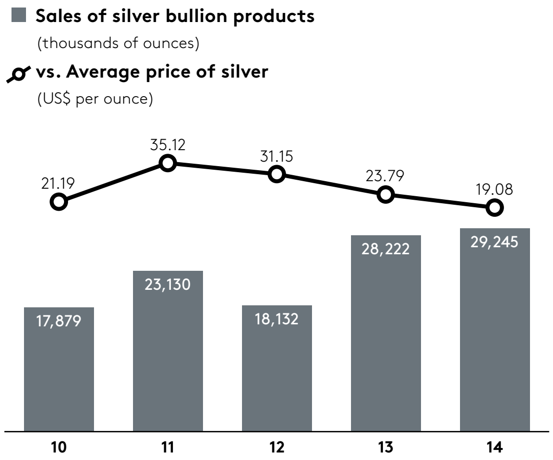
The Mint has constantly improved security features on its bullion coins since the launch of the GML in 1979 and the SML in 1988, but innovations revealed in 2014 will place these coins firmly at the pinnacle of bullion coin security. At the World Money Fair in Berlin, the Mint unveiled the application of DNA (digital non-destructive activation) technology on the GML. The technology allows a bullion dealer to authenticate a coin by reading its surface like a fingerprint and matching it against a secure database of encrypted images. To enhance the security of the SML, the Mint replaced the traditional finish with precisely machined lines radiating from the coin's central maple leaf at a width and pitch that creates a light-diffracting pattern specific to the coin. In 2015, the same complex radial finish will be applied to the GML and the Bullion DNA technology on the GML and SML will be commercially launched. Combined with a visual security feature introduced in 2013—a textured maple leaf micro-engraved on a small area of the reverse side along with a number denoting the coin's year of issue—these advancements place the GML and SML at the cutting edge in coin security.

Incorporating the Mint's numismatic design skills into the bullion products, the Mint released two wildlife-themed bullion series during 2014: the Howling Wolf coin is a one-ounce 99.999% pure gold bullion coin, the first in a new Call of the Wild three-coin series to be released annually until 2016. Its $200 denomination represents the highest value legal tender among the world's one-ounce gold bullion coins. The Mint also released the first of two coins—the Bald Eagle and the Peregrine Falcon—in a new four-coin one-ounce 99.99% pure silver bullion Canadian Birds of Prey series.

To sustain and build market share, the Mint constantly strives to innovate and diversify its products to offer customers new ways to own high-quality precious metals, often appealing to very different segments of the market. For example, during 2014 it launched the premium 10-ounce silver bar and the MapleGram25™ product, which contains 25 legal tender pure gold coins packaged in a divisible blister card.

The Mint's refinery supports the production of the Mint's bullion and numismatic coins with refined precious metals. In 2014, the volume of precious metals refined declined 14.0% from 5.5 million ounces in 2013. The volume of scrap gold and rough gold deposits from the mining industry declined 6% while silver deposits declined 44% in the face of aggressive competition in the refining industry; the supply of bullion scrap is much diminished due to the drop in bullion prices. Weaker global demand for bullion bar products has also depressed sales of gold kilo bars and 100-ounce silver bars. The refinery not only contributes to the Mint's consolidated profit, it represents the foundation upon which the corporation's vertically integrated operation is built. The ability to supply the Bullion and Numismatics and Collectibles business lines with raw materials allows these businesses to react more quickly than competitors to spikes in demand. It is a critical competitive differentiator.





Hand-in-hand with weak investor interest in physical gold bullion, the Mint saw gold ETR net redemptions of 13% in 2014. Since the downturn in gold exchange traded products, at the beginning of 2013, the Mint has net redemptions of only 2%. Silver assets under management saw a net redemption of 10% for this past year, which was partially offset by the execution of the purchase rights. A total of 3,100 purchase rights were exercised at a price of $20.00 for gross proceeds of $62,000. During the year, the Mint also introduced an optional feature to the Gold ETR physical redemption process. Effective March 17, 2014 an investor opting for a gold physical redemption can have the Mint facilitate the sale of the bullion.

The volume of allocated bullion stored at the Mint declined slightly for gold along with institutional redemptions, but increased for silver as new institutional and high net worth clients recognized the superior storage service provided by the Mint, enhanced in 2014 with the opening of the new silver storage facility. The Mint also launched a global storage services program at the London Bullion Market Association (LBMA) conference in Peru aimed at attracting international financial institutions to the secure vaults at the Mint's facilities in Ottawa and Winnipeg or around the world through the establishment of a network of partners.

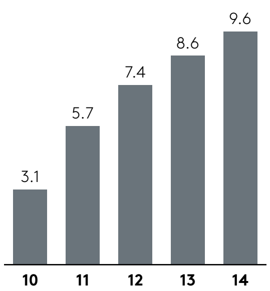
Outlook

Performance of the Mint's Bullion, Refinery and ETR business line depends on many factors, most of which are beyond the Mint's control and the effects of which can be difficult to predict, including, but not limited to investor sentiment and fluctuations in precious metal prices. The Mint will continue to pursue strategies aimed at growing physical bullion sales, primarily through the launch of new products and by tapping new market opportunities; increasing the volume of precious metals stored for institutions; implementing next-generation security features; growing the customer base for custom bullion products; and exploring opportunities to penetrate new markets, particularly Asia. It will also conduct further offerings of ETRs, from time to time subject to market conditions, and endeavour to build Canadian retail and institutional awareness.

In Support of the Business Strategies

Research and Development

Research and development expenditures
($ in millions)



The Mint is a global leader in the art and science of producing circulation and numismatic coins as well as bullion products, a position established through its enduring commitment to the research and development of unique products and technologies. This research is critical to fulfilling the Mint's mandate to produce cost-effective, secure circulation coins and award-winning numismatic coins for the Canadian market. It is also a market differentiator that allows the Mint to strengthen its competitive position in the international marketplace.

In 2014, investment in R&D increased to $9.6 million from $8.6 million in 2013, including R&D related to MintChip™, which is in the process of disposition. The depth and breadth of R&D expertise was also enhanced by an increase in staff working on two streams of activities: pure and applied research.

R&D activities continue to be guided by a steering committee and aligned with corporate strategy, but to ensure the Mint remains a leading-edge centre of R&D it has implemented the best practices revealed through a 2013 benchmarking study of the most innovative companies around the world. The project selection process will shift to focus on a formal assessment of the potential return on investment, the speed from idea to commercialization will accelerate and more metrics will be developed to track R&D performance.

To evaluate the feasibility of each project and establish discipline and consistency in the development of each new technology, product or process, every new idea is now developed through a five-step gated process called QUEST — questioning (looking for new ideas or technologies), understanding (establishing both the costs and potential benefits), experiment (testing and proving the concept), scale up (proving it can be done in commercial quantities at an acceptable price), transfer (to the market or to the plants in Winnipeg or Ottawa).

The adoption of QUEST and an increase in staff is expected to accelerate ideas speed to market. There is some early evidence the approach is working. The Mint initiated an agreement with the University of Ottawa in early 2014 to develop a laser that can colour a silver coin by changing the surface structure the metal, filed a patent application before the end of the year and introduced the new "photonic" coin into the product plan for launch in 2016. Partnerships are critical to keeping the new product pipeline full.

Key accomplishments in 2014 included the delivery of SM&RT bronze blanks to a customer in Southeast Asia. Developing cyanide free yellow coins recognizes that more than 60% of the circulation coinage in the world is yellow and many countries are beginning to demand that their yellow coins not be made with the traditional cyanide process. The high-speed colour pad printing technology used to produce the Anzac commemorative circulation coin for New Zealand creates the ability to produce affordable richly coloured circulation coins of near numismatic quality. These new processes are particularly important to expanding products offered by the Foreign Business Line.

Within the Bullion Business Line, the Mint unveiled the application of its award-winning DNA technology that allows bullion dealers to authenticate the Mint's GML and SML coins by matching coins to encrypted images stored at the Mint. The use of the technology on GMLs and SMLs will be commercially launched in 2015. The R&D department is also tasked with advancing automation and/or developing new processes within the Mint's manufacturing facilities.

As the Mint moves into 2015, the R&D department has established three key performance indicators:
- New and recurring revenues from new technologies;
- The Mint and world firsts: pushing the boundaries to deliver product innovations that position the Mint as a leader in minting;
- Cost savings: Process innovations that deliver improved yields, efficiencies and employee well-being.

Information Technology (IT)

Over the past five years the Mint has seen an explosive growth in the use of technology to enable the business. This growth has made it necessary for IT to mature into a provider of enterprise-grade services. In 2014, the department was restructured by adopting best-in-class frameworks for enterprise IT services, process, operations, governance and management. This is being accomplished by adapting proven frameworks such as the *Information Technology Infrastructure Library* (ITIL) practices for IT service management, the *Microsoft Operations Framework* (MOF) for key IT processes, and the *Control Objectives for Information and Related Technology* (COBIT5) for enhanced governance. An IT governance committee was formed in 2014 to improve governance, alignment and priority setting for IT related matters.

Within this framework, the IT division supports the activities of the business, usually by functioning within multi-disciplinary teams that comprise individuals from several divisions.

Operationally, in 2014, the Mint completed the implementation of Microsoft Dynamics AX 2012 to bring the entire operations of the Mint onto a common ERP platform, allowing for uniformity of data and procedures across the corporation and enhanced operational security. With the completion of the implementation, the dual metals reconciliation systems previously employed by the refinery and corporate offices were replaced by a single highly-customized application to track leases, the customer pool accounts and ownership of precious metals. At the same time, a lean manufacturing module tailored to the Mint's requirements was implemented in the Ottawa manufacturing facility. This successfully concludes a major multi-year information technology project.

To better serve existing dealers and customers, a customer relationship management (CRM) system was developed for launch in early 2015. This system is expected to allow the Mint to develop a more sophisticated understanding of its customers, including the aspirations and expectations of members of the Master Club.

With the completion of Phase A of Human Resources Management Information System (HRMIS) in 2013, development of Phase B of the HRMIS has been launched. Phase A manages payroll, time and attendance. Phase B manages the more complex tasks such as hiring, training and skills development, health and safety, and labour relations, essentially providing managers with a tool kit for managing the Mint's human capital, not just the hours worked.

With the completion of the Mint's core platforms—implementation of a state-of-the-art web system in 2013, completion of the ERP system in early 2014 and the completion of HRMIS by mid 2015—the Mint's core mission critical systems are now robust, dependable and positioned for growth. The focus moving forward is to extend and enhance these implementations by exploiting their ability to drive efficiencies, cost savings and new market opportunities.

Human Resources (HR)

Employment at the Mint increased slightly in 2014 to 1,262 permanent and temporary employees from 1,255 in 2013. Wages paid in 2014 increased to $95.0 million compared to $89.0 in 2013.

During 2014, the HR section focused on developing a plan to improve employee engagement at the Mint. With this in mind, three objectives were defined for 2015 and 2016:

1. Improve the integration of cross-functional priorities to the Mint's strategic plan.
2. Improve support of managers by launching a leadership competency model and training program at a Leadership Symposium in February.
3. Better recognition of employee accomplishments.

Other HR-related accomplishments in 2014, some ongoing, included:

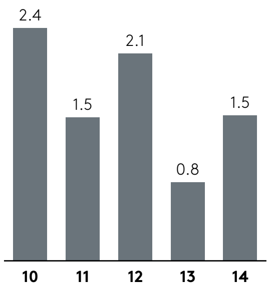
- Development of Phase B of the HRMIS was much expanded to develop the robust capabilities of the system as a strategic tool that integrates data related to labour relations, health and safety, wellness management, compensation, competencies, and performance management. It is anticipated that Phase B of the system will be implemented during the first half of 2015;
- Spending on training increased to $3.1 million from $2.0 million in 2013 as the Mint continued implementation of a more robust training and professional development program. This includes replacement costs related to on-the-job training, which has been made possible by the enhanced tracking capability of the newly implemented HRMIS.
- Developing organizational and job specific competency profiles for all classifications;
- Developing a leadership program tailored for every management level;
- Aligning all HR programs with the Mint's new values, including hiring and onboarding practices;
- Identifying mission-critical roles within the Mint's operations and establishing the resources and procedures to mitigate vulnerabilities.

The Public Service Alliance of Canada (PSAC) collective agreement expired on 31 December 2013. During 2014, collective bargaining with PSAC covering operations in Ottawa and Winnipeg began along with collective bargaining to establish a first contract with a separate local of the PSAC union covering the protective services officers in Winnipeg. The contract with the Amalgamated Transit Union (ATU) covering the protective services officers in Ottawa expired at the end of 2014; a renewal process will begin in 2015.

The HR priorities for 2015 include improving overall employee engagement practices; enhancing the well-being of all employees; implementing the leadership development programs; concluding collective bargaining with the Mint's unions; and successfully launching Phase B of HRMIS.

Lost time injury frequency rate

(Number of accidents with lost time x 200,000 hours)/hours worked



Occupational Health and Safety (OHS)

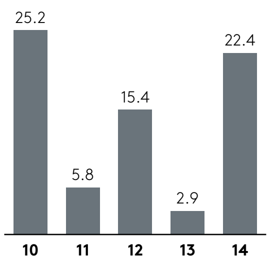
The OHS team provides technical support and raises awareness around health and safety concerns as it assists management in ensuring the protection of our people. While the team does deal with accidents and incidents, the primary focus is the prevention of incidents through the development, implementation and administration of health and safety policies and programs. The team is also responsible for providing corporate leadership and direction to ensure that the Mint's operations are in compliance with applicable health and safety laws and regulations in Canada.

In Winnipeg, nine incidents caused the lost-time injury (LTI) frequency rate to increase to 3.99 from 2.12 in 2013 while the injury severity rate increased to 30.67 from 8.49 with 69.26 lost time days incurred. In Ottawa, five injuries, mostly ergonomic, caused the LTI frequency rate to increase to 1.23 from 0.25 in 2013 while the injury severity rate increased to 25.04 from 0.25 in 2013. These disappointing results were due to three large-impact accidents and injury to individuals who were unable to work for a substantial amount of time.

These accidents occurred despite the close tracking of incidents and bi-weekly health and safety meetings with refinery and manufacturing employees in Ottawa where incidents and corrective measures are discussed and tracked to resolution. In Winnipeg, the registry of incidents is now ready for use and will allow for the management and health and safety team to have similar discussions in 2015. This expanded monitoring will also allow for proactive prevention of accidents and illnesses.

Lost time injury severity rate

(Number of days lost x 200,000 hours) /hours worked



The implementation of critical health and safety programs and practices during 2013 aimed at sustaining improved health and safety performance continued through 2014. Progress was made on implementing radiation safety and personal protective equipment programs, developing chemical management procedures and expanding the general safety program. Plans to establish a hazard identification and assessment program was launched, but the bulk of the work will be done in 2015. The Mint also developed and executed Respectful Workplaces training and completed more than 40 training sessions held at both plants.

Three health and safety priorities have been established for 2015:

1. Communication through education. A long-term strategy will be developed by year end to improve health and safety communication across the organization and to reduce lost time by clarifying processes, roles and responsibilities. Educational initiatives will be developed to reduce ergonomic-related injuries, slips, trips and falls; to improve mental health; and to better manage absenteeism;
2. Key performance indicator (KPI) review and reform. The goal is to propose new methods for measuring health and safety related successes and challenges across the organization and improve the infrastructure to allow for better tracking and prevention-focused objective setting.
3. Comply with the recommendations made by the Office of the Auditor General in the report of its special examination of the Mint. This will include the execution of a five-year operational plan, the assessment of high-level risks, complete roll-out of a radiation safety program, completion of the hazard identification and assessment program and an emergency preparedness program.

Environment

The Mint had three environmental management priorities for 2014: 1) establish environmental governance to ensure accountability; 2) develop a formal environmental management system (EMS); and 3) improve the management of domestic and industrial consumables.

Key performance indicators (KPIs) developed in 2013 for water, electricity and chemical consumption; generation of hazardous and non-hazardous waste and recycling; and reportable incidents continue to be monitored. Almost two years of data has been collected. This data will be used to develop a baseline against which environmental performance can be assessed in the future. An environmental management committee was formed with plans to meet in early 2015 to establish objectives, targets and programs to improve environmental performance based on the results of the environmental aspect and impact analysis (EAIA) conducted in 2013 and KPIs.

An action plan has been created to develop environmental management systems for both Ottawa and Winnipeg. An inventory of legal and regulatory requirements has been compiled and steps taken to monitor the Mint's compliance with several major legislative changes, including changes to the *Transportation of Dangerous Goods Act, 1992; Environmental Emergency Regulations;* and *Federal Halocarbon Regulations, 2003.*

In early 2014, a waste audit in the Mint's Ottawa facility was conducted with a mandate to provide an overview of current solid waste practices. The waste audit looked at developing a benchmark for waste generation, identifying and quantifying waste composition and commodity, determining the recovery performance of existing programs, and identifying opportunities to increase recycling and reduce costs. A plan was developed to act upon these opportunities to maximize the Mint's efforts to reduce waste. A similar waste assessment was conducted in December 2014 at the Winnipeg facility.

Due to the presence of high concentrations of copper and selenium in the rinse water generated by the medals branch, an ion exchange purification system was installed in 2014. The resin contained within this system is a custom mixture that specifically targets the removal of copper, selenium and particulate.

In 2014, the Mint experienced 14 reportable non-significant environmental incidents. Nine of the incidents occurred at the Ottawa facility, while the balance occurred at the Winnipeg facility. In 2013, the Mint experienced nine reportable environmental incidents. The variance can be explained in part by an increase in the amount of tracking undertaken by the Mint.

Priorities for 2015 include educating employees and contractors on the various environmental aspects of the Mint's activities; integrating the environmental management systems into daily operations to entrench protection of the environment into the Mint's cultural fabric; establishing key performance indicators specific to the environmental impacts of the Mint's operations; and improving the management of domestic and industrial consumables.

2014 $100 14kt Gold Coin
Iconic Superman™ Comic Book Covers:
***The Adventures of Superman* #596 (2001)**

This sell out coin is a celebration of the iconic art that has graced the covers of Superman comic books throughout all eras of Superman's tenure, from 1938 to present. The coin showcases the iconic S-shield emblem that is synonymous with Superman. Advanced engraving techniques are used to frame the image within a series of concentric circles to create added depth and motion to the design.

Canadian Environmental Assessment Act, 2012 (CEAA)

The Royal Canadian Mint has been using its Environmental, Health & Safety and Security Impact Assessment (EHSIA) process to meet the requirements outlined in Section 67-69 of the CEAA. 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. As part of the assessment process, mitigation measures are also documented (if required). For 2014, all projects undertaken by the Mint that were evaluated under CEAA 2012, were determined to not likely cause significant adverse environmental effects.

Marketing and Communications

The Marketing and Communications division is responsible for conducting market research, gathering customer intelligence, creating rich customer experiences through products, brand strategy and awareness, advertising campaigns, direct marketing, as well as corporate communications strategies to serve the business and corporate needs of the organization.

To fulfill its mandate to support the Mint's business lines, the Marketing and Communications department has four areas of focus, aligned with the four business lines.

The first is to sustain the Mint's global leadership position in coinage, in part by showcasing Canadian circulation coinage as evidence of the Mint's innovativeness and passion for quality. The launch of the innovative $1 and $2 coins in 2013 has created demand for Mint executives as speakers at conferences where they can share the corporation's extensive knowledge of security, technology, digital marketing and numismatics. To further leverage its leadership in minting, the division produced four issues of a digital magazine, *Inside Minting*, which launched in October 2013. *Inside Minting* is the only magazine of its kind to discuss developments in the minting industry and at the Mint.

Marketing and Communications is also focused on supporting the extraordinary growth in the Numismatics and Collectibles business. This involves developing themes that will engage Canadians and our international customers of all ages by celebrating people, places and passions. The Mint proved to be exceptionally nimble in 2014 by issuing a coin that paid tribute to Alice Munro within six months of the announcement that one of Canada's greatest writers had been awarded the 2013 Nobel Prize® in Literature. The Mint also plans to refresh the Masters Club program in 2015, which has grown in membership by more than 300%. The new program will be designed to recognize various levels of loyalty while enriching the experience of coin collecting and the hobby itself.

As a third area of focus, the Marketing and Communications division also supports the expansion of the precious metals business, in part by using its traditional skills in numismatics to build the custom bullion products business. By working with distributors and dealers, marketing has developed approximately 20 new custom bullion coins and the marketing tools, such as brochures and on-line videos, to tell the story of each coin.

A fourth component of the division's responsibility is strengthening the Mint's brand. In 2014 the focus was on rolling out the new visual identity that was launched in 2013. In fact, the success of the Mint's marketing strategy is measured in part by brand awareness. Throughout 2014, brand awareness was stable with a modest decline in relevance and familiarity, a trend that it plans to reverse by engaging with Canadians more often. The Mint is launching a contest as part the comprehensive Road to 2017 program and the celebration of the 150th anniversary of Confederation.

The Mint also engages with the public through its social media platforms. By the end of 2014, it had increased its Facebook "likes" to over 53,000 from 37,000 at the end of 2013. The Mint also has a presence on Pinterest and Twitter. Social media at the Mint has become a constant component of marketing campaigns echoing the messages being delivered through other channels.

The Mint has also expanded the breadth and depth of content on its website, creating micro sites to deliver the stories behind the designs on its coins and educate Canadians about their history and culture. In June, the Mint and Cossette, the Mint's marketing agency of record, earned two *Cyber* category Bronze Lion awards at the prestigious Cannes Lions 2014 festival for the design and effectiveness of the "Heart of the Arctic" micro site. This game-like online quest supported the theme of the Mint's 2013 25-cent commemorative circulation coins celebrating the 100th anniversary of the 1913 Canadian Arctic Expedition by encouraging youth to explore the history, geography, culture and ecology of Canada's Arctic.

Corporate Social Responsibility (CSR)

The Mint continues to build upon the CSR foundation first established in 2011. The employee steering committee comprised of subject matter experts from key portfolios across the corporation have established a framework comprising five pillars – environmental stewardship, employees, supply chain, community, and customer & product. A CSR vision—Coins change. Our values don't.—is well aligned with the Mint's corporate vision *to be the best mint in the world*. A governance structure has been established placing accountability for CSR under the executive management team and informing the Board of Directors of new developments. Within this governance structure, the committee has established a series of five initiatives that are now underway to give the program substance and another three to be undertaken taken in 2015.

During 2014, the committee developed goals for 2015 for each pillar. For example, within environmental stewardship the environment team will create a governance and accountability structure, an environmental management system and a plan to manage consumables including energy, water and chemical waste. Under the employees pillar, the HR team will be responsible for embedding health and safety in the Mint's culture, establishing a focus on preventing occupational illness and injury, identifying risks and establishing an effective communication program.

For 2015, the continuing focus under the supply chain pillar will be the responsible sourcing of precious metals. This is a program aimed at ensuring gold-bearing material refined by the Mint has not been derived from illegal mining operations in internationally-designated conflict-zones. The Mint successfully passed the Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative (EICC GeSI) conflict-free smelter independent third party audit in 2012 and 2013 to become one of the first six refineries worldwide listed on EICC GeSI's Conflict-Free Smelter list. In 2014 it successfully passed the 2013 LBMA Responsible Gold Guidance independent third party audit and continued to seek certification as a LBMA London Good Delivery refiner and EICC GeSI Conflict Free Smelter. Certification ensures continued merchantability of the Mint's bullion products, and is a key point of differentiation of the Mint's products in the market. One key goal for 2015 is to pass the 2014 LBMA responsible gold audit.

The Mint is focused on implementing the first four pillars in 2015, but the development of non-cyanide bronze and brass area accomplishments falls under the customer and product pillar. Not only is 60% of the circulation coinage in the world yellow; countries are beginning to demand that their yellow coins not be made with the traditional environmentally unfriendly cyanide process. In 2015, the Mint produced one million non-cyanide bronze blanks and one million non-cyanide brass blanks. The process is still in trials, but it is expected large-scale production of non-cyanide products could commence in 2015.

The committee anticipates finalizing the benchmarks in the first half of 2015. Once approved, key performance indicators (KPIs) and a scorecard will be created to monitor the Mint's consolidated CSR performance.

In 2014, the Mint supported 140 non-profit organizations across Canada, primarily through the donation of products for fundraising activities. To supplement this philanthropy program, the CSR steering committee selected The Children's Wish Foundation as the corporate charity of choice. During 2014, teams in Ottawa and Winnipeg each raised $17,000 for the Foundation, earning the award for top fundraising team in both cities.

Operating excellence

The Mint's manufacturing operations are managed to be efficient, flexible and reliable, but the challenges of extraordinary growth in the volume of products produced in Ottawa—bullion and numismatic coins—and the critical need to be as cost effective as possible in the production of circulation coinage in Winnipeg creates challenges. These challenges to capacity and efficiency are compounded by the market demand for constant innovation and improved security.

Following immediately upon the completion of the 70,000 square foot expansion to the plating facility in Winnipeg, the Mint launched a number of initiatives to rejuvenate the plant. One of the most significant was the decision to adopt cellular manufacturing, an approach to production that will expand capacity and improve return on investment. During 2014, cellular manufacturing was taken from concept to reality with the opening of the first half of the pilot cell in November and the whole cell in February 2015.

Implementation of cellular manufacturing hand-in-hand with the rejuvenation of the plant involved the removal or relocation of equipment, including decommissioning two old annealing furnaces, 14 original coining presses, an old inkjet paint line, a diesel back-up generator and a variety of other pieces of obsolete equipment.

Completion of the conversion of all manufacturing in Winnipeg to cellular is anticipated in 2016. The budget for the conversion is $5.2 million, primarily for capital expenditures on equipment for the plant.

Other Winnipeg accomplishments in 2014 included:
- After developing innovative solutions to ensure the new C-line post anneal furnace will operate at thresholds required to meet future production demands in 2013, the line was commissioned in 2014 and all follow-on retrofits completed.
- B-Line was identified as the resource to expand the Mint's capacity to produce yellow blanks and coins. It is undergoing a full retrofit that is expected to be completed in the first quarter of 2015.
- High-speed pad printing became a reality with the commissioning of the new line and delivery of the first million printed circulation coins for New Zealand;
- Production of one million non-cyanide bronze blanks and one million non-cyanide brass blanks. The plant is prepared to accept the rotary furnace that will establish the capacity to commercialize the production of environmentally friendly yellow coinage;
- Completed 350 trials on various products, generated over 1.5 billion pieces through the blanking and plating facilities and delivered 1.25 billion coined pieces. The facility's production in 2014 represents 33 separate products for 12 coinage programs.

The objectives for 2015 in Winnipeg include:
- The continued conversion of the entire plant to cellular manufacturing;
- Final implementation of high-speed pad printing and maximizing its throughput and capabilities;
- Implementation of additional bronze and brass capabilities through the upgrade of B-Line and commissioning of the new technology rotary furnace.

In Ottawa, the plant is tasked with producing millions of coins that incorporate various technologies, paints, enamels, Swarovski™ crystals and Murano glass with the number of individual numismatic products having increased from 63 in 2011 to 262 in 2014. To manage the volume and complexity of work, approximately 250 office staff has been moved off site over the past two years to create more production space. To optimize the use of the available space, the Mint has created dedicated spaces for technology, packaging, shipping, R&D and the quality labs. A high-speed bullion coining press has been purchased to triple production from 20,000 coins per shift to 60,000, bullion packaging has been automated and new processes have been implemented to boost efficiency and productivity.

The Mint involves employees in the pursuit of continuous improvements in its facilities in Ottawa and Winnipeg in order to improve products, services and processes. During 2014, the Winnipeg plant completed over 100 continuous improvement initiatives, aimed at improving the quality of existing products, productivity, health and safety, environmental footprint, capacity and customer satisfaction. The 25 most significant initiatives achieved an estimated $1.2 million in savings and profit improvement.

Liquidity and Capital Resources

Consolidated results and financial performance

	As at			
(in $ millions)	**31-Dec-14**	31-Dec-13	$ change	% change
Cash	**104.2**	63.2	41.0	64.9
Inventories	**89.0**	98.0	(9.0)	(9.2)
Capital assets	**259.3**	255.6	3.7	1.4
Total assets	**491.1**	458.4	32.7	7.1
Working capital	**139.7**	114.9	24.8	21.6

The Mint entered 2014 with total outstanding long-term loans of $49.5 million and a long-term loan to equity ratio of 1:6. During the year, repayments of $7.5 million decreased the balance to $42.0 million and the long-term loan to equity ratio to 1:8.

The inventory balance declined 9.2% to $89.0 million at the end of 2014 compared $98.0 million at the end of 2014 due to a decline in stores of both foreign and domestic circulation coinage. The Mint's current ratio increased to 2.5:1 from 2.3:1 at the end of 2013. Timely collection of accounts receivable and practical credit policies ensure working capital management continues to support the financial requirements of the Mint.

The Mint's financial performance led to the declaration and payment of a $10.0 million dividend to the Government of Canada, the same amount paid in 2013 and 2012.

2014 25-Cent Colored Coin
Haunted Canada: Ghost Bride

The Mint is bringing to life ghost stories, beginning with the legend of the Ghost Bride in the new and popular *Haunted Canada* series. With the creative use of lenticular technology, a uniquely haunting effect is produced when the coin is tilted: the bride's eyes open suddenly spring open, while the candles that lined the staircase light up once-black background.

Capital expenditures

Capital expenditures at the Mint represent the investments required to protect the Mint's productivity and customer service, and enhance growth opportunities. Net capital expenditures declined by 47.4% to $25.4 million from $48.3 million in 2013, due primarily to the completion of several major capital projects and the timing of equipment deliveries. Capital expenditures are guided by anticipated business line growth rates; new product and technology research, development and production requirements; information technology maintenance and enhancement, and return on investment. Less growth-oriented but essential projects include the replacement of aging equipment, building maintenance and renovation.

Numerous capital projects were undertaken during 2014 by the operations team, IT, protective services and the business lines. Generally, these expenditures fall into three categories:

- Building ($8.2 million) including the development and renovation of additional office space (Ottawa), expansion of the high-security area (Ottawa) and plant modernization in Winnipeg;
- Equipment ($13.4 million) for research and development, the retail boutique in Vancouver, various security projects and the plants in Ottawa and Winnipeg, including the purchase and installation of manual presses, a silver shaving line and refinery space optimization in Ottawa; as well as new coining presses, the pad printer, implementation of cellular manufacturing and a rotary furnace for Winnipeg;
- IT ($3.8 million) including projects related to the Microsoft Dynamics AX ERP platform, upgrades to the Mint's e-commerce platform, Phase B of the HRMIS implementation and the development of a customer relationship management system.

Capital expenditures in 2015 are expected to decline from the levels experienced in the past four years. Several of the projects launched in 2014 will be completed – cellular manufacturing in Winnipeg, expansion of the high security area in Ottawa and the receipt and commissioning of rotary furnace in Winnipeg – as well as replacement equipment and new equipment that will automate some functions in Ottawa and Winnipeg.

Risks to Performance

The Mint's performance is influenced by many factors, including competitive pressures, economic conditions and volatility in financial and commodity markets. To manage these risks, the Mint employs an Enterprise Risk Management (ERM) program to identify, assess, monitor and review key risks. ERM has been integrated into the Mint's management processes and the development of corporate and operating plans. Quarterly executive meetings review performance by business lines to assess opportunities and risks to achieving plan objectives, and to identify necessary adjustments. Information related to material risks are communicated to and discussed with the Board of Directors, where responsibility for managing risk resides with the Audit Committee.

Building upon the comprehensive review of the Mint's business continuity plans completed in 2012, new continuity plans for critical products and services were drafted in 2013 and refined in 2014 for implementation in 2015. During 2014, the Mint refined its ERM program by conducting risk assessments for each division to identify, assess and prioritize operating risks; establish consistent risk management programs across the corporation; and establish more accountability for regularly monitoring and updating divisional risk profiles. In 2015, risk management will be incorporated into the quarterly business review process.

The operating environment continues to be characterized by weakness in the global economy and volatile base metal prices. In addition, the diverse markets in which the Mint's business lines operate present a variety of unique risks to future performance. The following risks have been identified as particularly relevant in the current operating environment.

Innovation and product portfolio

The Mint is a global leader in the art and science of producing circulation and numismatic coins as well as bullion products, a position established through its enduring commitment to the research and development of unique products and technologies. Innovation is critical to the Mint's ability to succeed in a competitive market environment. Innovation requires investment of financial and human capital, and the Mint must continue to manage its product and technology portfolio to mitigate risk and capture new opportunities. In 2014, the Mint expanded its investment in R&D to $9.6 million including MintChip™ and expanded its R&D staff from 16 to 25 research scientists.

2014 $20 Fine Silver Coin
Water-lily and Leopard Frog

This exquisite sell out coin is the fourth in the Mint's sought-after series featuring engraved and painted Canadian flora paired with fauna made from a one-of-a-kind, hand-crafted Venetian glass element created by a master glassmaker in Murano, Italy.

Base and precious metal prices

The Mint purchases precious metals, including gold, silver, platinum and palladium for use in bullion and numismatic coins, as well as base metals and alloys in the production of domestic and foreign circulation coins. Exposure to volatility in metal prices is mitigated by matching the timing of purchase and sales, contractually transferring price risk to suppliers, hedging strategies and/or natural hedges inherent in business activities. Notwithstanding the hedging policy, long-term trends in metal prices may impact sales opportunities, margins and overall profitability.

The Mint also sells base metal collected through ARP. While a portion of ARP sales is hedged, variability in metal prices will impact revenue on the unhedged portion of sales in the short term and the performance of the overall program over the longer term.

Competition

The Bullion, Refinery and ETR, Numismatics and Collectibles, and Foreign business lines operate in competitive environments. There is a risk that competitor actions will impact the Mint's ability to achieve business objectives. Management regularly assesses the competitive environment, and adjusts business strategies and tactics as necessary. Investment in research and development, emphasis on strategic supply and sales relationships, and expansion of innovative product offerings contribute to the management of competitive threats.

Domestic coin demand

Trends in the use of electronic payments, coin recycling services and/or any change in the denomination structure of Canadian coinage could impact the Canadian Circulation business line. The Mint addresses these risks by continually monitoring domestic demand and adjusting production and capacity as required; ensuring coin production and distribution is efficient and cost effective; consistently improving quality; and delivering compelling commemorative coin programs. A decline in production of domestic coinage releases capacity at the Mint's facility in Winnipeg, which presents an opportunity to increasingly pursue foreign sales.

Economic

There is a risk that global economic conditions, which remained volatile throughout 2014, will limit the execution of the Mint's strategy and/or present opportunities that could be exploited in the Foreign, Numismatics and Collectibles and Bullion, Refinery and ETR business lines. The risks that such challenges and opportunities pose to established plans and forecasts are constantly monitored and assessed. Economic trends are evaluated periodically with the potential impact assessed and necessary actions identified and taken to respond to the dynamic environment.

Foreign coin demand

The Mint has adopted a strategy to aggressively increase its share of the foreign coinage market, prompting the ongoing investment in the Mint's plating facility. The risk created by the intense competition for contracts is being managed through targeted sales strategy, continuing technology and product improvements, and research and training through the Hieu C. Truong Centre of Excellence.

Foreign exchange risk

A significant portion of revenues and costs are denominated in foreign currencies, which exposes the Mint to foreign exchange risk. The Mint mitigates this risk through natural currency hedges and financial instrument hedges. Currency hedging contributes to managing volatility in foreign exchange, however the longer-term currency trends can impact results. A stronger Canadian dollar can exacerbate the pricing challenges on products that are exported and reduce revenues from bullion products, which are priced in US dollars. Alternatively, a weak Canadian dollar vis-à-vis the US dollar increases the stream of revenue generated by products sold in US dollars and improves the value proposition for other products.

Health and safety, security and the environment

The Mint's operations and business activities present a variety of risks related to health and safety, security and environment. All change initiatives are subject to a structured review to ensure that risks are identified, assessed and managed. Health and safety orientation, ongoing training, wellness programs and a formal hazard prevention program contribute to the reduction of this risk, which is also regularly reviewed by senior officers. In addition to the regular assessment and management of environmental risks, the Mint seeks to continue to advance environmental awareness and corporate practices.

As the Mint's business involves handling of currency and precious metals, best-in-class practices related to security of physical and information assets are critical. Throughout 2013 and 2014, every employee was required to take and pass an online course to ensure they understand the information security policies and attend meetings held to explain the new policies related to the physical security of the facilities and employees. While risks relating to health and safety, security and environment can never be eliminated, the Mint invests resources to ensure reasonable and prudent management of these risks.

Precious metal investment demand

The demand for precious metal investment products, including bullion, is largely determined by market forces beyond the Mint's control. This risk is managed through active monitoring of market conditions to quickly and efficiently align operations and capacity. The risk is mitigated through diversification of business activities beyond core bullion products, such as the launch in 2011 of Canadian Gold Reserves ETRs and Canadian Silver Reserves ETRs in 2012; expanding precious metal storage; and entry into new markets.

Manufacturing operations and processes

The Mint's manufacturing operations are managed to be efficient, flexible and reliable. Investments in new technology, increased capacity and process refinements create the risk that the Mint will encounter challenges with technologies, processes or access to required resources. This risk is reduced through capacity management in Winnipeg and Ottawa supported by prudent capital improvements, the alignment and training of the workforce and a culture of continuous improvement. The Mint also leverages relationships with suppliers to manage risk. Additional resources have been dedicated to managing the increased complexity within the Mint's supply chain and risks to quality related to the significant growth in the number and variety of numismatic products produced and sold by the Mint.

Cyber threats

Cyber threats and security of corporate data present a risk for all organizations. The Mint employs appropriate security controls and follows industry best practices to safeguard information systems and corporate data. It also maintains a security awareness program for its employees. In addition, there are dedicated resources within the Corporate Security Division allocated to the management of information security and its associated risks. In recognition of the increasing frequency and severity of global cyber threats, the Mint will continue to assess the risk, identify improvements to risk mitigation and build the Mint's resilience.

Outlook

Despite continuing challenges in the global economy and market, the Mint continues to pursue its objectives vigorously. As a diversified business with multiple sources of revenue, it remains positioned to continue to grow in the three business lines in which it operates in pursuit of profit.

The Mint will continue to manage the domestic circulation coinage system with the same efficiency and diligence that has ensured efficient trade and commerce for decades and a healthy annual dividend to the Government of Canada, although the changes to the *Royal Canadian Mint Act* related to generating a profit on the minting of circulation coins will have an impact on performance in 2015. Demand for Canadian circulation coinage is expected to remain stable, although the popularity of recycling and the Mint's increasingly efficient coin distribution and delivery system could continue to affect the production of new coins.

Demand for the Mint's numismatic products continues to strengthen with the release of coins that appeal to a broad demographic as well as the development of new e-commerce capabilities and compelling sales and marketing initiatives. The Mint is scheduled to release more than 250 new coins in 2015 as it continues to monitor customer interests and produce coins that meet their expectations.

Demand for bullion coins will be determined by volatility – or stability – in precious metal prices; further offerings of ETRs will be subject to market conditions. The Mint's share of the bullion market will continue to be supported by the launch of increasingly sophisticated security features and the development of custom products.

The intense competition in the foreign coinage marketplace will continue to be challenging, but the Mint remains committed to increasing its share of the available foreign circulation coinage market to 15% by 2020 profitably. As the Mint enters 2015, the focus is on developing long-term relationships with customers interested in the full range of the Mint's capabilities rather than simply making a blank or a coin. It's a value proposition that combines security, innovative technology, environmental sustainability and effective coinage strategies.

To remain at the forefront of the minting industry, the Mint will continue to actively participate in key coin forums and international conferences such as the World Money Fair, American Numismatic Association World Fair, Royal Canadian Numismatic Association Convention, the Mint Directors Conference and the Technical Meeting of Mints in ASEAN (Association of Southest Asian Nations). It will also maintain ongoing communication with key external stakeholders through pro-active public relations/advertising and government relations and its unique publication *Inside Minting*.

MANAGEMENT REPORT

The consolidated financial statements contained in this annual report have been prepared by Management of the Royal Canadian Mint in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board using the best estimates and judgments of Management, where appropriate. The integrity and objectivity of the data in these consolidated financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the consolidated financial statements.

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

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

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

Sandra L. Hanington
President and
Chief Executive Officer

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

Ottawa, Canada
March 25, 2015

2014 $20 Fine Silver Coin – Lost Ships in Canadian Waters: R.M.S *Empress of Ireland*

The R.M.S. *Empress of Ireland* is the first coin in a three-coin series that commemorates well-known vessels that have been lost in Canadian waters, and the stories that have emerged from the events surrounding their final fate. Edge-lettering on this coin displays the ship's name, as well as a bell, representing one of the recovered artifacts from the wreck.

AUDIT COMMITTEE REPORT

The Audit Committee's (Committee) role is to act on behalf of the Board of Directors (Board) and oversee all material aspects of the Corporation's reporting, control, and audit functions, except those specifically related to the responsibilities of another standing committee of the Board. The Committee's role includes a particular focus on the qualitative aspects of financial reporting to the Shareholder and on the Corporation's processes for the management of business/financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements.

For 2014, the Committee was comprised of five (5) independent directors who are neither officers nor employees of the corporation. These members are: Susan Dujmovic (Chair), Carman M. Joynt, John K. Bell, Bonnie Staples-Lyon and Claude F. Bennett. Also, as an Ex-officio member, is James B. Love, Chairman of the Board who completed his term in April 2014. The Board believes that the composition of the Committee reflects a high level of financial literacy and expertise.

During the past fiscal year, the Committee held five (5) meetings. In fulfilling its responsibility, the Committee:

- Discussed with the internal and external auditors the overall scope and specific plans for their respective audits;
- Discussed the Corporation's progress, throughout the year, on their financial results and overall performance;
- Discussed the Corporation's annual consolidated financial statements, accounting principles and policies, and the adequacy of the Corporation's internal financial controls;
- Reviewed management's response and in some circumstances, their actions, regarding recommendations of the internal and external auditors; and
- Met regularly with the Corporation's internal and external auditors, without management present, to discuss the results of their examinations, their evaluations of the Corporation's internal financial controls, and the overall quality of the Corporation's financial reporting.

The meetings were also designed to facilitate any private communications with the Committee that the internal or external auditors desired.

Susan Dujmovic, FICB, ICD.D
Chair, Audit Committee

INDEPENDENT AUDITOR'S REPORT

To the Minister of Finance

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Royal Canadian Mint, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Royal Canadian Mint as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Royal Canadian Mint and its wholly-owned subsidiary that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Royal Canadian Mint Act* and regulations and the charter and by-laws of the Royal Canadian Mint and its wholly-owned subsidiary.

Maurice Laplante, CPA, CA
Assistant Auditor General
for the Auditor General of Canada

25 March 2015
Ottawa, Canada

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

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

	Notes	**2014**	2013
Assets			
Cash	6	**$ 104,153**	$ 63,228
Accounts receivable	7	**27,455**	38,741
Prepaid expenses		**1,525**	1,678
Income taxes receivable		**7,633**	-
Inventories	8	**89,023**	97,986
Derivative financial assets	9	**1,941**	463
Current assets		**231,730**	202,096
Derivative financial assets	9	**16**	688
Property, plant and equipment	10	**241,650**	238,215
Investment property	11	**236**	236
Intangible assets	12	**17,450**	17,186
Total assets		**$ 491,082**	$ 458,421
Liabilities			
Accounts payable and accrued liabilities	13, 21	**$ 74,778**	$ 70,597
Loans payable	14	**7,522**	7,528
Deferred revenue	15	**1,209**	3,922
Employee benefits	17	**2,088**	2,257
Income taxes payable		**3,971**	499
Derivative financial liabilities	9	**2,447**	2,412
Current liabilities		**92,015**	87,215
Derivative financial liabilities	9	**1,946**	137
Loans payable	14	**34,475**	41,972
Deferred tax liabilities	16	**18,218**	16,329
Employee benefits	17	**10,611**	9,581
Total liabilities		**157,265**	155,234
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**295,421**	264,979
Accumulated other comprehensive income (losses)		**(1,604)**	(1,792)
Total shareholder's equity		**333,817**	303,187
Total liabilities and shareholder's equity		**$ 491,082**	$ 458,421

Commitments, Contingencies and Guarantees (note 22)

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

Approved on behalf of the Board of Directors

Carman M. Joynt,
FCPA, FCA, ICD.D
Chair,
Board of Directors

Approved on behalf of the Audit Committee

Susan Dujmovic,
FICB, ICD.D
Chair,
Audit Committee

Approved on behalf of Management

Sandra L. Hanington,
President and
Chief Executive Officer

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

Consolidated Statement of Comprehensive Income

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

	Notes	**2014**	2013
Revenues	18, 21	**$ 2,443,414**	$ 3,375,203
Cost of goods sold		**2,245,340**	3,195,247
Gross profit		**198,074**	179,956
Other operating expenses			
Marketing and sales expenses		**79,302**	77,310
Administration expenses	20	**62,273**	55,488
Other operating expenses		**141,575**	132,798
Operating profit		**56,499**	47,158
Net foreign exchange gains		**402**	989
Finance income (costs), net			
Finance income		**798**	513
Finance costs		**(1,562)**	(653)
Finance (costs), net		**(764)**	(140)
Profit before income tax		**56,137**	48,007
Income tax expense	16	**14,883**	11,777
Profit for the period		**41,254**	36,230
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Net unrealized (losses) on cash flow hedges		**(3,839)**	(1,821)
Reclassification of net realized losses on cash flow hedges transferred from other comprehensive income		**4,027**	275
Items that will not be reclassified subsequently to profit or loss:			
Net actuarial gains (losses) on defined benefit plans		**(812)**	149
Other comprehensive income (losses), net of tax		**(624)**	(1,397)
Total comprehensive income		**$ 40,630**	$ 34,833

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

Consolidated Statement of Changes in Equity

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

	Share Capital	Retained earnings	Accumulated other comprehensive income ("AOCI") (Net gains(losses) on cash flow hedges)	Total
Balance as at December 31, 2012	$ 40,000	$ 238,600	$ (246)	$ 278,354
Profit for the period	-	36,230	-	36,230
Other comprehensive income (losses)	-	149	(1,546)	(1,397)
Dividend paid	-	(10,000)	-	(10,000)
Balance as at December 31, 2013	$ 40,000	$ 264,979	$ (1,792)	$ 303,187
Profit for the period	**-**	**41,254**	**-**	**41,254**
Other comprehensive income (losses)	**-**	**(812)**	**188**	**(624)**
Dividend paid	**-**	**(10,000)**	**-**	**(10,000)**
Balance as at December 31, 2014	**$ 40,000**	**$ 295,421**	**$ (1,604)**	**$ 333,817**

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)*

	2014	2013 restated (note4)
Cash flows from operating activities		
Receipts from customers	**$ 1,732,083**	$ 2,242,450
Payments to suppliers and employees	**(1,739,499)**	(2,265,441)
Interest paid	**(1,139)**	(629)
Cash receipts on derivative contracts	**708,436**	961,795
Cash payments on derivative contracts	**(595,137)**	(872,592)
Income taxes paid	**(16,860)**	(7,831)
Net cash generated by operating activities	**87,884**	57,752
Cash flows from investing activities		
Interest received	**485**	513
Cash receipts on derivative contracts to acquire property, plant and equipment and intangible assets	**-**	2,828
Cash payments on derivative contracts to acquire property, plant and equipment and intangible assets	**(5,006)**	(8,963)
Payments to acquire property, plant and equipment and intangible assets	**(25,265)**	(54,600)
Net cash (used) by investing activities	**(29,786)**	(60,222)
Cash flows from financing activities		
Dividend paid	**(10,000)**	(10,000)
Proceeds from loans	**-**	15,000
Repayment of loans and other payables	**(7,497)**	(4,504)
Net cash generated (used in) by financing activities	**(17,497)**	496
Net increase (decrease) in cash	**40,601**	(1,974)
Cash at the beginning of the period	**63,228**	64,514
Effects of exchange rate changes on cash held in foreign currencies	**324**	688
Cash at the end of the period	**$ 104,153**	$ 63,228

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

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 Mint is an agent corporation of Her Majesty named in Part II of Schedule III to the *Financial Administration Act*. It produces all of the circulation coins used in Canada and manages the support distribution system for the Government of Canada.

On December 16, 2014, the *Royal Canadian Mint Act* was amended to specify that although the object of the Mint is to operate in the expectation of profit, it shall no longer anticipate profit with respect to the minting of circulation coins. The impact of this change has started to be reflected in the 2014 Mint's results from the effective date of the legislation.

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

In 2002, the Mint incorporated RCMH-MRCF Inc., a wholly-owned subsidiary. RCMH-MRCF Inc. has been operationally inactive since December 31, 2008.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

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

The policies set out below have been consistently applied to all the periods presented.

These consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on March 25, 2015.

2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiary. The subsidiary adopted IFRS at the same time as the Corporation and its accounting policies are in line with those used by the Corporation. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 Foreign currency translation

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

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

Exchange differences are recognized in profit or loss in the period in which they arise, except for exchange differences on transactions applying hedge accounting which are recognized in other comprehensive income.

2.4 Revenue

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

2.4.1 Sale of goods

Revenues from the sale of goods are recognized when:

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

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

2.4.2 Rendering of services

Revenues from the rendering of services are recognized by reference to the stage of completion of contracts at the reporting date. The revenues are recognized when:

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

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

2.4.3 Interest revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Interest revenues are accrued on a time basis and recognized by using the effective interest method.

2.5 Inventories

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

2.6 Financial instruments

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

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

2.6.1 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.

2.7 Financial assets

The Corporation's financial assets are classified into the following specified categories: financial assets at "fair value through profit or loss" (FVTPL) and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

All derivative financial assets are classified in the as at FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements apply (see Note 2.9.1).

2.7.1 Loans and receivables

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

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

2.7.2 Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated or effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition. The Corporation has not designated any financial asset as at FVTPL at the end of the reporting period.

Financial assets at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 9.2.1.

2.7.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

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

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

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

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

2.7.4 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.

2.8 Financial liabilities

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

All derivative financial liabilities are classified in the as at FVTPL category, except those designated and effective as hedging instruments, for which hedge accounting requirements apply (see Note 2.9.1).

2.8.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading using the same criteria described in Note 2.7.2 for a financial asset classified as held for trading.

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

Financial liabilities at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 9.2.1.

2.8.2 Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

2.8.3 Derecognition of financial liabilities

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

2.9 Derivative financial instruments

The Corporation selectively utilizes derivative financial instruments, primarily to manage financial risks and to manage exposure to fluctuations in foreign exchange rates, interest rates and commodity prices. The Corporation's policy is not to enter into derivative instruments for trading or speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Attributable transaction costs are recognized in profit or loss as incurred. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability on the consolidated statement of financial position if the remaining contractual maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.9.1 Hedge accounting

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

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

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

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

Hedge accounting is discontinued prospectively when the hedging instrument is terminated, exercised, matured or when the derivative no longer qualifies for hedge accounting.

2.10 Property, plant and equipment

2.10.1 Asset recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2.10.2 Depreciation

Depreciation of property, plant and equipment begins when the asset is available for use by the Corporation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which are estimated as follows:

Land improvements	40 years
Buildings & improvements	10-60 years
Equipment	5-30 years

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

Freehold land is not depreciated.

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

2.10.3 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.

2.10.4 Derecognition

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

2.11 Investment property

Investment property is property held to earn rental income or for capital appreciation - or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost.

The vacant land in the Corporation's Winnipeg location is classified as investment property. The fair value of the investment property was determined by an independent qualified appraiser, which is disclosed in Note 11. The valuation will be carried out every 3 to 5 years or earlier if, in management's judgment, it is likely that there is significant change in the market price of the investment property.

2.12 Intangible assets

2.12.1 Software

The Corporation's intangible assets comprise of software for internal use or for providing services to customers. These assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives of 5 years. The estimated useful life and amortization method are reviewed at each year end with necessary adjustments being recognized on a prospective basis as changes in estimates.

2.12.2 Research and development

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

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

2.13 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.

2.14 Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.15 Borrowing costs

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

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

2.16 Deferred revenues

Payments received in advance on sales are not recognized as revenues until the products are shipped or the services are rendered which represents the time at which the significant risks and rewards are transferred to the buyer. As such, deferred revenues are initially recognized within liabilities on the consolidated statement of financial position.

2.17 Employee benefits

2.17.1 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.

2.17.2 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.

2.17.3 Other post-employment benefits

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

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

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

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

2.17.4 Other long-term employee benefits

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

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

The Corporation's sick leave and special leave benefits that are accumulated but not vested are classified as other long-term employee benefits and presented as current liabilities in the consolidated statement of financial position as the Corporation does not have the right to defer settlement of these liabilities.

Long-term disability benefits, sick leave benefits and special leave benefits are accrued as the employees render the services necessary to earn them. The accrued benefit obligation is actuarially determined by independently qualified actuaries using discounted estimated future benefit payments.

The Corporation is subject to the *Government Employees Compensation Act* and, therefore, is self-insured. As a self-insured employer, the Corporation is accountable for all such liabilities incurred since incorporation. The accrued benefit obligation for workers' compensation benefits is actuarially determined based on known awarded disability and survivor pensions and other potential future awards in respect of accidents that occurred up to the measurement date. The benefit entitlements are based upon relevant provincial legislations in effect on that date.

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

2.18 Income tax

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

2.18.1 Current tax

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

2.18.2 Deferred tax

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

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

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

2.18.3 Current and deferred tax for the period

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

2.18.4 Scientific Research and Development Investment Tax Credit

The Corporation deducts any scientific research and development investment tax credits from related research and development expenses. Only scientific research and development investment tax credits that are reasonably assured are recognized in the period. These credits are recognized as income over the same periods of the related costs that they are intended to compensate.

2.19 Provisions

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

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

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

2.20 Asset retirement and decommissioning obligations

Asset retirement obligations are legal obligations associated with the retirement of property, plant and equipment when the obligation arises from the acquisition, construction, development or normal operation of the assets. When it is considered probable that a liability exists, the Corporation will recognize such liability in the period in which it is incurred if a reasonable estimate of fair value can be determined. The liability will be initially measured at fair value, and will be subsequently adjusted each period to reflect the passage of time through accretion expense and any changes in the estimated future cash flows underlying the initial fair value measurement. The associated costs will be capitalized as part of the carrying value of the related asset and depreciated over the remaining life of the underlying asset to which it relates.

The Corporation will keep monitoring new statutory or regulatory requirements which may impose new asset retirement obligation. In such circumstances, the liability will be recognized when the obligation is first imposed.

2.21 Share capital

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

3.1 Key sources of estimation uncertainty

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

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

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

3.1.1 Capital assets

Capital assets, comprising property, plant and equipment and intangible assets with finite useful lives, are depreciated or amortized over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of property, plant and equipment are reviewed annually for continued appropriateness. Changes to the useful life estimates would affect future depreciation or amortization expense and the future carrying value of assets. The carrying amounts of the capital assets as at the end of the reporting periods are included in Notes 10 and 12.

3.1.2 Employee benefits liabilities

The present value of the other post-employment and other long-term employee benefits liabilities to be settled in the future depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as discount rates, long-term rates of compensation increase, retirement age, future health-care and dental costs and mortality rates. The Corporation consults with external actuaries regarding these assumptions annually. Any changes in these assumptions will impact the carrying amount of the other post-employment and other long-term employee benefits liabilities. The carrying amount of the employee benefits liabilities as at the end of the reporting periods is included in Note 17.

3.1.3 Precious metal inventory and reconciliation

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

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

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

3.1.4 Inventory valuation allowance

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

3.1.5 Income taxes

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

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

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

3.2 Critical judgements

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

3.2.1 Capital assets

Capital assets with finite useful lives are required to be tested for impairment only when indication of impairment exists. Management is required to make a judgement with respect to the existence of impairment indicators at the end of each reporting period.

3.2.2 Provisions and contingent liabilities

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

4. RESTATEMENT OF THE CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Corporation reviewed the presentation and classification of its cash flows. As a result, certain derivative cash flows were reclassified between operating and investing activities to better reflect the underlying items being hedged. Also, certain receipts from customers and payments to suppliers related to bullion transactions were revised to more accurately reflect the nature of the net settlements for those transactions. The Corporation has restated the 2013 consolidated statement of cash flows to conform to current year presentation and the changes are summarized in the following table:

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

	As previously reported	Adjustment	As restated 2013
Cash flows from operating activities			
Receipts from customers	$ 3,362,589	$ (1,120,139)	$ 2,242,450
Payments to suppliers and employees	(3,390,479)	1,125,038	(2,265,441)
Interest paid	(629)	-	(629)
Cash receipts on derivative contracts	962,971	(1,176)	961,795
Cash payments on derivative contracts	(881,746)	9,154	(872,592)
Income taxes paid	(7,407)	(424)	(7,831)
Net cash generated by operating activities	45,299	12,453	57,752
Cash flows from investing activities			
Interest received	513		513
Cash receipts on derivative contracts to acquire property, plant and equipment and intangible assets	-	2,828	2,828
Cash payments on derivative contracts to acquire property, plant and equipment and intangible assets	-	(8,963)	(8,963)
Payments to acquire property, plant and equipment and intangible assets	(48,282)	(6,318)	(54,600)
Net cash (used) by investing activities	(47,769)	(12,453)	(60,222)
Cash flows from financing activities			
Dividend paid	(10,000)	-	(10,000)
Proceeds from loans	15,000	-	15,000
Repayment of loans and other payables	(4,504)	-	(4,504)
Net cash generated (used in) by financing activities	496	-	496
Net increase (decrease) in cash	(1,974)	-	(1,974)
Cash at the beginning of the period	64,514	-	64,514
Effects of exchange rate changes on cash held in foreign currencies	688	-	688
Cash at the end of the period	$ 63,228	$ -	$ 63,228

5. APPLICATION OF NEW AND REVISED IFRS

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

There were no new or revised IFRS issued by the International Accounting Standards Board (IASB) that became effective for accounting periods that begin on or after January 1, 2014 that affected amounts reported or disclosed in the consolidated financial statements.

5.2 New and revised IFRS in issue but not yet effective

a) The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The adoption of the following amendments is not expected to have a material impact on the Corporation's consolidated financial statements.

Annual improvements to IFRSs 2011-2013
In December 2013, the IASB issued these annual improvements during the 2011-2013 cycle. The standards covered by this cycle include IFRS 1 First time adoption of IFRS and addresses the meaning of effective IFRS, IFRS 3 Business Combinations which clarifies scope exceptions for joint ventures, IFRS 13 Fair Value measurement which provides guidance on the portfolio exemption and IAS 40 Investment Property which addresses classification of investment property. These annual improvements are to be applied for annual periods beginning on or after July 1, 2014. Early adoption is permitted.

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

IAS 38 Intangible Assets ("IAS 38")
IAS 38 was amended in May 2014 for the clarification of acceptable methods of amortisation; it introduces a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16 with limited circumstances when the presumption can be overcome. The amendment is effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

b) The following amendments have been assessed as having a possible impact on the Corporation's consolidated financial statements in the future. The Corporation is currently assessing these amendments and therefore the extent of the impact of the adoption of the amendments is unknown.

Annual improvements to IFRSs 2010-2012
In December 2013, the IASB issued annual improvements during the 2010-2012 cycle. The standards covered by the amendments are: IFRS 2 Share based payments, addressing vesting conditions; IFRS 3 clarifies accounting for contingent consideration in a business combination; IFRS 8 Operating segments provides guidance on aggregation of operating segments and disclosure of segment assets; IFRS 13 provides guidance on fair value measurement of short term receivables and payables; IAS 16 and 38 which provides addresses proportionate restatement of accumulated depreciation for property, plant and equipment and intangibles and IAS 24 providing guidance on related party disclosures. These annual improvements are to be applied for annual periods beginning on or after July 1, 2014 except for IFRS 3 which applies to business combinations occurring on or after July 1, 2014. Early adoption is permitted.

Annual improvements to IFRSs 2012-2014
In September 2014, the IASB issued annual improvements during the 2012-2014 cycle. The standards covered by the amendments are: IFRS 5 Non-current assets held for sale and discontinued operations which provides guidance on the methods of disposal; IFRS 7 Financial Instruments: Disclosures which provides guidance on servicing contracts and the applicability of the amendments to IFRS 7 to condensed interim financial statements. IFRS 19 Employee benefits which clarifies how the discount rate is to be determined in a regional market using the same currency; and IAS 34 Interim Financial Reporting which discusses disclosures of information elsewhere in the interim financial report. These annual improvements are to be applied for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 9 Financial Instruments ("IFRS 9")
In July 2014, the IASB issued the final version of IFRS 9, which incorporates the classification and measurement, impairment and hedge accounting phases of the project to replace the existing standards under IAS39 "Financial Instruments: Recognition and Measurement". The new IFRS 9 standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retroactively. Early adoption is permitted.

IFRS 7 Financial Instruments: Disclosures ("IFRS 7")
An amendment was released in December 2011 to IFRS 7 regarding requiring disclosures about the initial application of IFRS 9 which has an effective date of January 1, 2018. The amendments are to be applied retrospectively.

An additional amendment was released in November 2013 to IFRS 7 regarding additional hedge accounting disclosures resulting from the introduction of the hedge accounting section of IFRS 9 which has an effective date of January 1, 2018. The amendments are to be applied retrospectively.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")
IFRS 15 was issued in May 2014 and applies to annual reporting period beginning on or after January 1, 2017. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. Early adoption is permitted.

6. CASH

As at December 31 *(CAD$ thousands)*

	2014	2013
Canadian dollars	**$ 97,789**	$ 54,949
US dollars	**4,746**	4,480
Euros	**1,618**	3,799
Total cash	**$ 104,153**	$ 63,228

7. ACCOUNTS RECEIVABLE

As at December 31 *(CAD$ thousands)*

	2014	2013
Trade receivables and accruals	**$ 21,078**	$ 35,313
Allowance for doubtful accounts	**(133)**	(190)
Net trade receivables	**20,945**	35,123
Other receivables	**6,510**	3,618
Total accounts receivable	**$ 27,455**	$ 38,741

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

As at December 31 *(CAD$ thousands)*

	2014	2013
Canadian dollars	**$ 12,925**	$ 14,974
US dollars	**14,530**	23,767
Total accounts receivable	**$ 27,455**	$ 38,741

Accounts receivables are classified as loans and receivables and are measured at amortized cost.

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

8. INVENTORIES

As at December 31 *(CAD$ thousands)*

	2014	2013
Raw materials and supplies	**$ 21,797**	$ 8,663
Work in process	**22,540**	17,853
Finished goods	**44,686**	71,470
Total inventories	**$ 89,023**	$ 97,986

The amount of inventories recognized as cost of goods sold in 2014 is $2.3 billion (2013 – $3.2 billion).

The cost of inventories recognized as cost of goods sold in 2014 includes $5.4 million write-downs of inventory to net realisable value (2013 – $4.5 million).

In 2014, the Corporation reviewed its methodology used to estimate the manufacturing standard cost of certain products based on the latest available information and the basis of allocation of these costs was revised. The change was implemented to better reflect the actual value of the inventory held by the Corporation. This change in estimate was applied prospectively and resulted in a decrease of the value of the total inventory in the current year by $1.5 million and an increase of cost of goods sold by the same amount. The amount of the effect in future periods is not disclosed because estimating it is impracticable.

There is no pledged collateral in respect of inventory.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

9.1 Capital risk management

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of organizational growth to provide returns to its sole shareholder, the Government of Canada, and benefits to other stakeholders. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2013.

The capital structure of the Corporation consists of loans payable as detailed in Note 14 and shareholder's equity which is comprised of issued capital, accumulated other comprehensive income and retained earnings.

The Corporation's senior management reviews the Corporation's capital structure periodically. As part of the review, senior management considers the cost of the capital and the associated risks in order to comply with the borrowing limits (see Note 22.4) stipulated by the *Royal Canadian Mint Act*. The Corporation manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. The timing, terms and conditions of all borrowing transactions are approved by the Minister of Finance.

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

Debt to Equity ratio

As at December 31 *(CAD$ thousands)*

	2014	2013
Loans payable (current and non-current)	**$ 41,997**	$ 49,500
Shareholder's equity	**333,817**	303,187
	1:8	1:6

Debt to Assets ratio

As at December 31 *(CAD$ thousands)*

	2014	2013
Loans payable (current and non-current)	**$ 41,997**	$ 49,500
Total assets	**491,082**	458,421
	1:12	1:9

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

9.2 Classification and fair value measurements of financial instruments

9.2.1 Carrying amount and fair value of financial instruments

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

As at December 31 *(CAD$ thousands)*

	2014		2013	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
Financial Assets				
Held for Trading				
Cash	**$ 104,153**	**$ 104,153**	$ 63,228	$ 63,228
Derivative financial assets	**1,957**	**1,957**	1,151	1,151
Loans and receivables				
Accounts receivable	**27,455**	**27,455**	38,741	38,741
Financial Liabilities				
Held for Trading				
Derivative liabilities	**4,393**	**4,393**	2,549	2,549
Other Financial Liabilities				
Accounts payable and accrued liabilities	**74,778**	**74,778**	70,597	70,597
Loans payable	**41,997**	**42,360**	49,500	49,877

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

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

i) The carrying amounts of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values as a result of the relatively short-term nature of these financial instruments.

ii) The fair values of loans payables have been estimated based on a discounted cash flow approach using current market rates appropriate as at the respective date presented.

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

9.2.2 Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value measurement of cash is classified as level 1 of the fair value hierarchy as at December 31, 2014 and 2013. 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, 2014 and 2013. There were no transfers of financial instruments between levels during 2014.

9.2.3 Interest income and expense

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

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

		2014		2013
Financial assets held for trading				
Interest income earned on cash	**$**	**563**	$	502
Other financial liabilities				
Interest expense on loans payable	**$**	**1,170**	$	642

9.3 Financial risk management objectives and framework

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

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

9.3.1 Credit risk management

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

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

Accounts receivable

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

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

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

As at December 31 *(CAD$ thousands)*

		2014		2013
North America	**$**	**14,094**	$	15,956
South America		**2,218**		11,678
Asia		**7,649**		5,007
Africa		**-**		4,773
Central America and the Caribbean		**1,410**		762
Europe		**1,809**		565
Australia		**275**		-
	$	**27,455**	$	38,741

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

As at December 31 *(CAD$ thousands)*

		2014		2013
Governments (including govermental departments and agencies)	**$**	**8,040**	$	20,263
Consumers, dealers and others		**6,076**		8,349
Central and institutional banks		**13,339**		10,129
	$	**27,455**	$	38,741

The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivables. The allowance is based on specific accounts and is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivables, current business and geopolitical climate, customers and industry concentrations and historical experience. The Corporation sets different payment terms depending on the customer and product, which results in an average of 30 day payment terms.

The aging of accounts receivable was as follows:

As at December 31 *(CAD$ thousands)*

	2014				2013			
		Accounts Receivable		**Allowance for doubtful accounts**		Accounts Receivable		Allowance for doubtful accounts
Current								
0-30 days	**$**	**17,578**	**$**	**-**	$	21,181	$	-
30-60 days		**4,873**		**-**		10,496		-
60-90 days		**2,033**		**-**		2,787		-
90-120 days		**1,033**		**-**		2,902		-
Over 120 days		**2,071**		**133**		1,565		190
Total	**$**	**27,588**	**$**	**133**	$	38,931	$	190
Net			**$**	**27,455**			$	38,741

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

As at December 31 *(CAD$ thousands)*

		2014		2013
Balance at beginning of year	**$**	**190**	$	110
Additions		**74**		117
Write-offs		**(131)**		(37)
Balance at end of year	**$**	**133**	$	190

Cash

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

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

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

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

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

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

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

As at December 31, 2014 *(CAD$ thousands)*

	Carrying amount	Contractual Cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	**$ (74,778)**	**$ (74,778)**	**$ (69,134)**	**$ (513)**	**$ (1,539)**	**$ (3,592)**
Loans and other liabilities	**(41,997)**	**(45,005)**	**(8,382)**	**(8,203)**	**(19,124)**	**(9,296)**
Derivative instruments						
Commodity swaps	**1,692**	**1,692**	**1,692**	**-**	**-**	**-**
Foreign currency forwards	**(3,987)**	**44,726**	**13,967**	**16,374**	**14,385**	**-**

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

	Carrying amount	Contractual Cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	$ (70,597)	$ (70,597)	$ (64,440)	$ (513)	$ (1,539)	$ (4,105)
Loans and other liabilities	(49,500)	(53,529)	(8,549)	(8,360)	(24,113)	(12,507)
Derivative instruments						
Commodity swaps	7	7	5	2	-	-
Foreign currency forwards	(2,041)	87,286	86,162	639	485	-

To be consistent with current year presentation, amounts for the prior year have been restated to exclude deferred taxes and income tax payable. In addition, $5.6 million of commodity swaps were reclassified to foreign currency forwards to better reflect their nature and $12 million of loans payable previously classified as more than 5 years were reclassified between the other maturity time periods to better reflect the timing of the disbursements.

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

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

Foreign exchange risk
The Corporation is exposed to foreign exchange risk on sales and purchase transactions and short term cash management requirements that are denominated in foreign currencies primarily including US dollar and Euros. The Corporation manages its exposure to exchange rate fluctuations between the foreign currency and the Canadian dollar by entering into foreign currency forward contracts and by applying hedge accounting to certain qualifying contracts to minimize the volatility to profit or loss. The Corporation also uses such contracts in the process of managing its overall cash requirements.

The Corporation's exposure to foreign currency risk was as follows based on Canadian dollar equivalent amount:

As at December 31, 2014 *(CAD$ thousands)*

	US$	**Euro**	**GBP**
Cash	**$ 4,746**	**$ 1,618**	**$ -**
Accounts receivable	**14,530**	**-**	**-**
Accounts payable and accrued liabilities	**(11,464)**	**(1,433)**	**-**
Gross exposure excluding financial derivatives	**7,812**	**185**	**-**
Committed forecasted sales	**72,622**	**-**	**-**
Committed forecasted purchases	**(37,123)**	**(946)**	**(215)**
Gross exposure	**43,311**	**(761)**	**(215)**
Forward exchange contracts	**(48,869)**	**556**	**-**
Net exposure	**$ (5,558)**	**$ (205)**	**$ (215)**

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

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

Based on the forward exchange contracts as at December 31, 2014, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the Canadian dollar against the currencies above would result in increases (decreases) in profit for the year by the amounts shown below. A hypothetical 10% weakening in the Canadian dollar against the currencies would have the equal but opposite effect.

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

	2014		2013	
	Other Comprehensive Income	**Profit for the period**	Other Comprehensive Income	Profit for the period
US dollars	**$ 3,163**	**$ (4)**	$ 4,840	$ 1,469
Euro	**-**	**(30)**	-	(31)

Interest rate risk
Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. There is no interest rate risk related to cash as there are no short-term investments as at the dates presented. The Corporation's Bankers Acceptance interest rate swap loan instruments described in Note 14 expose the Corporation to cash flow interest rate risk. The Corporation has fully hedged the exposure to fluctuations in interest rates related to these instruments by entering into corresponding interest rate swaps, where the Corporation pays a fixed interest rate in exchange for receiving a floating interest rate. The interest rate swaps are designated as hedging instruments under the cash flow hedge accounting model.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation does not account for its fixed rate debt instruments as held for trading; therefore, a change in interest rates at the reporting date would not affect profit or loss with respect to these fixed rate instruments. The Corporation's interest rate swaps expose the Corporation to fair value interest rate risk. An increase of 50 basis points in interest rates at the reporting date will increase the fair value of the swap liabilities and decrease other comprehensive income by approximately $0.6 million (2013 – $0.7 million). A decrease of 50 basis points in interest rates will have the opposite result.

Commodity price risk

The Corporation is exposed to commodity price risk on its purchase and sale of precious metals including gold, silver, platinum and palladium and base metals including nickel, copper and steel.

The Corporation is not exposed to precious metal price risk related to the bullion sales program because the purchase and sale of precious metals used in this program are completed on the same date, using the same price basis in the same currency.

The Corporation manages its exposure to commodity price fluctuations by entering into sales or purchase commitments or by entering into commodity swap and forward contracts that fix the future commodity price.

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

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

9.4 Foreign currency forwards, commodity swaps and interest rate swaps

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

As at December 31, 2014 *(CAD$ thousands)*

	Maturities	Notional Value	Fair Value
Derivative financial assets			
Current			
Commodity swaps	**2015**	**$ 10,901**	**$ 1,692**
Foreign currency forwards	**2015**	**20,484**	**24**
Interest rate swaps	**2015**	**3,000**	**-**
Non-current			
Interest rate swaps	**2022**	**21,000**	**-**
		$ 55,385	**$ 1,716**
Derivative financial liabilities			
Current			
Foreign currency forwards	**2015**	**35,134**	**2,105**
Interest rate swaps	**2015**	**1,500**	**35**
Non-current			
Foreign currency forwards	**2017**	**30,795**	**1,790**
Interest rate swaps	**2018**	**4,500**	**106**
		$ 71,929	**$ 4,036**

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

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

The gains/losses on derivatives designated as cash flow hedges will be reclassified from accumulated other comprehensive income to profit or loss during the periods when the hedged gains/losses are realized. The amounts will be reclassified to net income over periods up to 8 years of which approximately $ 0.4 million losses (2013 - $1.5 million losses) will be reclassified during the next 12 months.

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

As at December 31, 2014 *(CAD$ thousands)*

	Maturities		Notional Value		Fair Value
Derivative financial assets					
Current					
Foreign currency forwards	**2015**	**$**	**26,652**	**$**	**225**
Non-current					
Foreign currency forwards	**2016**		**519**		**16**
		$	**27,171**	**$**	**241**
Derivative financial liabilities					
Current					
Foreign currency forwards	**2015**	**$**	**12,661**	**$**	**307**
Non-current					
Foreign currency forwards	**2016**		**485**		**50**
		$	**13,146**	**$**	**357**

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

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

For the year ended December 31, 2014, the amounts recorded in the consolidated statement of comprehensive income resulting from the net change in fair value of the derivative instruments not designated as hedges amount to a gain of $0.4 million (2013 – loss of $0.4 million). These amounts are included in net foreign exchange gains (losses).

10. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31 *(CAD$ thousands)*

	2014	2013
Cost	**$ 409,035**	$ 389,797
Accumulated depreciation	**(167,385)**	(151,582)
Net book value	**241,650**	238,215
Net book value by asset class		
Land and land improvements	**3,139**	3,143
Buildings and improvements	**132,760**	129,033
Equipment	**96,018**	94,998
In process capital projects	**9,733**	11,041
Net book value	**$ 241,650**	$ 238,215

Reconciliation of the opening and closing balances of property, plant and equipment for 2014:

(CAD$ thousands)

	Land and land improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance at December 31, 2012	$ 4,094	$ 78,124	$ 211,659	$ 55,337	$ 349,214
Additions	-	19,698	12,337	9,327	41,362
Transfers	-	43,298	10,325	(53,623)	-
Disposals	-	-	(779)	-	(779)
Balance at December 31, 2013	4,094	141,120	233,542	11,041	389,797
Additions	**-**	**6,574**	**6,892**	**8,091**	**21,557**
Transfers	**-**	**2,968**	**6,431**	**(9,399)**	**-**
Disposals	**-**	**(422)**	**(1,897)**	**-**	**(2,319)**
Balance at December 31, 2014	**$ 4,094**	**$ 150,240**	**$ 244,968**	**$ 9,733**	**$ 409,035**
Accumulated depreciation					
Balance at December 31, 2012	$ 924	$ 8,138	$ 128,261	$ -	$ 137,323
Depreciation	27	3,949	11,054	-	15,030
Disposals	-	-	(771)	-	(771)
Balance at December 31, 2013	951	12,087	138,544	-	151,582
Depreciation	**4**	**5,428**	**12,074**	**-**	**17,506**
Disposals	**-**	**(35)**	**(1,668)**	**-**	**(1,703)**
Balance at December 31, 2014	**$ 955**	**$ 17,480**	**$ 148,950**	**$ -**	**$ 167,385**
Net book value at December 31, 2014	**$ 3,139**	**$ 132,760**	**$ 96,018**	**$ 9,733**	**$ 241,650**

No borrowing costs were incurred during the year ended December 31, 2014 (2013 – $228 thousand) For 2013, the borrowing costs were calculated using a capitalization rate of 1.53%. Funds were borrowed specifically for the purpose of the Winnipeg plant expansion and the full amount of related costs incurred during the period were capitalized to the assets.

No indicators of impairment were found for property, plant and equipment as at December 31, 2014 or 2013.

No asset is pledged as security for borrowings as at December 31, 2014 or 2013.

11. INVESTMENT PROPERTY

As at December 31 *(CAD$ thousands)*

	2014	2013
Cost	**$ 236**	$ 236

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

The fair value measurement of the investment property is classified as level 2 of the fair value hierarchy (see Note 9.2.2 for definitions). The valuation was performed using a market approach using market prices for similar properties in the relevant location as observable inputs. The valuation will be carried out every 3 to 5 years or when there is significant change in the market price.

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

No indicators of impairment were found for investment property as at December 31, 2014 or 2013.

12. INTANGIBLE ASSETS

As at December 31 *(CAD$ thousands)*

		2014		2013
Cost	**$**	**41,565**	$	37,751
Accumulated amortization		**(24,115)**		(20,565)
Net book value	**$**	**17,450**	$	17,186

The Corporation's intangible assets contain mainly purchased software for internal use or for providing services to customers.

Reconciliation of the opening and closing balances of intangibles for 2014:

(CAD$ thousands)

		Software		Capital projects in process		Total
Cost						
Balance at December 31, 2012	$	21,486	$	9,345	$	30,831
Additions		1,264		5,656		6,920
Transfers		1,745		(1,745)		-
Balance at December 31, 2013		24,495		13,256		37,751
Additions		**2,923**		**891**		**3,814**
Transfers		**13,128**		**(13,128)**		**-**
Balance at December 31, 2014	**$**	**40,546**	**$**	**1,019**	**$**	**41,565**
Accumulated amortization						
Balance at December 31, 2012	$	18,946	$	-	$	18,946
Amortization		1,619		-		1,619
Balance at December 31, 2013		20,565		-		20,565
Amortization		**3,550**		**-**		**3,550**
Balance at December 31, 2014	**$**	**24,115**	**$**	**-**	**$**	**24,115**
Net book value at December 31, 2014	**$**	**16,431**	**$**	**1,019**	**$**	**17,450**

No indicators of impairment were found for intangible assets as at December 31, 2014 or 2013.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31 *(CAD$ thousands)*

		2014		2013
Canadian dollars	**$**	**61,881**	$	64,813
US dollars		**11,464**		5,233
Euros		**1,433**		551
Total accounts payable and accrued liabilities	**$**	**74,778**	$	70,597

Accrued liabilities include the liability to Department of Finance which is disclosed in Note 21 in detail.

Included in accrued liabilities at December 31, 2014 is a $0.6 million (2013 $1.1 million) provision for a potential legal obligation due to the terms of a contract. During the year, one potential legal obligation was resolved, resulting in a decrease in the provision of $0.5 million. The amount and timing of the settlement of the provision are uncertain.

Included in taxes payable at December 31, 2014 is a $4.0 million provision and in accrued liabilities is a provision of $1.2 million relating to unpaid foreign taxes and interest both of which were recorded during the current year. The timing of the reversal of the provision is unknown. An income tax receivable of $3.1 million has been recorded relating to the amount of tax that will be recoverable in Canada.

Included in accrued liabilities at December 31, 2014 is a $1.7 million (2013 – $0.8 million) provision for sales returns and allowances. During the year the provision was reduced by $0.8 million for actual sales returns and unused amounts reversed during the period, and increased by $1.7 million for estimated sales returns based on 2014 sales revenue.

14. LOANS PAYABLE

As at December 31 *(CAD$ thousands)*

		2014		2013
Loans	**$**	**41,975**	$	49,472
Accrued interest		**22**		28
Total loans payable	**$**	**41,997**	$	49,500
Current	**$**	**7,522**	$	7,528
Non-current		**34,475**		41,972
Total loans payable	**$**	**41,997**	$	49,500

The loans payable are unsecured and consist of the following borrowing facilities:

A 10 year $15 million Bankers' Acceptance/Interest rate swap loan bearing an interest rate at 2.67% with maturity in 2018. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The structure of the loan involves the use of a revolving 3 month Bankers Acceptances and an Interest Rate Swap to lock in the BA refinancing. The loan gets paid down $1.5 million per year for 10 years. As at December 31, 2014 the balance of the principal is $ $6.0 million (2013 – $7.5 million) and the fair value of the Bankers' Acceptance is $6.0 million (2013 – $7.5 million).

A 10 year $30 million Bankers' Acceptance/Interest rate swap loan bearing an interest rate at 2.06% with maturity in 2022. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The structure of the loan involves the use of a revolving 1 month Bankers Acceptances and an Interest Rate Swap to lock in the BA refinancing. The loan gets paid down $3 million per year for 10 years. As at December 31, 2014 the balance of the principal is $24.0 million (2013 - $27.0 million) and the fair value of the Bankers' Acceptance is $24 million (2013 – $27 million).

A 5 year $15 million loan bearing a fixed interest rate of 2.35%, with maturity in 2018. Interest payments are paid semi-annually and the loan gets paid down $3 million per year for 5 years. As at December 31, 2014 the balance of the principal is $12.0 million (2013 – $15.0 million) and the fair value of the loan is $ 12.4 million (2013 – $15.4 million).

15. DEFERRED REVENUE

As at December 31 *(CAD$ thousands)*

		2014		2013
Customer prepayment (i)	**$**	**1,209**	$	3,737
Subscription program (ii)		**-**		185
Total deferred revenu	**$**	**1,209**	$	3,922

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

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

16. INCOME TAXES

Current tax expense

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

	2014	2013
Current income tax expense	$ 11,686	$ 9,235
Foreign taxes expense	889	-
Adjustments for prior years	(212)	(554)
Total current tax expense	$ 12,363	$ 8,681

Deferred tax expense

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

	2014	2013
Origination and reversal of temporary differences	$ 2,618	$ 2,857
Adjustments for prior years	(98)	239
Total deferred tax expense	$ 2,520	$ 3,096

Income tax expense on profit before income tax differs from the amount that would be computed by applying the Federal statutory income tax rate of 25% (2013 – 25%). The expense for the year can be reconciled to the accounting profit before tax as follows:

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

	2014	2013
Net income before tax for the year	$ 56,137	$ 48,007
Income tax rate	25.0%	25.0%
Computed tax expense	14,034	12,002
Non-deductible expense	280	139
Impact of foreign taxes	889	-
Adjustments for prior years	(310)	(315)
Other net amounts	(10)	(49)
Income tax expense recognised in profit or loss	$ 14,883	$ 11,777

Deferred tax recognized in other comprehensive income

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

	2014			2013		
	Before tax	Tax (expense) benefit	Net of Tax	Before tax	Tax (expense) benefit	Net of Tax
Net unrealised gains (losses) on cash flow hedges	$ (5,530)	$ 1,691	$ (3,839)	$ (2,444)	$ 623	$ (1,821)
Reclassification of net realised losses on cash flow hedges transferred from other comprehensive income	5,370	(1,343)	4,027	367	(92)	275
Net actuarial gains (losses) on defined benefit plan	(1,082)	270	(812)	198	(49)	149
Total	$ (1,242)	$ 618	$ (624)	$ (1,879)	$ 482	$ (1,397)

The tax effects of temporary differences that give rise to deferred tax assets and liabilities in 2014 and 2013 are presented below:

As at December 31, 2014 *(CAD$ thousands)*

	Opening balance	Recognized in profit or (loss)	Recognized in OCI	Closing balance
Deferred tax assets				
Employee benefits	**$ 2,959**	**$ (56)**	**$ 270**	**$ 3,173**
Accounts payable	**1,792**	**(65)**	**-**	**1,727**
Derivative financial assets	**220**	**-**	**361**	**581**
Deferred tax liability				
Capital assets	**(16,827)**	**(2,330)**	**-**	**(19,157)**
Intangible assets	**(4,293)**	**(66)**	**-**	**(4,359)**
Investment tax credits	**(180)**	**(3)**	**-**	**(183)**
Net deferred tax liability	**$ (16,329)**	**$ (2,520)**	**$ 631**	**$ (18,218)**

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

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

17. 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 2014 was dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate was 1.45 times (2013 – 1.64) the employee' contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate was 1.43 (2013 – 1.57) times the employee's contribution. Total contributions of $11.9 million were recognized as an expense in 2014 (2013 – $10.7 million). The estimated contribution for 2015 is $10.5 million.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

ii) Other post-employment benefits

The Corporation provides severance benefits to its employees and also provides supplementary retirement benefits including post-retirement benefits and post retirement insurance benefits to certain employees. The benefits are accrued as the employees render the services necessary to earn them. These benefits plans are unfunded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

iii) Other long-term employee benefits

The Corporation's other long-term benefits include benefits for employees in receipt of long-term disability benefits, sick leave and special leave benefits and worker's compensation benefits. These benefits plans are unfunded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Employee benefits obligation at reporting date:

As at December 31 *(CAD$ thousands)*

		2014		2013
Post employment benefits	**$**	**10,157**	$	9,053
Other long-term employee benefits		**2,542**		2,785
Total employee benefits obligation	**$**	**12,699**	$	11,838

Movements of employee benefits obligation were as follows:

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

	Post employment benefits				Other long-term employment benefits			
		2014		2013		**2014**		2013
Beginning of the year	**$**	**9,053**	$	8,887	**$**	**2,785**	$	3,639
Current service cost		**561**		517		**2,632**		2,574
Interest cost		**411**		326		**114**		139
Benefits paid		**(950)**		(479)		**(3,330)**		(3,049)
Actuarial losses/(gains) from demographic assumptions		**136**		600		**291**		(477)
Actuarial losses/(gains) from financial assumptions		**946**		(798)		**50**		(41)
End of the year	**$**	**10,157**	$	9,053	**$**	**2,542**	$	2,785

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

Mortality rates are a key demographic assumption used in the valuation of the employee benefit obligation. The Canadian Institute of Actuaries ("CIA") released revised mortality tables in February 2014. The revised tables were used in the valuation of employee benefit obligation at December 31, 2014.

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

Employee benefits expenses were as follows:

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

		2014		2013
Post employment benefits				
Pension benefits contribution	**$**	**11,856**	$	10,719
Other post employment benefits		**1,105**		166
Other long-term employee benefits		**(243)**		(854)
Total employee benefits expenses	**$**	**12,718**	$	10,031

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

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

	2014	2013
In Profit or Loss		
Pension benefits contribution	**$ 11,856**	$ 10,719
Current service cost	**3,193**	3,091
Interest cost	**525**	465
Benefits paid	**(4,279)**	(3,528)
Actuarial (gains)/losses	**341**	(518)
	11,636	10,229
In Other Comprehensive Income		
Actuarial (gains)/losses	**1,082**	(198)
	1,082	(198)
Total amounts recognized in the consolidated statement of comprehensive income	**$ 12,718**	$ 10,031

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

As at December 31 *(CAD$ thousands)*

	2014	2013
Accrued benefit obligation		
Discount rate	**3.5%**	4.2%
Rate of compensation increase	**3.0%**	3.0%
Benefit costs for the year ended		
Discount rate	**4.2%**	3.5%
Rate of compensation increase	**3.0%**	3.0%
Assumed health care cost trend rates		
Initial health care cost trend rate	**6.4%**	6.9%
Cost trend rate declines to	**5.0%**	5.3%

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 *(CAD$ thousands)*

	2014	2013
Medical cost trend rates:		
Current service cost and interest cost	**$ 63**	$ 22
Defined benefit obligation	**465**	261
Discount rates:		
Current service cost and interest cost	**$ (18)**	$ 23
Defined benefit obligation	**(1,282)**	(960)
Salary rates:		
Current service cost and interest cost	**$ 88**	$ 87
Defined benefit obligation	**535**	488

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

For the year ended December 31, 2014 *(CAD$ thousands)*

	Within 1 Year	**2 to 5 Years**	**5 to 10 Years**
Expected pension benefit payments	**$ 1,304**	**$ 4,208**	**$ 4,235**

For the year ended December 31, 2013 *(CAD$ thousands)*

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

18. REVENUE

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

	2014	2013
Revenue from the sale of goods	**$ 2,426,000**	$ 3,357,014
Revenue from the rendering of services	**17,414**	18,189
Total Revenue	**$ 2,443,414**	$ 3,375,203

19. DEPRECIATION AND AMORTIZATION EXPENSES

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

	2014	2013
Depreciation of property, plant and equipment	**$ 17,506**	$ 15,030
Amortization of intangible assets	**3,550**	1,619
Total depreciation and amortization expenses	**$ 21,056**	$ 16,649

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

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

	2014	2013
Cost of goods sold	**$ 14,645**	$ 12,750
Marketing and sales expenses	**3,847**	2,339
Administration expenses	**2,564**	1,560
Total depreciation and amortization expenses	**$ 21,056**	$ 16,649

20. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

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

	2014	2013
Research and development expenses	**$ 9,624**	$ 8,619
Scientific research and development investment tax credit	**(766)**	(900)
Research and development expenses, net	**$ 8,858**	$ 7,719

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

21. RELATED PARTY TRANSACTIONS

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

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

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 are negotiated and measured at fair value under a three year Memorandum of Understanding, where pricing is agreed annually in the normal course of operations.

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

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

		2014		2013
Revenue from DOF	**$**	**104,144**	$	103,665

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

Due to the retrospective application of IAS 16 at the date of transition to IFRS on January 1st, 2010, depreciation expenses that have been charged under Canadian GAAP to the Department of Finance at a rate in excess of actual depreciation expenses incurred under IAS 16 have been adjusted by the amount of $8.2 million at that time. This amount was included in Accounts Payable and Accrued Liabilities on the consolidated statement of financial position since it could be reimbursable on demand to DOF. During 2014, the Corporation reduced the billing to the Department of Finance by $0.5 million (2013 – $0.5 million) and the remainder of $6.2 million (2013 – $6.7 million) will be deducted in future billings over the next 12 years.

Compensation of key management personnel

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

Compensation of key management personnel was as follows:

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

		2014		2013
Wages, bonus and short-term benefits	**$**	**3,428**	$	3,192
Post-employment and termination benefits		**2,152**		971
Other long-term benefits		**102**		139
Total compensation	**$**	**5,682**	$	4,302

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES

22.1 Precious metal leases

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments, as well as precious metals leases. As at December 31, 2014 the Corporation had $26.8 million outstanding precious metal purchase commitments (2013 – $41.4 million). At the end of the period, the Corporation had entered into precious metal leases as follows:

As at December 31 *(Ounces)*

	2014	2013
Gold	**31,564**	21,062
Silver	**6,640,171**	5,084,108
Palladium	**465**	-
Platinum	**6,763**	16,001

The fees for these leases are based on market value. The precious metal lease payment expensed for 2014 is $2.4 million (2013 – $2.9 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.

22.2 Base metal commitments

In order to facilitate the production of circulation and non-circulation coins (for Canada and other countries) and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments. As at December 31, 2014, the Corporation had $21.8 million (December 31, 2013 – $34.2 million) in purchase commitments outstanding.

22.3 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As of December 31, 2014, under the guarantees and bid bonds, the maximum potential amount of future payments is $ 10.0 million (December 31, 2013 – $9.5 million).

22.4 Other commitments and guarantees

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the Royal Canadian Mint Act, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the year ended December 31, 2014, approved short-term borrowings for working capital within this limit, were not to exceed $25.0 million (2013 – $25.0 million).

To support such short-term borrowings as may be required from time to time, the Corporation has various commercial borrowing lines of credit, made available to it by Canadian financial institutions. These lines are unsecured and provide for borrowings up to 364 days in term based on negotiated rates. No amounts were borrowed under these lines of credit as at December 31, 2014 or 2013.

The Corporation has committed as at December 31, 2014 to spend approximately $12.8 million (December 31, 2013 – $8.3 million) on capital projects.

As of December 31, 2014, the Corporation has future commitments of $24.0 million related to lease obligations and $22.5 million in other contractual purchase obligations for goods and services (December 31, 2013 – $51.7 million). These lease commitments and other contractual purchase obligations will be completed by June 2027 (2015 – $29.7 million, 2016 – $2.8 million, 2017 – $ 2.5 million, 2018 – $2.1 million, 2019 – $ 2.1 million and thereafter $7.3 million).

There are various legal claims against the Corporation. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. There is no contingent liability as of December 31, 2014 or December 31, 2013.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2013.

23. DIVESTURE OF MINTCHIP™

Since the launch of MintChip™ in 2012, the Mint made progress in advancing the concept as an innovative, cost effective and secure digital cash product. In February 2014, it was decided that further development and commercialization of MintChip™ should be accomplished through the private sector. The Mint is now in the sale phase of MintChip™ with the ultimate goal of maximizing the return on its investment. All past research and development costs related to MintChip™ have been expensed as incurred and no asset was recorded at December 31, 2014. The value and the timing of the sale cannot reasonably be estimated at this time.

STATISTICS

Table 1 — Canadian circulation coinage

Production in 2012, 2013 and 2014[1]

	2014 Total Pieces	2013 Total Pieces	2012 Total Pieces
Coinage dated 2011			
$2	**-**	-	208,000
$1	**-**	-	-
50¢	**-**	-	-
25¢	**-**	-	12,050,000
10¢	**-**	-	-
5¢	**-**	-	-
1¢	**-**	-	-
Coinage dated 2012			
$2	**-**	-	89,185,000
$1	**-**	-	119,519,000
50¢	**-**	-	250,000
25¢	**-**	-	178,450,000
10¢	**-**	-	334,675,000
5¢	**-**	-	202,944,000
1¢	**-**	-	199,347,000
Coinage dated 2013			
$2	**-**	12,390,000	-
$1	**-**	120,330,000	-
50¢	**-**	375,000	-
25¢	**-**	118,480,000	-
10¢	**-**	104,775,000	-
5¢	**-**	78,120,000	-
1¢	**-**		-
Coinage dated 2014			
$2	**16,305,000**	-	-
$1	**24,978,000**	967,000	-
50¢	**500,000**	-	-
25¢	**97,440,000**	-	-
10¢	**153,450,000**	-	-
5¢	**66,364,000**	-	-
1¢	**-**	-	-
Coinage dated 2015			
$2	**2,150,000**	-	-
$1	**-**	-	-
50¢	**-**	-	-
25¢	**-**	-	-
10¢	**-**	-	-
5¢	**-**	-	-
1¢	**-**	-	-
Total (all dates)			
$2	**18,455,000**	12,390,000	89,393,000
$1	**24,978,000**	121,297,000	119,519,000
50¢	**500,000**	375,000	250,000
25¢	**97,440,000**	118,480,000	190,500,000
10¢	**153,450,000**	104,775,000	334,675,000
5¢	**66,364,000**	78,120,000	202,944,000
1¢	**0**	0	199,347,000
Total	**361,187,000**	435,437,000	1,136,628,000

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

Table 2 — Canadian circulation coinage

Cumulative production up to December 31, 2014[1] [2]

	2014	2013	2012	2011	2010
$2	**16,305,000**	12,390,000	89,185,000	26,018,000	5,460,000
$1	**24,978,000**	120,330,000	119,519,000	25,410,000	24,460,000
50¢	**500,000**	375,000	250,000	175,000	150,000
25¢	**97,440,000**	118,480,000	178,450,000	212,970,000	164,009,000
10¢	**153,450,000**	104,775,000	334,675,000	289,300,000	251,350,000
5¢	**66,364,000**	78,120,000	202,944,000	228,816,000	127,848,000
1¢	**-**	-	199,347,000	662,750,000	485,645,000

[1] Total coins of each date and denomination, regardless of the calendar year in which they were produced.
[2] Figures are rounded to the nearest thousand pieces.

Table 3 — Canadian circulation coinage

Canadian circulation coinage issued in 2014[1] – Geographic distribution[2]

Province City[3]	**$2**	**$1**	**50¢**	**25¢**	**10¢**	**5¢**	**1¢**
Newfoundland and Labrador							
St John's	139,000	412,000	-	1,414,000	2,950,000	2,230,000	-
New Brunswick							
Saint John	936,000	398,000		3,256,000	3,485,000	1,222,000	-
Nova Scotia							
Halifax	71,000	92,000	-	1,956,000	6,720,000	5,156,000	-
Quebec							
Montréal	1,355,000	747,000	-	13,422,000	23,330,000	12,708,000	-
City of Québec	3,258,000	2,403,000		8,810,000	8,610,000	3,870,000	-
Ontario							
Ottawa	956,000	3,032,000	-	12,724,000	8,125,000	4,376,000	-
Toronto	6,648,000	6,854,000	-	16,098,000	45,395,000	30,412,000	-
Manitoba							
Winnipeg	42,000	1,917,000	-	4,024,000	8,480,000	2,798,000	-
Saskatchewan							
Regina	780,000	297,000	-	4,414,000	5,930,000	3,624,000	-
Alberta							
Calgary	1,079,000	2,470,000	-	7,104,000	7,915,000	3,828,000	-
Edmonton	2,368,000	3,243,000	-	9,346,000	18,122,000	7,302,000	-
British Columbia							
Vancouver	4,429,000	2,537,000	-	10,844,000	20,575,000	10,846,000	-
Sundry persons[4]	998,000	409,000	500,000	-	190,000	274,000	-
	23,059,000	24,811,000	500,000	93,412,000	159,827,000	88,646,000	–

[1] Figures are rounded to the nearest thousand pieces.
[2] The dates on the coins are not always the same as the calendar year in which they were issued.
[3] The coins were issued to financial institutions in these cities.
[4] The figures for Sundry persons do not include numismatic coinage purchases.

Table 4 — Canadian circulation coinage

Commemorative/regular designs and plated/non-plated coins production in 2011-2014[1]

	2014	2013	2012	2011
1 Cent (CPZ)	**-**	-	87,972,000	301,400,000
1 Cent (CPS)	**-**	-	111,375,000	361,350,000
5 cent	**66,364,000**	78,120,000	202,944,000	230,328,000
10 Cent	**153,450,000**	104,775,000	334,675,000	292,325,000
25 Cent - Caribou (P)	**97,440,000**	68,480,000	153,450,000	187,520,000
25 Cent - Wood Bison	**-**	-	-	12,500,000
25 Cent - Orca	**-**	-	12,050,000	450,000
25 Cent - Peregrine Falcon	**-**	-	-	12,500,000
25 Cent - Tecumseh	**-**	-	12,500,000	-
25 Cent - Brock	**-**	-	12,500,000	-
25 Cent - de Salaberry	**-**	12,500,000	-	-
25 Cent - Secord	**-**	12,500,000	-	-
25 Cent - Arctic Expedition	**-**	25,000,000	-	-
One Dollar - Aureate Nickel	**-**	-	2,414,000	20,410,000
One Dollar (P)	**20,945,000**	120,330,000	107,105,000	-
One Dollar - Lucky Loon	**4,033,000**	967,000	5,000,000	-
One Dollar - Parks Canada	**-**	-	-	5,000,000
One Dollar - Grey Cup 100th Anniversary	**-**	-	5,000,000	-
Two Dollar	**-**	-	1,531,000	22,488,000
Two Dollar (P)	**11,305,000**	12,390,000	82,862,000	-
Two Dollar - Boreal Forest	**-**	-	-	5,000,000
Two Dollar - War of 1812	**-**	-	5,000,000	-
Two Dollar - Wait for Me, Daddy	**5,000,000**	-	-	-
Two Dollar - Sir John A MacDonald	**2,150,000**	-	-	-

(CPS) Copper-plated steel (CPZ) Copper-plated zinc (P) Plated

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

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