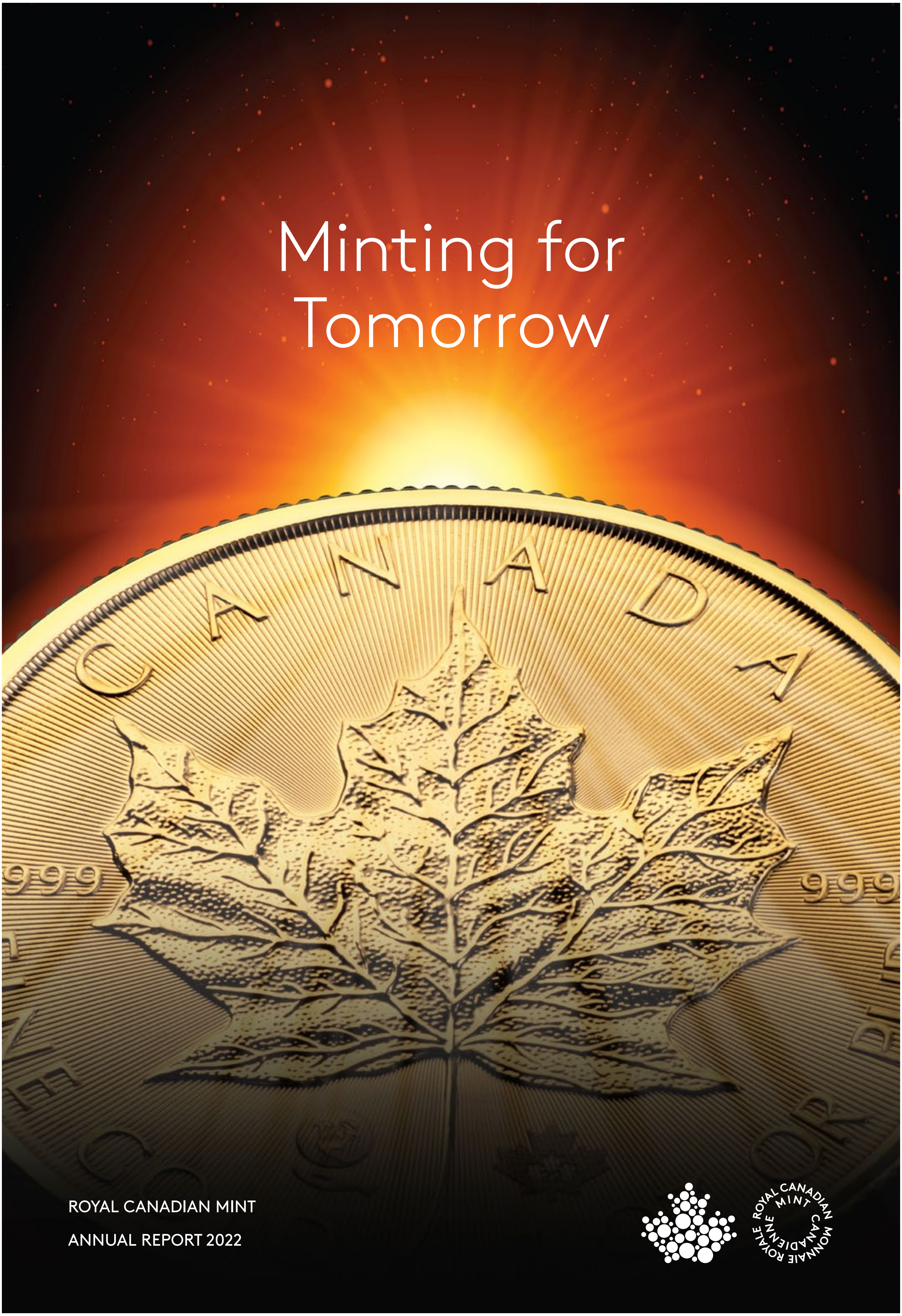
Minting for Tomorrow



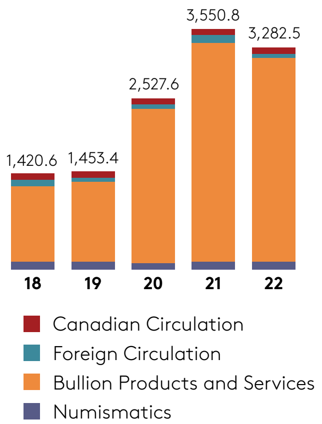
ROYAL CANADIAN MINT

ANNUAL REPORT 2022

Financial and Operating Highlights

	2022	2021	% change
Key financial highlights ($ in millions)			
Revenue	**3,282.5**	3,550.8	(8)
Gross profit	**170.3**	179.4	(5)
Profit for the period	**34.9**	53.7	(35)
Profit before income tax and other items[1, 3]	**45.0**	82.1	(45)
Dividends paid	**40.7**	78.9	(48)
Total assets	**380.2**	405.5	(6)
Shareholder's equity	**138.4**	142.5	(3)
Capital expenditures	**16.4**	11.9	38
Cash flow from operating activities	**85.2**	69.1	23
Return on average capital employed[2, 3]	**15%**	27%	
Key operating highlights			
New coins sold to financial institutions and others (in millions of pieces)	**336.0**	379.0	(11)
Gold bullion sales (in thousands of ounces)[4]	**1,489.7**	1,470.5	1
Silver bullion sales (in millions of ounces)[4]	**37.1**	37.7	(2)
Number of employees (at December 31)	**1,189**	1,208	(2)

Revenue by Program and Business
($ in millions)



[1] A reconciliation of profit before income tax and other items is included on page 43.
[2] Calculation is based on profit before income tax and other items.
[3] These are non-GAAP financial measures that are not standarized under International Financial Reporting Standards (IFRS) and might not be comparable to similar financial measures disclosed by other corporations reporting under IFRS.
[4] Bullion volumes are presented on a gross basis.

Contents

A responsible way forward

THE PAST FEW YEARS have been sobering for countries, individuals and organizations around the world as COVID-19, economic and geopolitical uncertainty, social tensions and climate change have brought disruptions and required new ways of working, living and doing business.

For the Royal Canadian Mint, embracing this reality has led to new ways of working, including accelerating its implementation of a comprehensive commitment to ESG — embedding environmental, social and governance responsibility across Mint operations.

Minting for Tomorrow

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

Message from the President and CEO

OUR RESILIENCE, FLEXIBILITY AND WILLINGNESS to try new approaches has served us well throughout the past year.

As we continued to implement our One Mint strategy, the results clearly showed through robust profitability, continued innovation and important strides in responsibly delivering on our commitments. If 2021 was all about setting the stage for some exciting projects against the backdrop of an unprecedented pandemic, 2022 was the year we put our plans into action.

Our performance this year is further proof of the value and potential of our long-term strategic plan, strengthening the Mint's position as a pillar of the Canadian economy and supporting people across Canada and partners around the world.

When we launched our One Mint strategy, we knew that Environmental, Social and Governance (ESG), as well as Diversity, Equity and Inclusion (DEI), would be foundational elements to the Mint's continued success. This past year, the Mint created new structures and processes to further align and embed ESG and DEI into everything we do across the organization. I have seen countless displays of collaboration, innovation and meaningful community outreach in the projects delivered in 2022.

As pandemic restrictions began lifting and the economy started to open back up, the Mint continued to expertly oversee the national circulation coin management system, ensuring there were no shortages of coins. The Mint's unique expertise continues to support Canada and Canadians who want or need to use coins in a payment landscape that is increasingly digital.

When we launched our One Mint strategy, we knew that Environmental, Social and Governance (ESG), as well as Diversity, Equity and Inclusion (DEI), would be foundational elements to the Mint's continued success.

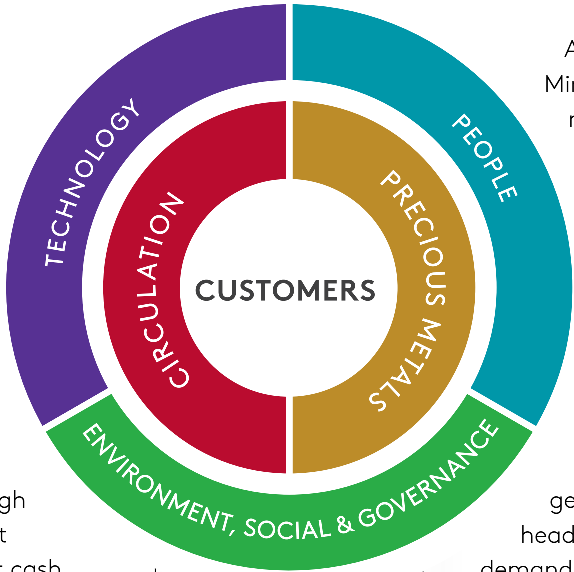
In February, as the world witnessed the invasion of Ukraine, the Mint found a way to give back. All net cash proceeds from the sale of our 2022 Pysanka coins, the best-selling annual series that proudly celebrates the richness of Ukrainian culture and artistry, were donated to the Canadian Red Cross Ukraine Humanitarian Crisis Appeal. We bolstered our support for the people of Ukraine in September, when we announced that net cash proceeds from the sale of 50th Anniversary of the 1972 Summit Series collector products would be donated to the Ukraine Humanitarian Appeal.

We continued to tell meaningful Canadian stories through our products. In August, we held our first in-person circulation coin launch since the start of the pandemic, celebrating the talent and legacy of Oscar Peterson, the first musician and first Black Canadian to appear on a circulation coin.

The return of in-person events and meetings, as well as the reopening of our boutiques were great opportunities to rekindle customer engagement. We reconnected at home and around the globe: meeting expert numismatists from the Royal Canadian Numismatic Association and the American Numismatic Association at their annual summer conventions; networking with industry peers and stakeholders at the LBMA Precious Metals Conference; as well as reaching new audiences with the launch of our Opulence Collection and promoting our premium-packaged giftable bullion through a cross-country Costco roadshow.

Months of meaningful collaboration culminated in the release of a Truth and Reconciliation Keepsake in September. The design was a cooperative effort by three Indigenous artists who worked together with the National Centre for Truth and Reconciliation and its Survivors Circle members to help create a thoughtful and wearable piece of art. The keepsake will be available through to the end of 2023, and the Mint is pleased to be donating all net cash proceeds from its sale to the National Centre for Truth and Reconciliation's Na-mi-quai-ni-mak Community Support Fund. As with previous charitable products, Mint employees once again donated their time to package the keepsakes in an effort to minimize costs and maximize the donation.

Our Business transformation is supported by important technology projects and new leadership roles. We created and staffed a new Vice-President of Corporate Security position, merging the protection of our physical assets with critical cyber security oversight. After much careful work and planning, the new mint.ca launched in June, offering an improved, personalized digital experience for customers. We are also investing in new enterprise resource planning (ERP) system to allow for seamless integration of data across the organization, further breaking down organizational silos and increasing efficiency.



The Mint has two primary businesses — Circulation and Precious Metals — both informed and supported by commitments to the Mint's Innovation and Digital technology programs, People Strategy and environmental, social and corporate governance (ESG).

An important pillar of our One Mint strategy has been to explore new markets, opportunities and customers for our numismatic product offerings. This focus led to the successful launch of our luxury Opulence Collection, opening the door to new segments of customers and distributors.

In a global environment with unprecedented challenges, many significant geopolitical and economic headwinds made foreign circulation demand difficult to predict in 2022. Yet our Foreign Circulation team remained hard at work identifying new business opportunities. The team met with many potential customers around the world. Highlighting our innovative capabilities, the Mint was recognized alongside the Central Bank of Barbados for the Barbados $1 Glow-in-the-Dark Flying Fish circulation coin for *Best New Commemorative or Test Circulating Coin* under the International Association of Currency Affairs' (IACA) 2022 Excellence in Currency Awards.

The responsible and transparent sourcing of precious metals is a cornerstone of our business. In 2022, the Mint was proud to manufacture a first bullion coin composed of pure gold sourced entirely from a single Canadian mine. This new process allows the gold used to be traced from start to finish through every step of the production process in our Ottawa facility from mine to mint. We also strengthened our ESG commitment by starting to refine gold from reputable

North American mines for an ethically sourced precious metal exchange-traded fund (ETF). In June, the Mint made a commitment to have a carbon-neutral circulation coinage business by 2030. This means that improvements to the operation of our Winnipeg facility will ensure that Canadian circulation coins, as well as those produced for other countries, are carbon neutral. Our commitment is supported by investments in people and technology that will benefit not only our environmental objectives, but also our business objectives.

The Mint's innovative and forward-thinking attitude can be seen in everything that we do, but our people are truly at the heart of our strong performance.

In 2022, we continued to put the health and safety of our people first. We introduced new measures when and where they were needed as new COVID-19 variants emerged. We continued to look for ways to foster professional and personal development for our employees, investing more than $1.6 million in learning and development, and enabling more people than ever to access promotions, development opportunities and skill-enhancing transitions within the Mint. At the halfway point of our ALL IN DEI Action Plan, 50% of our objectives have been met in the current phase of our journey and the remainder are on track to being completed by June 2024.

In September, we joined people around the world and across the Commonwealth in mourning Queen Elizabeth II. Following the passing of the Queen, the Mint acted swiftly and collaboratively to set plans to honour her historic reign and legacy into motion. We were well-prepared for this event as cross-functional teams came together to minimize disruptions to our operations. Our response was bolstered by the release of a special $2 circulation coin with a black nickel outer ring, the first of its kind in the world, this innovative coin developed by the Mint, offered Canadians a beautiful and unique way to honour and remember their late Queen.

I also join our Chair in expressing my heartfelt sorrow following the passing of Board member Dr. Sandip Lalli in December. Sandip was appointed to the Board of Directors in June 2018 and immediately left her mark, most notably on the Governance and Nominating Committee, the Human Resources and Workplace Health and Safety Committee, and, most recently, as chair of the Audit Committee, replacing Vic Young, another excellent member of our Board, whose counsel will also be missed. I am thankful to the entire Board of Directors for their support and oversight throughout 2022, as well as the leadership team and staff, for playing an active role in the continued success of the Mint.

As we move forward, our resilience, flexibility and creativity will continue to serve us well. We will continue to invest in our people, in our technology, and in ESG to strengthen and grow our circulation and precious metals businesses.

No matter what challenges lie ahead, we are prepared to tackle them head on. We will continue to be flexible and adaptable to changes in the circulation and precious metals markets for the benefit of our customers, our shareholder and Canadians.

Marie Lemay
President and CEO

We will continue to invest in our people, in our technology, and in ESG to strengthen and grow our circulation and precious metals businesses.

Responsibility starts at the source

The 2022 $50 1 oz. 99.99% Pure Gold Maple Leaf Single-Sourced Mine bullion coin is entirely composed of gold extracted by Agnico Eagle at its Meliadine Mine in Nunavut.

IN THE PRECIOUS METALS SPACE, responsibility comes with new expectations from customers for greater transparency in how precious metals are sourced and from where. Investors want to know they're buying products created under robust environmental and ethical standards.

The Mint is not taking these expectations lightly and, in its use of silver and gold, the proof is in the bullion. Last year, the Mint created a first-of-its-kind Gold Maple Leaf (GML) bullion coin from a confirmed single source: the Meliadine Gold Mine in the Kivalliq District of Nunavut, operated by Canadian gold mining company Agnico Eagle.

Using a rigorous segregation protocol, the Mint refined the Meliadine gold to produce a commercial volume of $50 one-ounce, 99.99-per cent pure GML coins. Almost the full production volume of those bullion coins was purchased by the Mint's official distributors immediately after their launch.

Each single-sourced bullion coin features the privy mark of a hand cradling a globe.

The Mint's partnership with Agnico Eagle to develop a single-mined bullion coin is one of the ways it is responding to increasing demand for greater transparency in the sourcing of precious metals.

The gold standard

The Mint's ESG Commitment, formally approved by the Board of Directors in June 2022, sets out objectives and targets for environmental, social and governance performance across the organization, bringing ESG considerations to all Mint activities.

Part of this commitment was adopting a new Responsible Sourcing (Precious Metals) Policy, approved by the Board of Directors. It outlines the governance framework for precious metals supply chains to identify and validate the flow of all incoming precious metals, assess sourcing risks, adopt management strategies to address those risks, demonstrate openness and transparency, and ensure compliance with the responsible sourcing requirements of the London Bullion Market Association (LBMA), with which the Royal Canadian Mint is an accredited Good Delivery refiner.

The LBMA released Version 9 of its Responsible Gold Guidance in November 2021, significantly expanding the range of factors refiners need to consider in their sourcing due-diligence practices, including the conduct of their clients in terms of workforce occupational health and safety, as well as the rigour of environmental practices around protected areas.

Agnico Eagle's Meliadine Mine in Nunavut.

The Mint's ESG Commitment was augmented with a new Responsible Sourcing (Precious Metals) Policy approved by the Board of Directors.

The Mint's refinery continues to find new ways to innovate while maintaining the highest industry standards.

A refiner handles a newly poured gold bar at the Mint's Ottawa facility.

Pitching in

The Mint joined the LBMA and gold industry members from around the world in helping develop the World Gold Council's Declaration of Responsibility and Sustainability Principles, an industry commitment to operate responsibly from mine to market announced in October 2022. The Declaration outlines 10 objectives related to responsible sourcing standards, respect for human rights, the advancement of the United Nations Sustainable Development Goals, and action and disclosures on climate change. It includes a provision the Mint suggested for inclusion: to consider the impact of gold industry activities on Indigenous Peoples and other potentially vulnerable populations.

Indigenous focus

Where impacts on Indigenous communities are concerned, the Mint is undertaking due diligence of the mines from which it refines precious metals across Canada (in Nunavut, Quebec, Ontario, Newfoundland, Nova Scotia, Manitoba, British Columbia and Yukon) and determining whether agreements are in place with the Indigenous communities on or neighbouring mines.

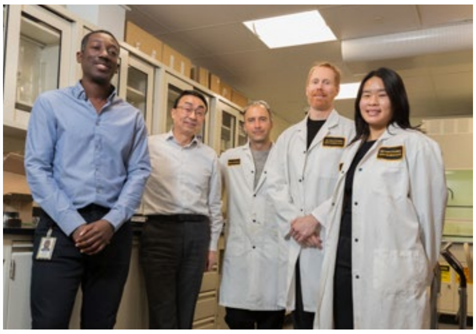
Students of sustainability

To gain a solid understanding of what responsible sourcing entails, all members of the Mint's Board of Directors participated in training on the subject in 2022 — deepening their knowledge to better equip them as they guide the organization forward on ESG matters.

Technology and traceability

In 2022, the Mint concluded a pilot project to track provenance of gold used in its refining operations. Learnings from the pilot will be used to implement a scalable traceability technology solution for precious metals in 2023.

That solution will be complemented by a parallel ERP digital program that will bring new IT integration to Mint operations through the adoption of Microsoft Dynamics 365 business applications.



The Research and Development team continues to look for new ways to enhance the Mint's metal tracing capabilities.

In 2022, the Mint concluded a pilot project to track provenance of gold used in its refining operations.

Canadians came together in all parts of the country to remember the children lost to residential, day and boarding schools, including through memorials made up of children's shoes (photo: The Canadian Press/Justin Tang).

Truth and Reconciliation

FOR A PERIOD OF 150 YEARS, First Nations, Inuit and Métis Nation children were forcibly taken from their families and communities to attend government-funded, church-run residential schools. More than 150,000 were taken away with the goal of destroying their culture and ways of life. Thousands never came home.

To honour both Survivors and victims, the Mint facilitated a cooperative effort to create a Truth and Reconciliation Keepsake — a coin-shaped piece people could wear to spark discussion about the Residential Day and Boarding School experience, learn the truth, and foster reconciliation.

For a period of 150 years, more than 150,000 First Nations, Inuit and Métis Nation children were taken from their families and communities to attend government-funded, church-run residential schools.

Because the past must never be forgotten

The Mint collaborated with three artists who worked with residential, day and boarding school Survivors to create the Keepsake. Its design features pairs of footprints, representing ancestors walking with younger generations. At the centre of it all, orange handprints form the shape of the sun—the life-giving source of light and heat. Within the hands, the flame motif from the National Centre for Truth and Reconciliation logo acknowledges the spiritual flame born inside each person.

For the first time in the Mint's history, three artists collaborated on a single coin design: First Nations artist Leticia Spence, Inuit artist Jason Sikoak and Métis artist JD Hawk. The result of their collaboration is a thoughtful and compelling story of the residential school experience for Indigenous communities across Canada.

All net cash proceeds are being donated to the Na-mi-quai-ni-mak Community Support Fund established by the National Centre for Truth and Reconciliation.

Packaging for the Truth and Reconciliation Keepsake.

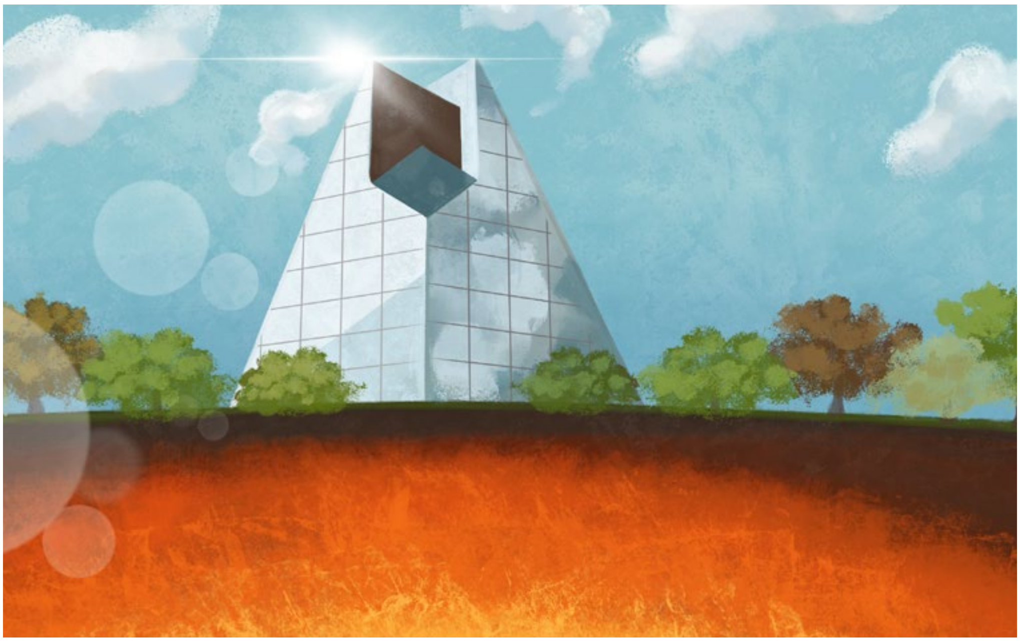
The obverse of the Keepsake blends visual elements that express Indigenous cultures and perspectives, as designed by First Nations artist Leticia Spence, Inuit artist Jason Sikoak, and Métis artist JD Hawk. It features an open circle representing experiences shared in the vastness of the natural world.

All net cash proceeds from the sale of the Keepsake are being donated to the Na-mi-quai-ni-mak Community Support Fund established by the National Centre for Truth and Reconciliation. The fund helps Survivors and their communities carry out healing, wellness and commemoration activities. (Na-mi-quai-ni-mak is an Anishinaabemowin term meaning, "I remember them.")

Change, one step at a time

Promoting diversity has become a priority for businesses around the world and across industries, but how can it be incorporated into day-to-day activities within an organization? That's a question the Mint sought to answer with the creation in 2022 of its Diversity, Equity and Inclusion (DEI) Lens Toolkit. Designed in consultation with experts, it is an accessible resource for all employees to help evaluate new activities and navigate processes and conversations with a DEI Lens through a stepped process and screening guidance.

Mint employees applying the DEI Lens Toolkit to their work.



Warm water found on the expansive grounds of the Mint's Winnipeg facility are helping reduce natural gas and electricity consumption through new geothermal technology.

Digging deep for solutions

NINETY METRES UNDERGROUND – that's how deep the Mint had to go for the answer. Geothermal technology is transforming operations at the Mint's Winnipeg facility, allowing warm water from the expansive grounds surrounding the manufacturing plant to reduce natural gas and electricity consumption.

Since June, the Mint's engineering team has been partnering with local experts, starting by locating water underground. Initial drilling led to the unexpected discovery of a cave, at the limits of which was the water source they needed — at the required temperature. Many wells were drilled by the end of 2022, with promising results.

The deployment of piping in 2023 will enable the Mint to begin cooling equipment, and heating rooms naturally during the cold Manitoba winter. If successful, subsequent project phases will allow the Mint to heat and cool the entire building, supporting the plant's journey to become carbon-neutral by 2030 — an environmental target set in the Mint's ESG Commitment.

Geothermal technology is transforming operations at the Mint's Winnipeg facility, allowing warm water to reduce natural gas and electricity consumption.

The Mint has committed to making its Winnipeg facility carbon-neutral by 2030.

The rolling mill upgrade in Ottawa is an example of multi-disciplinary cooperation, with employees from various areas working together to upgrade the controls, motors, gearboxes and coilers with an improved design.

In 2022, collaborative research and development projects with McGill University continued on processes for separating metals and optimizing chemical reactions.

Where there's a mill, there's a way

Novel approaches don't always require big capital investments. A cross-functional team in Ottawa proved this with its breakthrough solution to extend the life of the Mint's existing rolling mill — equipment central to its manufacturing operation.

Rather than invest the $5 million that would be required to purchase brand-new equipment in 2022, the Mint spent $2 million to extend the life of its current equipment by 10 years, making adjustments to improve the mill's safety and realize savings in operational costs.

Innovating the 'how'

The Mint's ESG Commitment extends beyond responsible sourcing to responsible *manufacturing*. In 2022, collaborative research and development projects with McGill University continued on innovative, sustainable processes for separating metals and optimizing chemical reactions. In 2023, the team will move out of the lab to test their technologies on a bigger scale.

Separately, the Mint continued its research into processes that minimize use of new base metal material through increased recycling of coin cores.

Meeting the standard

ISO 14001 certification is increasingly required by central banks and foreign clients in their bid processes to ensure the Mint has suitable environmental management systems in place. In 2022, the Mint successfully recertified its Winnipeg facility and completed preparations for certification of its Ottawa facility, which is anticipated in fall 2023.

The Mint's Winnipeg facility successfully achieved ISO 14001 recertification.

Innovating for world markets

The Opulence Collection redefines rare with the use of eye-catching pink diamonds, mined over thirty years from Rio Tinto's now-closed Argyle Mine.

INNOVATION REMAINS AT THE CORE of the Mint's strategy and operations. That was clear in 2022 when the Mint launched new products made from a different kind of earthly treasure: pink diamonds.

"Opulence" is a collection of gold and platinum coins adorned with hundreds of rare pink diamonds — some of the last available from Rio Tinto's renowned Argyle diamond mine in Western Australia, which closed in 2020. The coins featured intricate cherry blossom motifs. Combined, they had a total mintage of just 436.

The Ultimate was sold during a live auction by Heffel Fine Art Auction House.

The standout of the collection was The Ultimate, a one-of-a-kind masterpiece rendered on a canvas of pure platinum. It sold for more than $1.26 million (including buyer's premium) to an anonymous buyer during a live auction held May 31 by Toronto's Heffel Fine Art Auction House.

Complementing the Opulence collection, the Mint also launched a new hybrid line of giftable and collectible bullion last year, marrying the investing appeal of bullion with the collector appeal of numismatics.

Bi-metallic coins, like Canada's $2 coin, continue to be an attraction option for international clients.

Currency conversion

For central banks around the world considering banknote to coin conversion, the Royal Canadian Mint's bi-metallic coin technologies are solid, sustainable solutions. The Mint supported foreign countries in converting low-denomination bills — which require costly, frequent replacement and distribution — to more durable, long-lasting coin currency.

Technology making a splash

The Mint was recognized alongside the Central Bank of Barbados at the 2022 International Association of Currency Affairs (IACA) Excellence in Currency Awards for the Barbados $1 Glow-in-the-Dark Flying Fish circulation coin, which features Mint proprietary pad-printed photo-luminescent colour technology.

Named *Best New Commemorative or Test Circulating Coin*, the piece honours Bajan front-line workers who helped the nation overcome the COVID-19 pandemic. It shows the light of hope breaking through the shadow of adversity.

Sustainable, responsible gold

Increasingly, investors want to know their investments live up to their values. For gold investors, that means knowing where the gold comes from, who produced it and whether it was produced sustainably. In partnership with the Royal Canadian Mint, Sprott Asset Management — a global leader in precious metal and real assets investments — launched the Sprott ESG Gold Exchange Traded Fund ("SESG") in 2022. Focused on trust, transparency, and traceability, it is the first fund to exclusively source and refine gold from globally recognized mining leaders based on specific ESG and provenance criteria developed by Sprott.

The ETF began trading on the New York Stock Exchange Arca in August.

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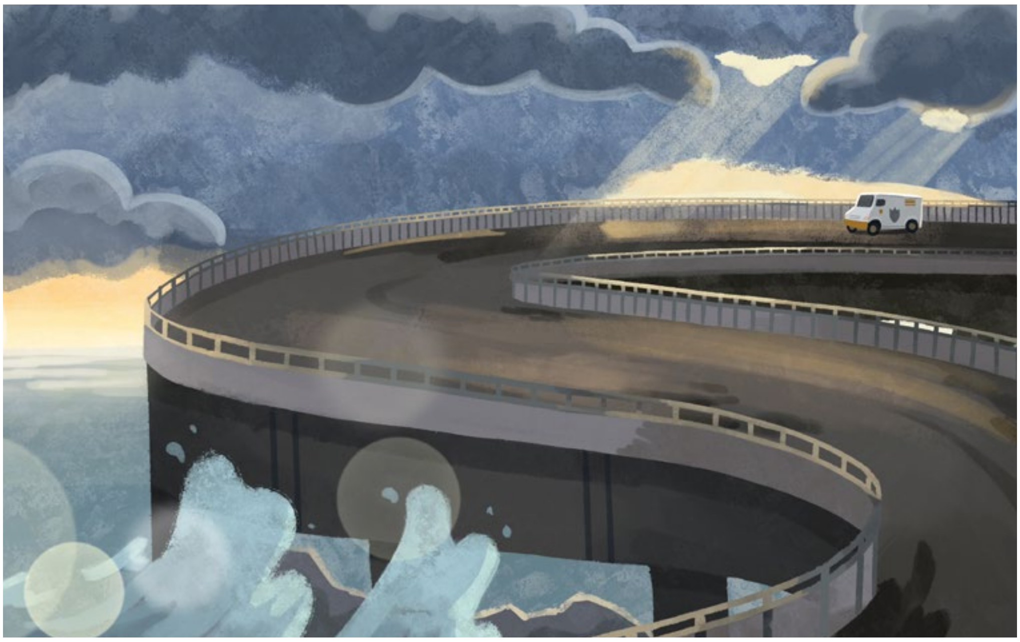

The Mint's commitment to ensuring the accessibility of coins to all Canadians was on full display following Hurricane Fiona. Close collaboration with banks and armoured car companies avoided any coin shortages in the wake of the storm.

Working against the elements: Coin management in a storm

WHEN HURRICANE FIONA MADE LANDFALL in the Maritimes on September 24th, several entities mobilized for support – including Canada's coin management system, administered by the Royal Canadian Mint.

With power lines down, flooding, road closures and storm impacts across Nova Scotia, Newfoundland, Prince Edward Island and parts of Quebec, the Mint had to work quickly to keep coin flowing to the eastern communities where it was needed. That responsibility to be inclusive — to 'leave no one behind' and ensure access for those who rely on cash payment, such as new and rural Canadians and unbanked or underbanked individuals — is central to the social component (the 'S') of the Mint's ESG Commitment.

Following some of the same protocols employed during heavy flooding on Canada's West Coast in 2021, the Mint worked closely with regional armoured car companies to assess inventory levels, ensure the availability of adequate backup supply nearby, and replan coin deliveries as a result of the disruptions. Daily conversations and monitoring ensured no coin shortages as the communities focused on recovery.

With power lines down, flooding, road closures and storm impacts, the Mint had to work quickly to keep coin flowing to the eastern communities where it was needed.

Downed power lines in Dartmouth, Nova Scotia. (photo: SaltWire/Ryan Taplin)

Blank production using the Mint's multi-ply plated steel (MPPS) technology greatly reduces dependency on expensive base metals.

The ripple effects of geopolitical instability

Canada's coin system proved its resiliency again in 2022 in the face of impacts from armed conflict and geopolitical instability. Countries whose circulation coin is made from materials such as nickel and copper had to cope with volatility in precious metals market pricing. The Mint was less impacted: because its proprietary multi-ply plated steel (MPPS) technology for manufacturing Canadian coins minimizes base metal dependency, its circulation program wasn't subject to volatile production cost spikes.

While some countries once again had to boost new-coin production by up to 25 per cent due to coin shortages caused by the COVID-19 pandemic's impacts on frequency of coin use, the Mint did not. In 2022, 77 per cent of financial institution demand was met with recirculating coin, seven per cent with recycled coin and the balance with new coin production.

COP 27 (photo: Reuters/Sayed Sheasha)

The race to slow global warming

According to the scientists of the United Nations' Intergovernmental Panel on Climate Change (IPCC), less than a decade remains before irreversible warming and its consequences unfold. While the world met at COP27, held in Egypt in November, the Mint joined 26 other corporations from around the world to declare a commitment to taking monumental effort to bend the current trajectory.

The Action Declaration on Climate Policy Engagement outlines how industry decarbonization leaders will encourage ambitious action to close the "say–do" gap on countries' emission reductions by: supporting climate action aligned with the Paris Agreement when engaging with policymakers; working with major industry/trade associations to advance alignment with the Paris Agreement; and monitoring and disclosing climate policy alignment for their companies and their major industry/trade associations.

The Mint joined 26 other corporations from around the world to declare a commitment to taking monumental effort to bend the current trajectory.

The power of one

Following the successful launch of the Oscar Peterson commemorative $1 coin, the celebration continued with a special video series, launched in collaboration with the CBC, that highlights contemporary artists who were inspired by the late jazz legend.

SOME INDIVIDUALS MAKE AN IMPACT that spans generations. Canadian jazz legend Oscar Peterson was one.

Louis Armstrong called him "the man with four hands". His 1962 composition *Hymn to Freedom* became an anthem of the 1960s civil rights movement. Over a career that spanned decades, Peterson made more than 400 recordings, won eight Grammy Awards, was inducted into Canada's Music Hall of Fame and received the Order of Canada. He inspired countless artists, many of whom went on to become music icons themselves, and continues to influence new generations of musicians.

In 2022, the Mint honoured the internationally acclaimed pianist with a commemorative $1 coin celebrating his legacy — making him the first Black Canadian to be featured on a circulation coin. It began circulating on August 15, his birthday.

Peterson grew up in Little Burgundy, the neighbourhood hub of Montreal's black community. He died in 2007 at the age of 82. The coin was unveiled at Toronto's Roy Thompson Hall, where Peterson had performed many times, in an event that fused past with present and brought together the jazz icon's family and friends for a personalized celebration.

The circulation coin is limited to a mintage of three million coins, of which two million feature a purple accent (Peterson's favourite colour).

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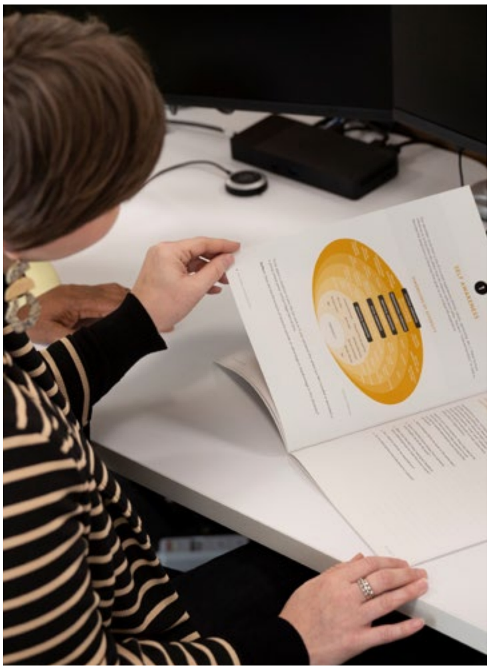

A Mint employee references the “ALL IN” DEI Action Plan.

DEI Award introduced

The Mint’s annual recognition awards program celebrates Mint employees or teams who have made an impact on their colleagues, the organization and their communities. As part of implementing its “ALL IN” Diversity, Equity and Inclusion (DEI) Action Plan, last year the Mint added a new honour to its program: the DEI Award. Two winners were announced for 2022.

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Monitoring our impact

Commitments are important, but measurable action matters more. Along with the formal declaration of its ESG Commitment in 2022, the Mint created a new Chief Impact Officer function to oversee ESG activity across the organization. This individual will oversee all Mint ESG and DEI programs across the organization, measuring progress against targets and providing regular reporting to the executive team and Board of Directors.

Our Canada, Our Coins

THE MINT CONTINUED TO CONNECT with Canadians and reach new customers through coins that are both innovative and reflective of the people whose stories are essential to sharing a more complete, inclusive history of Canada.

A piece of Canada's Black history was engraved on a silver collector coin remembering the Underground Railroad. Artist Kwame Delfish portrayed ancestral slaves who escaped to the North in search of freedom and built legacies that shaped the mosaic of today's Canada. In his own words: "My hope is that their strength and courage is illustrated on this coin, and that I have sung their gospel."

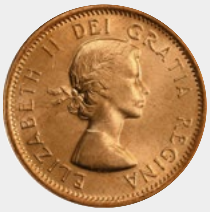
A close collaboration with the Manitoba Métis Federation was behind the 2022 Generations fine silver coin honouring the Red River Métis. Unveiled at the Mint's Winnipeg facility, located in the National Homeland of the Red River Métis. The story of the origins, struggles and resurgence of the Red River Métis was told through the artwork of master beadwork artist Jennine Krauchi, and Michif language inscriptions.

Some coins also had a direct humanitarian impact. As Russia's unprovoked invasion of Ukraine unfolded in late February 2022, the Mint was proceeding with the scheduled release of gold and silver coins celebrating the time-honoured tradition of Pysanka, the egg decoration artform still practiced by scores of Canadians of Ukrainian descent. The Mint quickly decided to direct all net cash proceeds from the sale of these coins to humanitarian relief for Ukrainians affected or displaced by the invasion. It did the same with net cash proceeds from the sale of all 50th Anniversary of the Summit Series collector products.

In September, the Mint joined millions of Canadians in mourning the passing of Queen Elizabeth II. Canada's monarch for 70 years was respectfully memorialized on a $2 circulation coin featuring a unique black nickel outer ring, a world-first innovation for a circulation coin. Thankful for an affordable, historically significant and visually stunning keepsake, Canadians turned out in droves to collect it at coin exchanges held in the Mint's Ottawa and Winnipeg boutiques.

In Memoriam

Portrait of Queen Elizabeth II
(February 26, 1952: Dorothy Wilding, National Portrait Gallery, London)



First Effigy, 1953–1964
(*1-cent coin*)

Second Effigy, 1965–1989
(*10-cent coin*)

Third Effigy,1990–2002
(*1-dollar coin*)

Fourth Effigy, 2003–present
(*25-cent coin*)

Since the coronation of Queen Elizabeth II in 1953, four effigies (portraits), shown above, have graced Canadian coins.

ON SEPTEMBER 8, 2022, the Mint joined Canadians, citizens of the Commonwealth, and others around the world in mourning the passing of Queen Elizabeth II.

Over the course of a reign that spanned more than seven decades, Queen Elizabeth II played an integral role in the life of our nation. Canadians have enjoyed a close and enduring relationship with Queen Elizabeth II, exemplified by numerous visits, her ties to our fundamental institutions and remaining current with the progress of Canada as a diverse, modern nation.

Many personal and official milestones of the late Queen have been commemorated on our coins, often featuring her likeness on both sides, since her portrait has graced the obverse of Canadian coins since 1953. Through four different effigies, she was a steady, familiar presence as Canadians exchanged coins in the course of daily commerce, or treasured them as valued collectibles. Although we bid her farewell on a special $2 circulation coin featuring a black nickel outer ring, she will remain a part of our daily lives as many coins bearing her image continue to change hands for years to come.

Our People

IN 2022, as part of the implementation of its "ALL IN" Diversity, Equity and Inclusion (DEI) Action Plan, the Mint expanded its slate of employee learning sessions to introduce new topics and more external speakers who could share their lived experience on topics of interest.

Learning calendar events totalled 161, up from 55 in 2021, and e-learning sessions totalled 174, up from 62. Wide-ranging, the topics included:

- Anti-Asian Racism in Canada
- Cultivating 2SLGBTQIA+ Belonging at Work
- Mitigating Unconscious Bias
- Neurodiversity - Strategies for Creating a Neurodiverse Organization
- Two-Spirit and Indigenous Inclusion in the Workplace
- Understanding and Appreciating Cultural Differences

Work was also done to expand membership of the Mint's DEI Committee. By year end, the committee had more than 80 members and new Terms of Reference had been developed to drive a reorganization that will invite participation by more employees from all parts of the organization.

Opening doors

Last year the Mint partnered with Sign Language Interpreting Associates of Ottawa (SLIAO) to offer American Sign Language (ASL) and Langue des signes québécoise (LSQ) interpretations services in the boutique and for guided tours of the Ottawa and Winnipeg facilities, improving accessibility for deaf and hard of hearing visitors.

Crowned by Corporate Knights

The Mint was again recognized as one of the Best 50 Corporate Citizens in Canada by Corporate Knights, a sustainability media and research company. The Mint ranked 22nd out of 332 surveyed companies for its leadership in key performance areas such as:

- Revenues measured against energy use
- Greenhouse gas and waste productivity
- Lost-time injury rates
- Paid sick leave to employees
- Diversity on its leadership team and Board of Directors

The Best 50 Corporate Citizens in Canada ranking is based on 24 quantitative key performance indicators relating to resource management, employee management, financial management, clean revenue, clean investment and supplier performance.

The Mint was again recognized as one of the Best 50 Corporate Citizens in Canada by Corporate Knights, and one of the National Capital Region's Top Employers.

"ALL IN" Diversity, Equity and Inclusion Action Plan Goals

Communication	DEI lens	Benchmark & metrics	Tools	Learning & development	Leadership	Recruitment & onboarding	Partnerships
Completed in 2021–2022							
Resources and tools Communica-tions plan Resources available on intranet Awareness campaigns Progress reports	New DEI employee award DEI lens toolkit New DEI committee mandate	Metrics framework			New performance objective	Review recruitment strategies Review onboarding process	
On the horizon for 2022-2023							
Web page on Mint.ca Long-term strategic plan	Cultural awareness programs DEI learning paths	Applicant diversity data	Employee resource groups	Sponsorship program On-the-job learning Career advancement opportunities Mentorship program Skip-level meetings			Partnership database
Ongoing actions							
Employee events		Progress reports		Learning opportunities	Leadership commitment		Meaningful partnerships

Environmental, Social and Governance

Minting with Care

THE MINT IS COMMITTED to supporting Canada's adoption of the United Nations 2030 sustainable development goals. It has a solid foundation in place to be a leader in environmental, social and corporate governance (ESG) issues, with many opportunities to create additional value for Canada and Canadians.

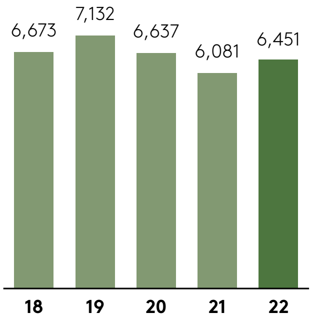
The Mint's corporate objectives include providing products and services that are socially and environmentally responsible, taking actions that contribute positively to communities across Canada (or across the country), minimizing environmental impact of its products and services, and investing in sustainable technologies and processes.

Environmental	Social	Governance
We are committed to investing in solutions that reduce our carbon footprint, improve waste diversion and minimize the environmental impact of our operations.	We are committed to developing a healthy, safe and caring workplace that is grounded in a culture of inclusion and reflected in our diverse product offerings, while ensuring equitable distribution and inclusive access to coinage.	We are committed to upholding the highest standards of responsible business practices and governance.
Our focus: Carbon emissions and climate change	**Our focus: Diversity, Equity & Inclusion**	**Our focus: Responsible sourcing and manufacturing**
The Mint has committed to having a carbon neutral circulation coin business by 2030. It also aims to reduce carbon emissions throughout its entire value chain, including those from suppliers as well as the Mint's own transportation and business travel.	The Mint is committed to fostering a culture where differences are valued and employees are empowered to take active roles in addressing systemic racism, discrimination, and barriers to inclusion. It also ensures coins remain an inclusive payment option for all Canadians, irrespective of race, culture, income and geographic region.	The Mint will continue to be an international leader for sustainability in the precious metal refining and bullion production ecosystem. Material sourcing and sustainable process technologies will be embedded into manufacturing processes.
Ongoing initiatives	**Ongoing initiatives**	**Ongoing initiatives**
Achieve ISO 14001 certification in Ottawa, maintain certification in Winnipeg Waste diversion Sustainable product design Decarbonization roadmap for circulation business	Flexible working practices Charitable campaigns Training Employee Wellbeing Official Languages Diversity reflected in product offering Accessibility action plan	Responsible Metals Policy Precious metals traceability Research and Development to reduce chemical use Most environmentally friendly plating technology Cybersecurity Privacy Ethics and Code of Conduct Anti-money laundering Whistleblowing program Integrate ESG considerations into contracting lifecycle

Current ESG trends

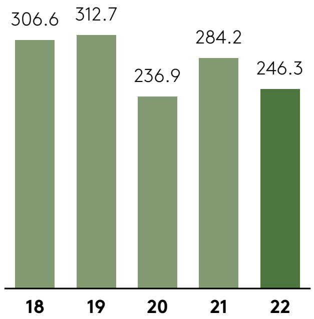
Transparency will be critical as we progress along our ESG journey. We will continue to expand our framework of key performance indicators (KPIs) and evolve our methods for tracking and reporting.

Greenhouse gas emission
(tonnes CO_2 equivalent)



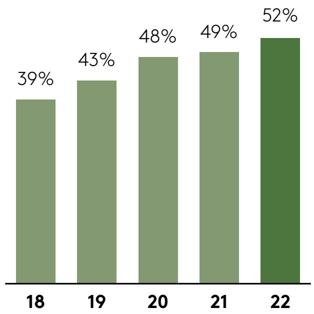
Mint GHG emissions, calculated based on Scope 1 (direct emissions such as the consumption of natural gas) and Scope 2 (indirect emissions related to the use of electricity) activities. The Mint's GHG emissions contributions are up 6% compared to 2021.

Water consumption
(thousands of cubic meters)



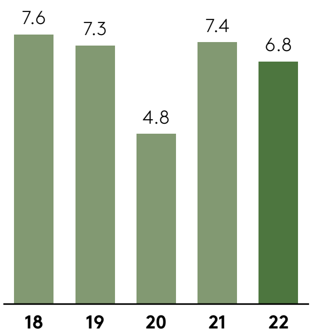
Combined water consumption for the Ottawa and Winnipeg facilities. The 2022 corporate consumption is down 13.4% compared to 2021. The corporate distribution of the consumption is 20% for the Ottawa facility and 80% for the Winnipeg facility.

Solid waste recycled
(per cent of solid waste)



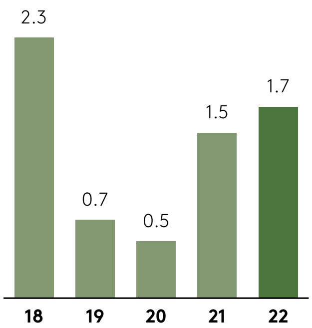
Total percentage of waste recycled, broadly defined to include reuse, recycling and compositing, but excluding incineration. The Mint is focused on continuous improving recycling practices at both its facilities.

Employee training
(average training days per employee)



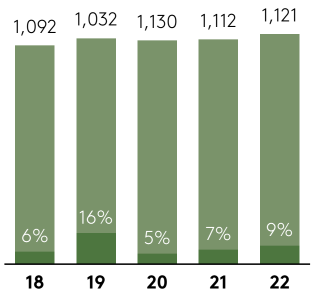
Number of days that were dedicated to training divided by the number of employees. The Mint's target to reach five developmental days per employee per year was achieved in 2022.

Lost time injury rate
(LTI x 200,000/ number of hours worked)



Lost time incident or injury frequency rate per 200,000 hours worked.

Number of employees vs.
Employee turnover (percent)



The employee turnover ratio is calculated by dividing the number of employees who have left the company in 2022 by the total number of employees.

Outlook and targets

The Royal Canadian Mint is committed to supporting Canada's adoption of the United Nations 2030 agenda for sustainable development. Our corporate objectives include providing products and services that are socially and environmentally responsible, taking actions that contribute positively to communities and minimize any impact on the environment, and investing in green technologies and processes. We aim to work with vendors and customers who share the same vision.

Environmental	
Goal	**Outcome**
• Reduce carbon emissions by exceeding Government of Canada Greening Strategy targets	• Achieve a carbon-neutral circulation coin business by 2030
Focus	**2023 target**
• Carbon emissions	• Establish targets for carbon emissions reduction for 2024-2030 to achieve carbon neutrality of circulation business
Highlights of ongoing initiatives	
• Solid waste diversion	• Establish waste diversion and recycling targets and KPIs for our manufacturing waste
• Water consumption	• Identify and implement water consumption reduction opportunities to achieve a goal of 5% reduction over 3 years
• Environmental incidents	• 0 major incidents

Social	
Goal	**Outcome**
• Create a culture where differences are valued and employees are empowered to take active roles in addressing systemic racism, discrimination and barriers to inclusion • Ensure coins remain an inclusive payment option for all Canadians, irrespective of race, culture, income and geographic region	• Reflect Canada's diversity by recruiting and supporting the growth of passionate people of all gender identities, ethnicities, abilities and experiences who bring their inclusive mindset to the workplace • Ensure equitable distribution of Canada's circulation coins
Focus	**2023 target**
• Diversity	• Achieve 85% participation in Diversity, Equity and Inclusion active learning opportunities that include post-learning engagement and reflection components • Embed the practices outlined in the DEI lens toolkit that was launched in 2022
Highlights of ongoing initiatives	
• Safety performance (lost time injuries)	• Reduce reportable injury rate year-over-year
• Training and development	• Reach five development days per employee per year

Governance	
Goal	**Outcome**
• Be an international leader in ESG in the precious metals refining and bullion production ecosystem • Embed material sourcing and sustainable to manufacturing processes	By 2025: • Fully implement refinery traceability program • Reduce use of chemicals in the refinery process • Reduce use of steel in bimetallic circulation coin production
Focus	**2023 target**
• Business practices	• Fully implement ESG considerations into the Mint's Contracting Lifecycle
• Responsible Sourcing	• Implement refinery traceability program
• Governance	• Achieve and maintain industry-leading certifications

Please visit mint.ca to learn more about our ESG initiatives.

Message from the Chair

I AM PLEASED TO REPORT on the work of the Royal Canadian Mint's Board of Directors, which has played an oversight and guiding role in the continued success of the Mint. The Board has worked closely with the Mint's management team to execute on the One Mint strategy, implemented in 2020. Now firmly in place thanks to employee engagement at all levels of the organization, the strategy kept producing strong results in 2022, and allowed the Mint to make investments that are critical to its future profitability and sustainability. As we resumed in-person meetings, my fellow directors and I were especially pleased to see many of these new investments in action, and get a tangible sense of the Mint's operational priorities.

Over the past year, we were able to focus on integrating environmental, social and governance (ESG) principles in the Board's own governance framework.

Over the past year, we were able to focus on integrating environmental, social and governance (ESG) principles in the Board's own governance framework, while the management team continued to embed ESG throughout the Mint. A strategic session helped set our direction and enhanced our ability to deliberate and make strategic recommendations with an ESG lens. A comprehensive action plan included the Board's approval of a new corporate policy on responsible sourcing, compliant with the LBMA's updated guidance on the sourcing of precious metals. The Board is also pleased that the Mint remains on track for an ISO-14001 environmental certification of its Ottawa facility in 2023 and that the Mint has committed to making its circulation business carbon-neutral by 2030.

The Board received quarterly updates on the implementation of the Mint's Diversity, Equity and Inclusiveness (DEI) Action Plan and is encouraged by significant progress made in ensuring the Mint is a caring and welcoming workplace. On the Board's part, all directors participated in an educational workshop on reconciliation, which has helped inject awareness for Indigenous culture to our deliberations. Doing our part for reconciliation is a priority we share with all Mint employees. We therefore applaud them for their respectful, collaborative work with the National Centre for Truth and Reconciliation (NCTR) to launch the Truth and Reconciliation Keepsake this October, which financially contributed to the NCTR's Na-mi-quai-ni-mak Community Support Fund.

I was honoured to participate in the unveiling of the $1 commemorative circulation coin honouring jazz legend Oscar Peterson at Toronto's Roy Thomson Hall in August. By featuring a black Canadian and a musical artist on a circulation coin for the very first time, the Mint took an important step in helping tell a more complete story of Canada through more diverse and inclusive themes.

We were also saddened by the passing of Queen Elizabeth II, who served as Canada's head of state for 70 years. My fellow directors and I were impressed by the Mint's cross-functional team that swiftly responded with a thorough contingency plan maintaining business continuity, and even managing to fast-track the production and approval of a special $2 circulation coin with a black outer ring to offer millions of Canadians a keepsake by which to remember the late Queen.

The Board maintained its focus on key issues such as employee health and safety, the state of cash in Canada, inflation, geopolitical risk, and supply chain disruptions. The Board also held a cybersecurity table top exercise and the learnings were incorporated into the Mint's processes. Throughout 2022, the Mint has shown that it is adaptable and profitable in a challenging business environment. It has also demonstrated its skillful management of the coin distribution system, which is functioning with even greater insight thanks to the introduction of regular cash user surveys. I was pleased to be invited to share with the Bank of Canada's Board of Directors some of the insights from the implementation or our strategy.

The Board maintained its focus on key issues such as employee health and safety, the state of cash in Canada, inflation, geopolitical risk, and supply chain disruptions.

In closing, I want to express the Board's profound sadness upon learning of the loss of our colleague Dr. Sandip Lalli, who passed away December 7, 2022. She was a valued director who will be missed for her kind demeanour and her extensive business leadership experience. I also wish to thank Vic Young for sharing his extensive knowledge and experience until retiring from the Board earlier this year. We will work hard to find able successors who will help the Board further hone its expertise as we continue to contribute to the responsible growth and success of the Mint.

Phyllis Clark

Phyllis Clark
Chair of the Board

Corporate Governance

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

Enabling Effective Trade and Commerce

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

The Mint's mandate is to produce and deliver secure, high quality and cost-effective Canadian circulation coins in support of trade and commerce. Our vision is to "be the best mint in the world through our customer focus, talented people, commitment to sustainable practices and the value we add to Canada and Canadians". We are committed to adhering to the highest standards of business conduct in carrying out that vision. Our Code of Conduct and Ethics provides guidance for our employees and sets forth the core values of honesty, respect, pride and passion that define employee behaviour and support our work. These values reflect the spirit of the Mint and the heart and strength of our culture. As part of that commitment, Mint employees complete mandatory online Code of Conduct and Ethics training and have access to an independent, third party, confidential whistleblowing platform for employees and contractors and members of the public to report allegations of wrongdoing.

Ensuring Effective Governance

The Board of Directors has overall responsibility for overseeing the management of the Mint's business and affairs. It exercises its duty in the best interests of the Mint and the long-term interests of the Government of Canada, in accordance with our governing by-laws and applicable legislation and regulations. To fulfill its stewardship responsibilities, the Board establishes and approves the Mint's strategic direction through a five-year Corporate Plan, and reviews and approves major strategies and initiatives. It exercises due diligence by assessing risks and opportunities, monitors corporate financial performance, ensures the integrity of financial results, and provides timely reports to the Government of Canada.

At the end of 2022, the Board consisted of nine directors, including the President and Chief Executive Officer (CEO). Mr. Victor Young resigned from the Board in May 2022, having provided close to five years of dedicated service to the Mint. The Board was also deeply saddened by the loss of Dr. Sandip Lalli, Chair of the Audit Committee, who passed away on December 7, 2022. Five Board members (Serge Falardeau, Fiona L. Macdonald, Cybele Negris, Gilles Patry, and Deborah Shannon Trudeau) were reappointed on December 16, 2022.

Directors are appointed from different regions across Canada and seven of them were women. The Shareholder is focused on this diverse representation as it continues to manage appointment terms and renewals. With the exception of the CEO, all directors are independent of the Mint's senior management. The Board and its committees hold in-camera sessions with and without the presence of the CEO. The Board members and Officers of the Mint are required to disclose, on an annual basis, whether they, or a close family member, exert a significant influence or control over companies that have had dealings with the Mint during the year. The Mint assessed disclosures made in 2022 and determined there was no material impact on its governance or financial reporting.

The Board of Directors met seven times in 2022. Three standing committees assist the Board in discharging its responsibilities: the Audit Committee, the Governance and Nominating Committee, and the Human Resources and Workplace Health and Safety Committee. In 2022, these committees met a combined total of 14 times. The Board maintains the Mint's governance structure by reviewing and updating the Board and Committee mandates annually and their respective workplans. In 2022, this process further cemented the role of the Governance and Nominating Committee in overseeing environmental, social and corporate governance ("ESG"), with its members now monitoring the Mint's progress against its ESG commitments on a quarterly basis.

As health authorities continued to reduce public health restrictions related to the global COVID-19 pandemic, the Board was able to conduct a mix of virtual, hybrid and in-person meetings in 2022. The two in-person meetings – one in Winnipeg and one in Ottawa – allowed Board members and the management team to gather and connect face-to-face for the first time since March 2020.

Board members participated in a number of professional development activities throughout 2022, namely the Mint's self-directed Anti-Money Laundering/Anti-Terrorist Financing (AML-ATF) and Responsible Metals Program (RMP) training programs. Board members also conducted a tabletop exercise designed to support the Mint's effective responsiveness to cyber incidents and further bolster its cyber resilience, and participated in a facilitated one-day workshop entitled Indigenous Cultural Competence and Humility.

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

Board of Directors

Director	Board meeting attendance	Committee meeting attendance
Phyllis Clark, ICD.D *Edmonton, Alberta* *Chair of the Board*	6/7	13/14
Marie Lemay, ICD.D *President and Chief Executive Officer*	7/7	14/14
Serge Falardeau, ASC, CPA, CA *Sainte-Marie-de-Beauce, Quebec* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	7/7	10/10
Sandip K. Lalli, FCPA, ICD.D *Heritage Pointe, Alberta* *Chair, Audit Committee* *(until December 7, 2022)*	7/7	6/6
Fiona L. Macdonald, ICD.D *Vancouver, British Columbia* *Chair, Human Resources and Workplace Health and Safety Committee*	7/7	4/4
Pina Melchionna, LL.B., ICD.D *Toronto, Ontario* *Member of the Human Resources and Workplace Health and Safety Committee and the Governance and Nominating Committee*	7/7	8/8
Cybele Negris, ICD.D *Vancouver, British Columbia* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	7/7	10/10
Gilles Patry, C.M., O.Ont *Ottawa, Ontario* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	7/7	10/10
Barry Rivelis *Vancouver, British Columbia* *Member of the Audit Committee and the Governance and Nominating Committee*	7/7	8/8
Deborah Shannon Trudeau *Montreal, Quebec* *Chair, Governance and Nominating Committee* *Vice-Chair of the Board*	7/7	4/4
Victor L. Young, O.C., ICD.D *St. John's, Newfoundland and Labrador* *Member of the Audit Committee and the Governance and Nominating Committee* *(until May 24, 2022)*	2/3	2/3

Staying Connected With the Public and Our Employees

As the challenges and risks of the COVID-19 pandemic began to ease, the Mint engaged with employees, customers and Canadians in a meaningful, transparent and accessible way by resuming events and activities in person, in addition to maintaining virtual and hybrid formats. The Mint gathers feedback directly from customers through virtual events, social media and surveying activities. It also communicates regularly with its dealers and distributors at conferences and events where it can engage directly with its customers to solicit feedback on its products and services. Using this collective data, the Mint delivers uniquely relevant products and services, and superior customer experiences.

The Mint resumed in-person events for the first time since the beginning of the COVID-19 pandemic when it launched the Opulence Collection at the Ottawa Art Gallery on May 4, 2022. Board member Gilles Patry attended this event in the company of Mint President and CEO Marie Lemay and had the opportunity to network with key business partners as well as invited Masters Club members.

The opportunity repeated itself as the Mint hosted delegates from across Canada attending the Royal Canadian Numismatic Association's Annual Convention in Ottawa. The Mint engaged further with key stakeholders at the American Numismatic Association's World's Fair of Money, the LBMA's Precious Metals Conference and the Currency Conference.

In August, Chair of the Board Phyllis Clark and Marie Lemay joined Deputy Prime Minister and Minister of Finance Chrystia Freeland to unveil a $1 commemorative circulation coin honouring Canadian music legend Oscar Peterson at Toronto's Roy Thomson Hall. It was a privilege to do so in the company of the Peterson family: Mr. Peterson's widow Kelly and his children Céline and Norman. The first musician and Black Canadian to appear on a circulation coin was honoured before an intimate gathering of close friends, peers and leaders of the performing arts community.

Winnipeg was also a hub of critical bridge building with the Indigenous and Métis communities. Two significant events were hosted there: the launch of the Red River Métis Generations silver coin, unveiled in partnership with the Manitoba Métis Federation, and the launch of the Truth and Reconciliation Keepsake at the headquarters of the National Centre for Truth and Reconciliation. Both events were impactful reminders of the role the Mint and its employees can play in advancing reconciliation.

The Mint remains dedicated to innovation, productivity and agility to ensure products and services are relevant to customers in a rapidly changing retail and investment landscape. The Mint shared quarterly updates on the implementation of the One Mint strategy with all employees, and held a virtual employee town hall in November to update staff on the corporation's performance, celebrate achievements and recognize outstanding employee contributions. In addition to this virtual event, the Mint provided opportunities for employees to meet with members of the Leadership Team face-to-face, including during the latest Employee Appreciation event in June.

The Mint continued to deliver frequent, targeted pandemic-related updates to employees in addition to regular communications. In accord with the Government of Canada's direction, the Mint also implemented a COVID-19 vaccination policy which is aligned with the Policy on COVID-19 Vaccination for the Core Public Administration, including the Royal Canadian Mounted Police. An electronic newsletter served to celebrate the diversity and talents of the Mint's employee base, featuring animating stories that support key themes of collaboration and success. These channels continue to elevate the sense of community and connection among employees and foster alignment between corporate goals and people's day-to-day work. Since October 2021, 434 employees participated in two Hybrid Working Model pilot projects which allowed the Mint to test several different work arrangements and evaluate whether options met our business needs, maximized the employee experience and supported the One Mint strategy. Following each pilot, employees completed a survey and were asked to share their feedback about their experience. These findings have helped us develop hybrid work arrangement guiding principles for the future of work at the Mint.

Connecting to the Corporate Plan

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

The Mint continues to execute on the implementation of its long-term strategic plan. In 2022, it focused on the path outlined in the 2022-2026 Corporate Plan, unifying historically siloed business lines and operations, increasing the integration, efficiency and resiliency of the Mint. It also ensured business continuity throughout every aspect of its operations.

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

In 2022, the Mint delivered positive results and delivered on its objectives as stated in its 2022-2026 Corporate Plan. It exceeded its financial target as highlighted in the Management Discussion and Analysis starting on page 33. The Mint continued to respond to the rapidly evolving global market and macro-economic environment with agility. The Mint continued to embed an ESG lens and practices into every aspect of its operations while continuing to build its precious metals capacity, focus its numismatics offerings, pursue operational efficiencies and add value to Canada by being a Mint that cares about its people and its environment.

The Mint's 2022 and 2023 corporate objectives align with the pillars *Canada, Customers, People and Environmental, Social and Governance (ESG)*.

Canada

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

Customers

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

People

◆ Provide a healthy, safe and caring workplace where employees can grow and achieve their goals as part of a high-performing team.
● Be an employer recognized for leadership excellence and a culture of inclusion, collaboration and innovation.
● Ensure Canada's payment system remains inclusive to all, including the unbanked and underbanked and those living in remote locations.

Environmental, Social and Corporate Governance (ESG)

● Provide products and services that are differentiated by being socially and environmentally responsible.
● Take actions that contribute positively to communities and minimize impact on the environment.
● Invest in and develop green technologies and processes

● Fully met in 2022 ◆ Mostly met in 2022

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides a narrative discussion outlining the financial results and operational changes for the year ended December 31, 2022, for the Royal Canadian Mint (The Mint). This discussion should be read with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS). Financial results reported in this MD&A are presented in Canadian dollars and are rounded to the nearest million, unless otherwise noted. The information in this MD&A is current to March 9, 2023, unless otherwise noted.

Management is responsible for the information presented in the annual report and this MD&A. The Board of Directors approved the content of this MD&A and the audited consolidated financial statements on March 9, 2023.

In commemoration of the 50th anniversary of Canada's thrilling victory in the 1972 Canada-USSR Summit Series, the Mint circulated a $2 coin celebrating the greatest moment in Canadian hockey history. The Summit Series' importance stretched beyond simply sport, to become a defining moment in Canadian cultural history, and a unifying event for Canadians from coast to coast.

Materiality

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

Forward-looking statements

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

Non-GAAP financial measures

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

Executive summary

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

Circulation Business

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

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

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

Since 2016, the Mint has annually issued popular egg-shaped coins celebrating the Ukrainian springtime folk art tradition of intricately decorating eggs. This art form preserved by many Canadian artists beautifully exemplifies the enduring cultural traditions of Canadians of Ukrainian descent. Numbering over one million, they represent the world's largest Ukrainian expatriate population.

Precious Metals Business

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

The Numismatics business designs, manufactures and sells collectible coins to a loyal customer base in Canada and around the world. The medals division proudly provides medals to many Canadian public institutions to recognize and celebrate outstanding accomplishments of Canadians. The Mint's global leadership in the art and science of minting is consistently recognized around the world. This recognition is largely earned by innovative technology enhancements, such as glow in the dark paint, selective plating, the Opulence line, hybrid and premium bullion products and the use of vibrant colour that allow the Mint to create unique and compelling products. The Mint sold numismatic products through its outbound sales and e-commerce platforms in 2022, as well as through dealers and partners, both domestically and internationally. The Mint's boutiques were re-opened in late February 2022, after closure due to the COVID-19 pandemic, and remained open for the rest of 2022.

February 6, 2022 marked the 70th anniversary of Queen Elizabeth II's reign. In commemoration of this historic milestone, the Royal Canadian Mint joined Britain's Royal Mint in issuing a fine silver coin set celebrating her Platinum Jubilee. Canada's contribution featured a youthful portrait of the late Queen, embarking on what would become the longest reign of any Canadian monarch.

Significant corporate events

Corporate Plan
On September 21, 2022, the Mint's Board of Directors approved the 2023-2027 Corporate Plan which has been approved by the Minister of Finance and submitted to the Treasury Board for approval.

Dividends
In December 2022, the Mint paid a dividend of $40.7 million to its Shareholder, the Government of Canada.

Coin awards

Responding to market demand for greater transparency in the provenance of precious metals, and to showcase its refining capabilities, the Mint introduced its first gold bullion coin completely sourced from a single Canadian mine. This special Gold Maple Leaf bullion coin is composed of gold extracted by Agnico Eagle at its Meliadine Mine (in Nunavut) and refined under a rigorous segregation protocol.

Excellence in Currency Award (2022)
On October 19, 2022, the Mint was recognized alongside the Central Bank of Barbados for the Barbados $1 Glow-in-the-Dark Flying Fish circulation coin, which was crowned Best New Commemorative or Test Circulating Coin under the International Association of Currency Affairs' (IACA) 2022 Excellence in Currency Awards.

Coin of the Year Award
The Mint has won two Coin of the Year Awards in which mints from around the world compete for recognition in the most coveted awards program for excellence in coin design and manufacturing. The 2021 $20 Fine Silver Coin – Black and Gold: The Grey Wolf was named "Best Crown", while the Mint's first coloured 10-cent circulation coin issued in 2021 to celebrate the 100th anniversary of Bluenose won "Best Circulation" coin.

Environmental, Social and Corporate Governance Initiatives

Environmental Initiatives
The Mint formalized its ESG Reporting implementation plan and quarterly reporting to the Governance and Nominating Committee of the Board of Directors, linking key ESG initiatives to the goals and outcomes outlined in the Mint's new ESG Commitment presented to the Board in June 2022.

During workshops at the 2022 Coin Conference in Amsterdam and the Cash and Payments Sustainability Forum in Edinburgh, Scotland, the Mint presented its ESG Commitment. Both conferences included participation of decision makers from central banks from around the world involved with coin procurement.

Task force on climate-related Financial Disclosures (TCFD)
The Mint is required to start reporting under the TCFD standards in 2024. In 2022, the Mint completed a gap analysis and benchmarking study, and developed an implementation plan to ensure compliance to its requirement to report its TCFD disclosure for the year ending December 31, 2024.

COVID-19 Pandemic

As the COVID-19 pandemic began to normalize in 2022, and with full operations safely continuing at its Ottawa and Winnipeg facilities, the Mint started easing some of its health and safety protocols in keeping with public health guidelines. It also implemented a hybrid workplace arrangement to allow all teams to resume in-person collaboration. Business travel resumed, as did in-person coin launches, coin exchanges, and participation in annual conferences where the Mint is once again engaging face to face with customers, business partners and diverse stakeholders.

Performance indicators

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

Paraguay's 100 Guaranies circulation coin features the ruins of Humaitá, a historic vestige of the War of the Triple Alliance (1864-70). The Royal Canadian Mint has a long-standing relationship with the Central Bank of Paraguay and, since 2018, has been awarded four different circulation coin supply contracts for Paraguay.

Consolidated results and financial performance

		2022		2021	$ change	% change
Revenue	**$**	**3,282.5**	$	3,550.8	(268.3)	(8)
Profit for the period	**$**	**34.9**	$	53.7	(18.8)	(35)
Profit before income tax and other items[1]	**$**	**45.0**	$	82.1	(37.1)	(45)
Profit before income tax and other items margin[2]		**1.4%**		2.3%		
Return on average capital employed[2]		**15%**		27%		

[1] Profit before income tax and other items is a non-GAAP financial measure. A reconciliation from profit for the period to profit before income tax and other items is included on page 43.
[2] These are non-GAAP financial measures and their calculation is based on profit before income tax and other items.

		2022		2021	$ change	% change
Cash and cash equivalents	**$**	**79.3**	$	69.3	10.0	14
Inventories	**$**	**56.2**	$	86.5	(30.3)	(35)
Capital assets	**$**	**152.5**	$	154.2	(1.7)	(1)
Total assets	**$**	**380.2**	$	405.5	(25.3)	(6)
Working capital	**$**	**105.3**	$	122.5	(17.2)	(14)
Dividends paid	**$**	**40.7**	$	78.9	(38.2)	(48)

Honouring one of the world's greatest pianists and jazz musicians, the Oscar Peterson $1 circulation coin was created in close collaboration with Mr. Peterson's family. Its design includes the closing bars of Mr. Peterson's celebrated 'Hymn to Freedom', and a touch of purple, his favourite colour. Oscar Peterson is the first musician and Black Canadian commemorated on a circulation coin.

Results of operations

Review of financial performance

Profit for the year ended December 31, 2022 decreased 35% to $34.9 million from $53.7 million in 2021 as expected, given the exceptional performance seen in 2021, and planned operational maintenance in 2022. Foreign circulation product volumes were significantly lower in 2022 due to a slower than expected reopening of foreign economies post-pandemic. This, along with a planned higher level of operating expenses to support the Mint's on-going operations, foundational governance, and digital program and business transformation initiatives impacted profitability.

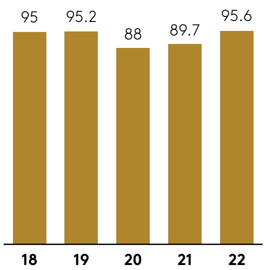
Working capital remained stable having decreased 14% from December 31, 2021 as a result of decreases in inventory and contract assets related to the fulfilment of various Foreign Circulation contracts. Cash and cash equivalents increased 14% from December 31, 2021 mainly due to strong cash flows from operations and lower precious metal purchases, partially offset by expected income tax payments of $35.3 million.

Revenue by business and program

	2022	2021	$ change	% change
Canadian Circulation	**$ 95.6**	$ 89.7	5.9	7
Foreign Circulation	**62.6**	112.9	(50.3)	(45)
Total Circulation	**$ 158.2**	$ 202.6	(44.4)	(22)
Bullion Products and Services	**$ 3,006.6**	$ 3,235.9	(229.3)	(7)
Numismatics	**117.7**	112.3	5.4	5
Total Precious Metals	**$ 3,124.3**	$ 3,348.2	(223.9)	(7)
Total revenue	**$ 3,282.5**	$ 3,550.8	(268.3)	(8)

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

Canadian Circulation revenue
($ in millions)



Canadian Circulation

Revenue from the Canadian Circulation Program increased by $5.9 million as compared to 2021. The increase was mainly from a different mix of denominations sold to the Department of Finance under the new memorandum of understanding combined with higher Alloy Recovery Program (ARP) metric tons processed in 2022 partially offset by lower circulation coin volumes and program fees.

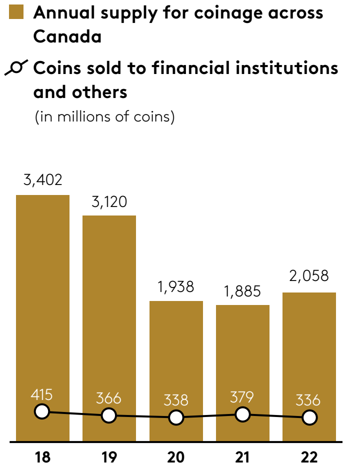
During 2022, the Mint issued a $1 commemorative circulation coin celebrating the life and artistic legacy of Canada's own Oscar Peterson, a $2 commemorative circulation coin commemorating the 50th anniversary of the 1972 Summit Series, an epic clash of hockey superpowers in which Canada defeated the Soviet Union, and a $1 circulation coin commemorating the 175th anniversary of the birth of legendary inventor Alexander Graham Bell.

Coin Supply

(in millions of coins)	**2022**	2021	change	% change
Financial institutions deposits	**1,589**	1,396	193	14
Recycled coins	**133**	110	23	21
New coins sold to financial institutions and others	**336**	379	(43)	(11)
Total coin supply	**2,058**	1,885	173	9

Demand is met through the three main sources of supply outlined in the above table and is subject to variability across regions of the country and seasonality depending on the time of the year. Demand increased 9% for the year ended December 31, 2022 as compared to 2021.

Financial institutions deposits are the primary coin supply channel that fulfills coin demand. In 2022, as Canada and the world emerged post-pandemic, financial institutions deposits, which are typically made up of coins from transit, parking, vending, etc., started to increase. For the year ended December 31, 2022 supply was 9% higher than 2021, but still lower when compared to pre-pandemic levels.



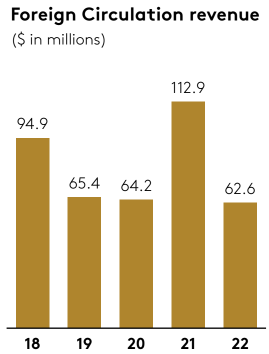
Department of Finance Inventory

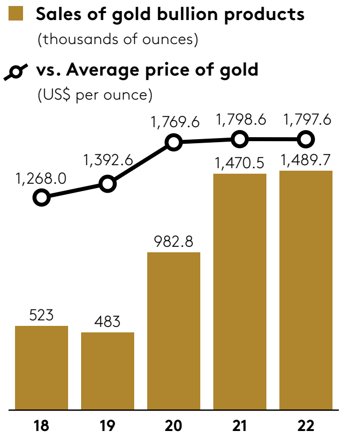
(in millions of dollars)		**2022**		2021	$ change	% change
Opening inventory	**$**	**84.9**	$	82.5	2.4	3
New coins produced and sold to Department of Finance		**135.8**		148.4	(12.6)	(8)
New coins sold to financial institutions and others		**(118.7)**		(146.0)	27.3	(19)
Ending inventory	**$**	**102.0**	$	84.9	17.1	20

The Mint actively manages inventory supply levels from financial institutions deposits, recycled coins and new coin production to ensure coinage demand is met efficiently and cost effectively throughout the year. The face value of the Department of Finance owned inventory at December 31, 2022 was $102.0 million, which was within the inventory limit outlined in the Mint's memorandum of understanding with the Department of Finance.

Foreign Circulation

Revenue from the Foreign Circulation business decreased 45% in 2022 to $62.6 million from $112.9 million in 2021. Foreign circulation contract opportunities were limited in 2022 due to the slower than expected re-opening of foreign economies post-pandemic and the rising geopolitical and economic uncertainties on the global economy. The decrease in foreign circulation revenue reflects 60% lower volumes produced and shipped year over year and changes in the mix of contracts for coins and coin blanks.

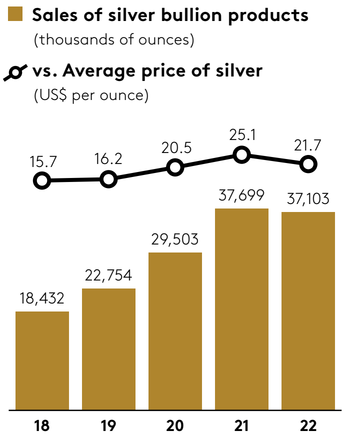




Bullion Products and Services

	2022	2021	$ change	% change
Gross revenue	**$ 4,985.9**	$ 4,998.5	(12.6)	–
Less: Customer inventory deals	**(1,979.3)**	(1,762.6)	(216.7)	12
Net revenue	**$ 3,006.6**	$ 3,235.9	(229.3)	(7)

(thousands of ounces)	2022	2021	change	% change
Gold	**1,489.7**	1,470.5	19.2	1
Less: ounces from customer inventory deals	**(786.8)**	(709.3)	(77.5)	11
Net gold ounces	**702.9**	761.2	(58.3)	(8)
Silver	**37,102.5**	37,698.5	(596.0)	(2)
Less: ounces from customer inventory deals	**(4,942.2)**	(5,169.4)	227.2	(4)
Net silver ounces	**32,160.3**	32,529.1	(368.8)	(1)



Net revenue from the Bullion Products and Services business decreased 7% to $3.0 billion in 2022 from $3.2 billion in 2021. The decrease in revenue was mainly attributable to lower volumes of silver products sold, lower silver pricing and an increase in customer inventory deals for gold bullion products, partially offset by higher volumes of gold products, higher gold premiums and a stronger US dollar favourably impacting the translation of our US dollar denominated revenue.

Numismatics

Numismatics revenue increased 5% to $117.7 million in 2022 from $112.3 million in 2021. The increase in revenue was largely attributable to sales related to the Mint's new Opulence coin collection, as well as higher sales of international resale coins, premium bullion products and other silver products.

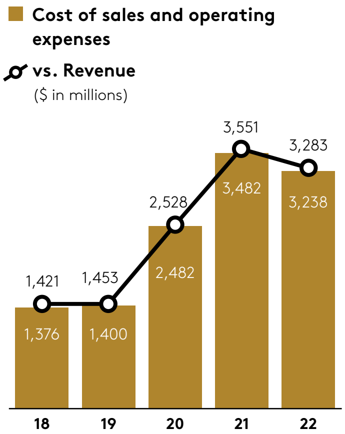
	2022	2021	$ change	% change
Gold	**$ 49.8**	$ 45.6	4.2	9
Silver	**57.5**	52.8	4.7	9
Other revenue[1]	**10.4**	13.9	(3.5)	(25)
Total revenue	**$ 117.7**	$ 112.3	5.4	5

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

Expenses, other income and income tax

Expenses (income)

		2022		2021	$ change	% change
Cost of sales	**$**	**3,112.2**	$	3,371.4	(259.2)	(8)
Operating expenses						
Marketing and sales expenses	**$**	**30.9**	$	28.3	2.6	9
Administration expenses		**94.4**		82.5	11.9	14
Total operating expenses	**$**	**125.3**	$	110.8	14.5	13
Net foreign exchange gain	**$**	**(0.6)**	$	(2.6)	2.0	
Finance income, net	**$**	**(1.2)**	$	(0.5)	(0.7)	
Income tax expense	**$**	**12.0**	$	18.1	(6.1)	



Cost of sales decreased 8% for the year ended December 31, 2022. The overall decrease in cost of sales was in line with a decrease of 8% in overall revenue, excluding an increase of $10.9 million in the revaluation gain on the Face Value redemptions liability which is recognized in cost of sales as well as an increase of $6.9 million in precious metal lease costs.

Overall, operating expenses increased 13% in 2022 to $125.3 million compared to $110.8 million in 2021. The increase in administration expenses was primarily due to planned increases in employee compensation and consulting expenses to support on-going operations, foundational governance and the digital program and business transformation, higher corporate donations driven by Shareholder directed donations, as well as increases in travel related expenses for board meetings and to reconnect with the Mint's customers around the world. The increase in marketing and sales expenses was due to the increased marketing campaigns consistent with higher sales of numismatic products.

Net foreign exchange gain decreased $2.0 million compared to 2021. The lower net foreign exchange gain was mainly due to the impact of losses on the settlement of foreign currency forwards, partially offset by a stronger US dollar on the valuation of US dollar balances.

Income tax expense decreased $6.1 million compared to 2021 in line with the decrease in operating profit year over year.

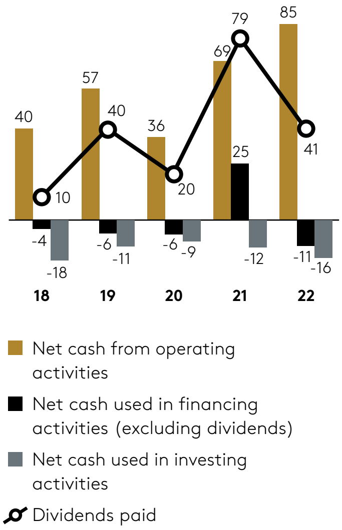
The Underground Railroad was the subject of the Mint's third issue in its ongoing Commemorating Black History coin series. Launched in conjunction with Black History Month, this silver collector coin designed by artist Kwame Delfish, portrays a unique perspective of the human side of the perilous northward migration, which reached its peak in the 1850s and 1860s.

Liquidity and capital resources

Cash flows

		2022		2021	$ change	% change
Cash and cash equivalents, at the end of the period	**$**	**79.3**	$	69.3	10.0	14
Cash flow from operating activities	**$**	**85.2**	$	69.1	16.1	23
Cash flow used in investing activities	**$**	**(16.4)**	$	(11.9)	(4.5)	38
Cash flow used in financing activities	**$**	**(51.9)**	$	(54.4)	2.5	(5)

Cash flow activities vs. dividends paid
($ in millions)



Maintaining a conservation theme on its annual Specimen Set, the Mint has dedicated the one-dollar coin to the Swift Fox. This once-abundant prairie dweller was pushed to the brink of extinction in the 1930s by expanding agriculture and a loss of habitat. The species is rebounding thanks to successful reintroduction efforts.

Cash from operating activities in 2022 was $85.2 million, a $16.1 million increase compared to 2021 primarily due to timing of collections and invoices for foreign circulation customers and lower precious metal purchases, partially offset by higher income tax instalment payments due to higher operating profit in 2021.

Cash used in investing activities was $16.4 million in 2022, a $4.5 million increase compared to 2021, mainly due to investments in production equipment for the Winnipeg and Ottawa plants, the Ottawa building and the Mint's website platform.

Cash used in financing activities was $51.9 million in 2022, a $2.5 million decrease compared to 2021. The $40.7 million dividend paid to the Government of Canada in the fourth quarter of 2022 and $78.9 million paid in the fourth quarter of 2021 represented the projected year-end cash balance over a pre-determined cash reserve requirement defined in the Mint's Corporate Plan. In 2021, the Corporation received the proceeds of $30 million from a borrowing facility and in 2022 the Corporation made $6 million in scheduled loan repayments.

Borrowing facilities

The Mint entered 2022 with total outstanding long-term loans of $33 million. During the year, loan repayments of $9 million were made to bring the total outstanding long-term loans balance to $24 million at December 31, 2022. The Mint entered the period with a long-term debt-to-equity ratio of 1:04 and closed the period with a long-term debt-to-equity ratio of 1:06. See note 17 to the December 31, 2022 audited consolidated financial statements on page 93 for details on the Mint's borrowing facilities.

Financial risks

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

Sensitivity table

Key factor	Change	Dominant impact
Canadian dollar valuation as compared to the US dollar	Increases	Decreases revenue from goods and services sold in US dollars Decreases costs incurred in US dollars Increases cost of sales for products incurred and/or expensed in Canadian dollars that are sold in US dollars Increases Face Value redemptions liability and cost of sales
Gold price/ounce	Increases	Increases revenue from the Precious Metals businesses Increases product costs for Precious Metals businesses
Silver price/ounce	Increases	Increases revenue from the Precious Metals businesses Increases product costs for Precious Metals businesses Decreases Face Value redemptions liability and cost of sales
Precious metal sourcing and lease rates	Increases	Increases product cost for precious metal products
Nickel price/kg	Increases	Increases revenue from the Circulation businesses Increases product costs for circulation products
Steel price/kg	Increases	Increases revenue from the Circulation businesses Increases product costs for circulation products
Interest rates	Increases	Increases product costs for precious metal products

The Mint's second pure gold diamond-shaped coin features a genuine round Canadian diamond extracted from Northern Ontario's Victor Mine, that was precisely cut by Crossworks Manufacturing Ltd. This diamond-within-a-diamond showpiece, crafted from three ounces of 99.99% pure gold, demonstrates the extent to which the Mint can push the limits of striking in multiple dimensions.

Return to the Government of Canada

For the year ended December 31, 2022, the Mint paid a $40.7 million dividend to its Shareholder, the Government of Canada. The following table summarizes the total return the Mint has made to Canada over the last five years:

	2018	2019	2020	2021	**2022**	**Total**
Dividends paid	$ 10.0	$ 40.0	$ 20.0	$ 78.9	**$ 40.7**	**$ 189.6**
Income tax paid	7.3	15.5	2.2	3.2	**31.2**	**59.4**
Total return to Canada	$ 17.3	$ 55.5	$ 22.2	$ 82.1	**$ 71.9**	**$ 249.0**

The Red River Métis tradition of sharing and preserving knowledge by passing it on from one generation to the next through art and storytelling is celebrated through a meticulous engraving of Métis beadwork by master artist Jennine Krauchi. The second coin in the Mint's fine silver "Generations" series features a traditional floral pattern, as well as Michif language.

Contractual obligations and other commercial commitments

See notes 13, 14, 15 and 28 to the audited consolidated financial statements starting on pages 89 and 92, respectively, for details on the Mint's contractual obligations and other commercial commitments.

Performance against Corporate Plan

The operating and financial results achieved during the year ended December 31, 2022 indicate that the financial goals established in the 2022-2026 Corporate Plan were exceeded.

The financial goal for 2022 was profit before income tax and other items of $38.6 million, revised from $46.6 million as approved in the Mint's 2022-2026 Corporate Plan to reflect the application of the IFRS Interpretation Committee (IFRIC) agenda decision issued in April 2021 relating to the accounting for configuration and customization costs for software as a service and platforms as a service arrangements.

The Mint's second coin in its Colourful Birds series features the cedar waxwing, a distinct yellow-brown bird that can be found in all of Canada's provinces and territories. This fine silver coin showcases the Mint's expert application of colour, which has attracted loyal collector following in Canada and around the world.

The Mint exceeded its profit target for 2022 which reflects the success of the Mint's long-term strategy and its ability to capitalize on solid demand for bullion with its international dealer network. This was primarily due to the Mint's continued focus on its production capacity and supply chain to serve the mining and financial sectors in Canada and around the world as global market demand for gold and silver bullion products remained strong in 2022.

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

		2022		2021
Profit for the period	**$**	**34.9**	$	53.7
Add (deduct):				
Income tax expense		**12.0**		18.1
Shareholder directed donations		**1.1**		–
Net foreign exchange (gain) loss[1]		**(0.4)**		2.0
Face Value revaluation[2]		**(2.6)**		8.3
Profit before income tax and other items	**$**	**45.0**	$	82.1

[1] Net foreign exchange gain in 2022 excludes a gain of $0.2 million (2021 – $4.6 million gain) related to the mitigation of the foreign exchange risk for a specific contract.

[2] Face Value revaluation is the non-cash impact of the change in the valuation of the precious metal component of the Face Value redemptions liability which excludes the impact of a foreign exchange gain of $3.4 million (2021 – $0.1 million loss).

Risks to performance

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

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

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

The Mint identified the following key corporate level risks that could materially impact the achievement of its strategic objectives as outlined on page 32.

The Mint continued its popular Canada's Unexplained Phenomena series with a rectangular coin featuring the Yukon Incident. A unique glow-in-the-dark paint technology reveals the 1996 night time sighting of a giant UFO hovering over surprised motorists driving on the Klondike Highway near Fox Lake, Yukon.

Strategic risks

Cash-light preparedness

The risk that the Mint is not prepared for the impacts of accelerated e-payment adoption to its business model and mandate. The Mint is tackling this risk on multiple fronts. First, as the coin life cycle manager for Canada, the Mint continuously enhances its coin management system to analyze data and insights to understand trends in coin usage and leverages the National Coin Committee for industry and market knowledge. Second, the Mint is in regular dialogue with the Bank of Canada and Department of Finance to share lessons learned and strategies for managing challenges as a result of the COVID-19 pandemic and other plausible scenarios affecting trade and commerce. Third, the Mint conducts regular surveys to track consumers' attitudes and behaviours toward coin. Finally, the Mint conducts regular benchmarking studies, comparing domestic and international coinage trends for actionable insights in preparation of a possible cash-light future.

Marking ten years since Canada's last penny was struck at the Mint's Winnipeg facility, a 1 oz. silver collector coin edition of the iconic penny was specially produced in Winnipeg. The classic G. E. Kruger Gray twin maple leaf and twig design gracefully adorns a lined surface which also bears a "W" mint mark identifying its origin.

Diversification of customer base

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

Operational risks

Talent pool

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

The Mint is increasing its recruiting efforts and leveraging business partners for expertise. Additionally, management regularly reviews the One Mint strategy priorities to ensure proper balance between capacity and efforts.

Cyber Security

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

Legacy technology platform

The risk that the Mint's legacy applications and/or infrastructure fail and become unavailable to the business teams, or cause significant data loss or data integrity issues.

The Mint is addressing this risk with a comprehensive digital program roadmap. Included in the Mint's most recent Corporate Plan are investments targeted for the upgrade of the digital experience and its enterprise wide resource planning platforms.

Supply chain

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

ESG implementation

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

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

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

See notes 3 and 4 to the Mint's audited consolidated financial statements starting on pages 70 and 75, respectively, for a discussion of critical accounting estimates, adoption of new accounting standards and accounting policy developments.

Travel, hospitality and conference expenditures

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

		2022		2021	$ change	% change
Travel	**$**	**1.6**	$	0.2	1.4	700
Hospitality		**0.2**		0.1	0.1	100
Conference		**0.1**		–	0.1	100
Total travel, hospitality, conference and event expenditures	**$**	**1.9**	$	0.3	1.6	533

The Mint keeps pushing the boundaries of high relief striking with its fine silver Extraordinarily High Relief Timber Wolf coin. Rising to more than 6 mm in height, the wolf's realistic features are accentuated by the surrounding field's mirror-like finish, which shines light back onto the majestic animal's three-dimensional form.

For the year ended December 31, 2022, travel increased significantly as the world re-opened and the Mint was again able to connect with its customers and Board of Directors in person. In 2022, the Mint's Board of Directors incurred $0.2 million of travel, hospitality, conference and event expenditures, while in 2021, all Board meetings were held virtually and no travel, hospitality, conference and event expenditures were incurred.

Internal controls and procedures

The Mint maintains an internal control framework including internal controls over financial reporting and disclosure controls and procedures. The Mint's President and Chief Executive Officer (CEO) and Vice-President Finance and Administration and Chief Financial Officer (CFO) implemented an internal assessment process to evaluate the effectiveness of these controls. This evaluation follows the best-practice requirements of National Instrument 52-109 issued by the Canadian Securities Administrators (CSA). As a Crown corporation, the Mint voluntarily complies with certain rules and regulations of National Instrument 52-109. The evaluations as of December 31, 2021 and 2022 were based on an assessment of the design and operating effectiveness of these controls.

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that the Mint can make appropriate decisions about public disclosures. The CEO and CFO evaluated the design and operating effectiveness of the Mint's disclosure controls and procedures related to the preparation of this MD&A and the consolidated financial statements. They concluded that the design and operation of disclosure controls and procedures was effective for the year ended December 31, 2022.

Before Canada's famed Snowbirds, the Red Knight solo aerobatic performer showcased the skill and daring of Canadian air force pilots from 1958 to 1969. A selectively coloured CT-133 Silver Star fighter, flanked by a CT-114 Tutor jet, which later replaced the Silver Star as the last Red Knight, graces the reverse of this impressive 2 oz. fine silver coin.

Selective black rhodium plating creates a rock-like backdrop from which brightly emerges the fossilized skull of *Mercuriceratops gemini*, a 76 million year-old dinosaur discovered in Alberta's Dinosaur Provincial Park. This is the second coin in the Mint's popular Discovering Dinosaurs fine silver series and yet another example of meticulously applying black rhodium plating to produce vividly contrasting designs.

Internal control over financial reporting

Internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. However, given their inherent limitations, internal controls over financial reporting can only provide reasonable assurance and may not prevent or detect misstatements. The CEO and CFO assessed the design and operating effectiveness of the Mint's internal control over financial reporting based on the Internal Control—Integrated Framework created and issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the Control Objectives for Information and Related Technology (COBIT) Framework. Based on this assessment, the CEO and CFO determined that the design and operation of the Mint's internal control over financial reporting was effective for the year ended December 31, 2022.

Outlook

The Mint's 2023-2027 Corporate Plan was approved by its Board of Directors and the Minister of Finance and submitted to the Treasury Board for approval. Continuing with the implementation of its One Mint Strategy which was approved in 2020, in 2023, the Mint will continue to evolve its circulation business, ensuring Canada's coin ecosystem remains tightly connected and able to support Canadians' trade and commerce needs into the future and capitalizing on international demand for higher value bi-metallic coins through its foreign circulation opportunities. The Mint is also building its precious metals capacity and maintains focused numismatic offerings. In all areas, the Mint aims to deliver sustainable economic value for Canada in ways that are both socially and environmentally responsible, from its training practices and operational controls to its research and development investments. The Mint is also continuing to make investments in its people and digital capabilities and is committed to reviewing and updating its long term strategic plan in 2023. The Mint is closely monitoring the post-pandemic environment and the impact of the rising geopolitical and economic uncertainties on its global supplier network and its costs, and identifies contingency plans when required in order to support the business.

Circulation business

Canadian circulation

As restrictive public health measures due to the pandemic have largely lifted, there has been a gradual increase in coin activity to support trade and commerce transactions. Despite the upward trend, there is still uncertainty in the ecosystem as Canadians re-engage in their daily activities. For example, depending on how hybrid work arrangements take shape, coin activity in 2023 could further rise in order to support daily transactions.

To make sure it remains on top of key trends during this period of continued uncertainty, the Mint is investigating domestic and international payment trends and dialoguing with key Canadian ecosystem stakeholders and demographics. While national coin inventories are well-stocked, the Mint also proactively recirculates coins returning from the market in order to prevent overproduction.

The 200 year-old maritime legend of the ghost ship comes alive through the Mint's own glow-in-the-dark paint technology. When exposed to UV light, the image of a tall ship glows just as it is claimed to mysteriously appear from the waters of Chaleur Bay. This vision contrasts with the classic engraving of fishermen hauling their dory ashore under stormy weather.

Foreign circulation

The world is emerging from the COVID-19 pandemic, however, the global economic impacts from it, as well as the rising geo-political tensions continue to create unstable conditions in many economies. Many foreign economies are experiencing high inflation along with currency devaluations, and those Central Banks are largely prioritizing economic risk mitigation strategies, as opposed to undertaking new currency initiatives. Central Banks tendered for approximately 2 Billion coins and blanks in 2022. The Mint anticipates that cash usage and coin demand will rebound as economies continue to reopen and stabilize in 2023, although the decline in cash usage in developed countries is unlikely to return to pre-pandemic levels.

Precious metals business

Bullion products and services

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

Numismatics

The Mint continues to prioritize being a customer-centric organization focused on enhancing the customer experience and improving the long-term performance of the Numismatics business. The Mint continues to implement and pursue product strategies intended to reach new customers in new and emerging markets.

The Mint combined its unique multifaceted technology and classic engraving on a 2 oz. fine silver coin featuring a bald eagle family. Both the eagle and the eaglets, which appear in pronounced relief, are composed of highly-polished polygon-shaped facets that sparkle by reflecting light from multiple angles.

Forward-looking statements

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

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

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

The forward-looking statements included in this annual report are made only as of March 9, 2023, and the Mint does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

On the 175th anniversary of Alexander Graham Bell's birth, the Mint issued a $1 circulation coin commemorating Bell's life and work. Looking beyond the telephone, the Mint focused on Bell's Canadian-based innovations to broaden conventional historical accounts. The result was a more layered story, an engaging coin design, and a deeper understanding of Bell's connection to Canada.

Management's Statement of Responsibility for Financial Reporting

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

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions of the Corporation and of its wholly-owned subsidiary are in accordance with the *Financial Administration Act*, including directive (P.C. 2015–1107) pursuant to section 89 of this Act, and regulations and, as appropriate, the *Royal Canadian Mint Act*, the by-laws of the Corporation and the charter and the by-laws of its wholly-owned subsidiary.

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

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

Marie Lemay, ICD.D
President and
Chief Executive Officer

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

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

Ottawa, Canada

March 9, 2023

Independent Auditor's Report

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

To the Minister of Finance

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Royal Canadian Mint (the Corporation), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

Report on Compliance with Specified Authorities

Opinion

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

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

Responsibilities of Management for Compliance with Specified Authorities

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

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

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

Dennis Fantinic

Dennis Fantinic, CPA
Principal
for the Auditor General of Canada

Ottawa, Canada
9 March 2023

Consolidated Statement of Financial Position

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

	Notes	**2022**	2021
Assets			
Current assets			
Cash and cash equivalents		**$ 79,282**	$ 69,303
Trade receivables, net and other receivables	5	**26,656**	19,152
Income tax receivable		**6,881**	–
Prepaid expenses	6	**8,599**	3,677
Inventories	7	**56,228**	86,530
Contract assets	8	**18,292**	40,631
Derivative financial assets	9	**514**	2,611
Total current assets		**196,452**	221,904
Non-current assets			
Prepaid expenses	6	**165**	178
Derivative financial assets	9	**107**	–
Deferred income tax assets	24	**31,027**	29,250
Property, plant and equipment	10	**140,694**	144,040
Investment property	11	**236**	236
Intangible assets	12	**4,680**	4,738
Right-of-use assets	13	**6,864**	5,136
Total non-current assets		**183,773**	183,578
Total assets		**$ 380,225**	$ 405,482
Liabilities			
Current liabilities			
Trade payables, other payables and accrued liabilities	14	**$ 58,356**	$ 56,300
Provisions	15	**4,568**	2,043
Income tax payable		**–**	13,978
Face Value redemptions liability	16	**343**	434
Contract liabilities	8	**14,107**	12,894
Loans payable	17	**6,032**	9,042
Lease liabilities	13	**1,558**	1,388
Employee benefit obligations	18	**3,266**	3,302
Derivative financial liabilities	9	**2,960**	23
Total current liabilities		**91,190**	99,404
Non-current liabilities			
Trade payables, other payables and accrued liabilities	14	**36**	95
Provisions	15	**913**	966
Face Value redemptions liability	16	**115,471**	121,472
Loan payable	17	**18,000**	24,000
Lease liabilities	13	**5,684**	4,394
Employee benefit obligations	18	**10,501**	12,653
Total non-current liabilities		**150,605**	163,580
Total liabilities		**241,795**	262,984
Shareholder's equity			
Share capital (authorized and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**98,430**	102,515
Accumulated other comprehensive loss		**–**	(17)
Total shareholder's equity		**138,430**	142,498
Total liabilities and shareholder's equity		**$ 380,225**	$ 405,482

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

Approved on behalf of the Board of Directors

Phyllis Clark, ICD.D
Chair
Board of Directors

Gilles Patry
Chair
Audit Committee

Approved on behalf of Management

Marie Lemay, ICD.D
President and
Chief Executive Officer

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

Consolidated Statement of Comprehensive Income

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

	Notes	2022	2021
Revenue	20	**$ 3,282,462**	$ 3,550,756
Cost of sales	19, 21	**3,112,197**	3,371,365
Gross profit		**170,265**	179,391
Marketing and sales expenses	19, 21	**30,854**	28,341
Administration expenses	19, 21, 25	**94,417**	82,468
Operating expenses		**125,271**	110,809
Net foreign exchange gain	22	**580**	2,636
Operating profit		**45,574**	71,218
Finance income, net	23	**1,236**	539
Other income		**45**	31
Profit before income tax		**46,855**	71,788
Income tax expense	24	**(12,005)**	(18,059)
Profit for the period		**34,850**	53,729
Items that will be reclassified subsequently to profit:			
Net unrealized gain on cash flow hedges		**17**	71
Items that will not be reclassified subsequently to profit:			
Net actuarial gain on defined benefit plans		**1,765**	428
Other comprehensive income, net of tax		**1,782**	499
Total comprehensive income		**$ 36,632**	$ 54,228

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

Consolidated Statement of Changes In Equity

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

	Notes	**Share capital**	**Retained earnings**	**Accumulated other comprehensive loss (Net gain on cash flow hedges)**	**Total**
Balance as at December 31, 2020		$ 40,000	$ 127,258	$ (88)	$ 167,170
Profit for the period		–	53,729	–	53,729
Other comprehensive loss, net[1]		–	428	71	499
Dividends paid	9.1	–	(78,900)	–	(78,900)
Balance as at December 31, 2021		$ 40,000	$ 102,515	$ (17)	$ 142,498
Profit for the period		**–**	**34,850**	**–**	**34,850**
Other comprehensive income, net[1]		**–**	**1,765**	**17**	**1,782**
Dividends paid	9.1	**–**	**(40,700)**	**–**	**(40,700)**
Balance as at December 31, 2022		**$ 40,000**	**$ 98,430**	**$ –**	**$ 138,430**

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

Consolidated Statement of Cash Flows

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

	Notes	2022	2021
Cash flows from operating activities			
Profit for the period		**$ 34,850**	$ 53,729
Adjustments to reconcile profit to cash flows from operating activities:			
Depreciation and amortization	21	**19,770**	20,373
Income tax expense	24	**12,005**	18,059
Finance income, net		**(1,236)**	(539)
Other income		**(45)**	(31)
Net foreign exchange loss		**6,575**	6,841
Adjustments to other revenue, net	26	**(14,432)**	(39,504)
Changes in Face Value redemptions liability		**(2,715)**	7,866
Net changes in operating assets and liabilities	26	**64,807**	4,722
Cash from operating activities before interest and income tax		**119,579**	71,516
Income tax paid, net of income tax received	26	**(35,305)**	(3,834)
Interest received, net of interest paid	26	**947**	1,428
Net cash from operating activities		**85,221**	69,110
Cash flows used in investing activities			
Acquisition of property, plant and equipment		**(14,313)**	(9,466)
Acquisition of intangible assets		**(2,055)**	(2,401)
Net cash used in investing activities		**(16,368)**	(11,867)
Cash flows used in financing activities			
Dividends paid	9.1	**(40,700)**	(78,900)
Proceeds from issuance of debt	17	**–**	30,000
Repayment of loan	17	**(9,000)**	(3,000)
Lease principal payments	13	**(2,218)**	(2,474)
Net cash used in financing activities		**(51,918)**	(54,374)
Effect of changes in exchange rates on cash and cash equivalents		**(6,956)**	(872)
Increase in cash and cash equivalents		**9,979**	1,997
Cash and cash equivalents at the beginning of the period		**69,303**	67,306
Cash and cash equivalents at the end of the period		**$ 79,282**	$ 69,303
Cash and cash equivalents consist of:			
Cash		**$ 59,282**	$ 69,303
Cash equivalents		**$ 20,000**	$ –

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

Notes to the Consolidated Financial Statements

December 31, 2022 (audited)
(In thousands of Canadian dollars, unless otherwise indicated)

1. Nature and description of the Corporation

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

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

The Corporation produces coins for Canadian trade and commerce, manages the country's coin system for optimum efficiency and cost, and is a world-renowned manufacturer of precious metals investment products and collectibles. It is also one of the largest gold refiners in the world. The addresses of its registered office and principal place of business are 320 Sussex Drive, Ottawa, Ontario, Canada, K1A 0G8 and 520 Lagimodière Blvd, Winnipeg, Manitoba, Canada, R2J 3E7.

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

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

2. Significant accounting policies

2.1 Basis of presentation

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

These consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on March 9, 2023.

2.2 Consolidation

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

2.3 Foreign currency translation

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

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

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

2.4 Inventories

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

2.5 Financial instruments

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

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

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

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

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

2.5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating interest income and expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments throughout the expected life of the financial asset or the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.6 Financial assets

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

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

2.6.1 Trade receivables, net and other receivables

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

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

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

2.6.2 Derivative financial assets at fair value through profit or loss

A financial asset is designated at FVTPL upon initial recognition.

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

2.6.3 Impairment of financial assets, contract assets and lease receivables

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

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

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

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

Objective evidence of impairment could include:

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

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

2.6.4 De-recognition of financial assets

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

2.7 Financial liabilities

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

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

2.7.1 Trade payables, other payables and accrued liabilities

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

2.7.2 Financial liabilities at fair value through profit or loss

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

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

2.7.3 De-recognition of financial liabilities

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

2.8 Derivative financial instruments

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

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

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

2.8.1 Hedge accounting

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

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

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

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

Hedge accounting is discontinued prospectively when the hedging instrument is terminated, exercised, matured or when the derivative no longer qualifies for hedge accounting. The Corporation currently only applies hedge accounting to interest rate swaps. As at December 31, 2022, hedge accounting was not applied to any of the outstanding derivative instruments.

2.9 Property, plant and equipment

2.9.1 Asset recognition

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

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

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

2.9.2 Depreciation

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

Land improvements	40 years
Buildings and improvements	5–60 years
Equipment	2–40 years

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

Freehold land is not depreciated.

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

2.9.3 Subsequent costs

Day-to-day repairs and maintenance costs are expensed when incurred.

Costs incurred on a replacement part for property, plant and equipment are recognized in the carrying amount of the affected item when the costs are incurred. The carrying amount of the part that was replaced is derecognized.

Cost of major inspections or overhauls are recognized in the carrying amount of the item or as a replacement. Any remaining carrying amount of the cost of the previous inspection is derecognized.

2.9.4 De-recognition

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

2.10 Investment property

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

The Corporation’s investment property is measured at cost and relates to vacant land at the Corporation’s Winnipeg location. The fair value of the investment property is disclosed in Note 11. If in management’s judgement, it is likely that there is significant change in the market price of the investment property, a new valuation will be carried out.

2.11 Intangible assets

2.11.1 Software

The Corporation's intangible assets include software for internal use or for providing services to customers. These assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Software configuration and customization costs are capitalized when the Corporation controls the underlying software. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are from 2 to 10 years. Useful lives and amortization methods are reviewed annually and necessary adjustments are recognized on a prospective basis as changes in estimates.

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

2.11.2 Research and development

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

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

2.12 Leasing

Identification of leases

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

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

The Corporation elected to account for short-term leases and leases of low-value assets using the practical expedients permitted under IFRS 16. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term. As at December 31, 2022 and 2021, the Corporation did not have any low-value leases or short-term leases.

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

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

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

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

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

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

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

In addition to reviewing all property, plant and equipment, intangible assets and right-of-use assets for indications of impairment loss at the end of each reporting period, the Corporation reviews the carrying amounts of previously impaired property, plant and equipment, intangible assets and right-of-use assets for indicators of impairment reversal. Where an impairment loss subsequently reverses, the carrying amount of the asset, or cash-generating unit, is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, or cash-generating unit, in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.14 Borrowing costs

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

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

2.15 Income tax

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

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

2.15.1 Current income tax

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

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

2.15.2 Deferred income tax

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

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

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

2.15.3 Scientific research and experimental development investment tax credit

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

2.16 Employee benefit obligations

2.16.1 Short-term employee benefits

Short-term employee benefits are the employee benefits that are expected to be settled within 12 months after the end of the period in which the employees render the related service. The Corporation's short-term employee benefits include wages and salaries, annual leave, bonus and other types of short-term benefits.

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

2.16.2 Pension benefits

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

2.16.3 Other post-employment benefits

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

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

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

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

2.16.4 Other long-term employee benefit obligations

Other long-term employee benefits are employee benefits, other than post-employment benefits, that are not expected to be settled within 12 months after the end of the period in which the employees render the related service.

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

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

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

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

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

2.17 Provisions

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

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

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

2.18 Share capital

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

2.19 Revenue

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

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

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

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

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

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

Canadian circulation revenue

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

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

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

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

Foreign circulation revenue

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

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

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

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

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

Bullion products and services revenue

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

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

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

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

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

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

Numismatic revenue

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

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

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

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

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

2.19.2 Payments received in advance from customers

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

2.19.3 Contract costs

Commission fees payable related to foreign circulation contracts are capitalized as costs of obtaining a contract when they are incremental and they are expected to be recovered. Capital contract costs are amortized to profit or loss over the term of the contract these costs are related to, consistent with the transfer to the customer of the related goods or services. If the expected amortization period is one year or less the commission fee is expensed as incurred. There were no contract costs capitalized as at December 31, 2022 or 2021.

2.19.4 Contracts with a customer that include a significant financing component

The Corporation adjusts the promised amount of consideration to be received from a customer for the effects of a significant financing component if the Corporation expects, at contract inception, that the period between when the Corporation transfers a promised good or service to a customer and when the customer pays for that good or service will be more than one year. There were no contracts with a significant financing component as at December 31, 2022 or 2021.

2.20 Face Value redemptions liability

The Corporation determined that it continues to be unable to reliably estimate the redemptions of coins that were part of the Face Value coin program. The judgements exercised in reaching this determination are described in Note 3.2.1. The Face Value redemptions liability represents the expected net cash outflows to be incurred by the Corporation if all Face Value coins are redeemed, including the estimated costs of redemptions, partially offset by the market value of the precious metal content of the coins that will be recovered by the Corporation when these coins are redeemed. If the Corporation is able to determine a reliable estimate of redemptions, the Face Value redemptions liability would be reduced in the period the estimate is determined and income would be recognized in the consolidated statement of comprehensive income.

3. Key sources of estimation uncertainty and critical judgements

3.1 Key sources of estimation uncertainty

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

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

The most significant items where estimates and assumptions are used are outlined below.

3.1.1 Face Value redemptions liability

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

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

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

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

3.1.3 Employee benefit obligations

The present value of the other post-employment and other long-term employee benefits liabilities to be settled in the future depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as discount rates, long-term rates of compensation increase, retirement age, future health-care and dental costs and mortality rates. The Corporation consults with external actuaries regarding these assumptions annually. Any changes in these assumptions will impact the carrying amount of the pension, other post-employment and other long-term employee benefits liabilities. The carrying amount of the employee benefits liabilities as at the end of the reporting periods is included in Note 18.

3.1.4 Precious metal inventory and reconciliation

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

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

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

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

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

3.1.5 Inventory valuation allowance

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

3.1.6 Provisions

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

3.1.7 Income tax

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

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

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

3.2 Critical judgements

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

3.2.1 Face Value redemptions liability

In making the judgement on the appropriate accounting treatment for transactions involving Face Value coins, the Corporation considered whether it could estimate the redemptions of Face Value coins. Face Value coins have different characteristics than other numismatic products as these products have a Face Value equal to their purchase price which, combined with the unlimited redemption period permitted by the Corporation's current redemption policies and practices make Face Value coins significantly more likely to be redeemed than other numismatic products. Consequently, the historical redemption patterns for other numismatic products cannot be used to estimate the redemptions for Face Value coins. In 2016, the Corporation determined that revenue could not be recognized on the sale of Face Value coins as a reliable estimate of redemptions could not be determined. As at December 31, 2022, the best estimate continues to be that all Face Value coins will be redeemed resulting in the Face Value redemptions liability. The primary indicators influencing the Corporation's ability to develop a more reliable estimate of redemptions are the movement in the market price of silver and the changes in the term over which redemptions may be accepted. When the Corporation determines it can reliably estimate the redemptions of Face Value coins a material change could occur to the carrying value of the Face Value redemptions liability as discussed in Note 2.20. The carrying amount of the Face Value redemptions liability is included in Note 16.

3.2.2 Long-lived asset impairment indicators

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

For 2022 and 2021, no new indicators of impairment and no indicators which would cause the reversal of previous impairments were observed.

3.2.3 Provisions and contingent liabilities

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

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

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

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

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

3.2.5 Leases

Extension options for leases

When the Corporation has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to determine the lease term at the inception of the lease. The Corporation reassesses whether or not an option would be reasonably certain to be exercised when a significant event or significant change in circumstances occurs. The use of extension and termination options gives the Corporation added flexibility in the event it identifies more suitable premises in terms of cost and/or location or determines that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when the economic benefits of exercising the option exceed the expected overall cost. As at December 31, 2022, potential lease payments, amounting to $0.2 million (December 31, 2021 – $2.9 million), have not been included in the lease liabilities as it is not reasonably certain the available extension or termination options will be exercised.

Precious metal leases

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into precious metal leases. These leases are not reflected in the Corporation's consolidated financial statements since these agreements do not meet the definition of a lease under IFRS 16 as the precious metal available to the Corporation under these leases is fungible and is therefore not an identified asset.

Calculating the appropriate discount rate

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

3.2.6 Divestiture of MintChip™

In December 2015, the Company closed the sale of MintChip™ for a cash consideration of $5 million paid at closing and an $11 million, 4% interest-bearing, secured promissory note with interest payments due semi-annually and the principal amount due on December 16, 2022 and was not received. Management was required to make a judgement with respect to the uncertainty over the collectability of the promissory note. At December 31, 2022 and 2021, it was determined that no asset would be recorded in the consolidated financial statements and any additional future consideration related to interest and principal repayments would be recognized as other income upon receipt of cash.

4. Application of new and revised IFRS pronouncements

4.1 New and revised IFRS pronouncements affecting amounts reported and/or disclosed in the consolidated financial statements for the year ended December 31, 2022.

The Corporation reviewed the new and revised accounting pronouncements that were issued and had mandatory effective dates of annual periods beginning on or after January 1, 2022. The following amendments were adopted by the Corporation on January 1, 2022 and did not have an impact on the consolidated financial statements.

Property, Plant and Equipment — Proceeds before Intended Use

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

Onerous Contracts — Cost of Fulfilling a Contract

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

Annual Improvements to IFRS Standards 2018–2020

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

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

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 – *Income Taxes*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023.

Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements* (IAS 1) and IFRS Practice Statement 2. The amendments require that an entity disclose only its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023.

Definition of Accounting Estimates

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

Insurance Contracts

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

Classification of Liabilities as Current or Non-Current

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

(In thousands of Canadian dollars, unless otherwise indicated)

In November 2021, the IASB published the Exposure Draft *Non current Liabilities with Covenants (proposed amendments to IAS 1)*. The Exposure Draft aimed to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions, in addition to addressing concerns about the classification of such a liability as current or non current.

In June 2022, the IASB tentatively decided to defer the effective date of the 2020 amendments to align it with the effective date of the proposed amendments. The amendments from 2020 and 2021 are both effective for annual periods beginning on or after January 1, 2024.

In October 2022, the IASB published *Non-current liabilities with Covenants (Amendments to IAS 1)*. The amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become payable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024.

Sale and Liability in a Sale and Leaseback

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

5. Trade receivables, net and other receivables

As at December 31

		2022		2021
Receivables and accruals from contracts with customers	**$**	**23,328**	$	18,065
Receivables from contracts with related parties (Note 27)		**2,308**		403
Allowance for expected credit losses		**(76)**		(3)
Trade receivables, net	**$**	**25,560**	$	18,465
Lease receivables		**–**		253
Other current financial receivables		**1,050**		388
Other receivables		**46**		46
Trade receivables, net and other receivables	**$**	**26,656**	$	19,152

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

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

As at December 31

		2022		2021
Opening balance	**$**	**253**	$	519
Interest income (Note 23)		**4**		14
Sublease payments received		**(257)**		(280)
Closing balance	**$**	**–**	$	253

Total cash inflow for leases included in lease receivables for the year ended December 31, 2022 was $0.3 million (2021 - $0.3 million).

(In thousands of Canadian dollars, unless otherwise indicated)

The Corporation sub-leased certain of its building office space leases (Note 13). These sub-lease arrangements, which expired in 2022 had been assessed as finance leases. The maturity analysis of lease receivables, including the undiscounted lease payments to be received, was as follows:

As at December 31

		2022		2021
Less than 1 year	**$**	**–**	$	256
Total undiscounted lease payments receivable	**$**	**–**	$	256
Unearned finance income		**–**		(3)
Net investment in the lease	**$**	**–**	$	253

6. Prepaid expenses

As at December 31

		2022		2021
Prepaid expenses current[1]	**$**	**8,599**	$	3,677
Prepaid expenses non-current		**165**		178
Total prepaid expenses	**$**	**8,764**	$	3,855

1 Included in prepaid expenses current was $6.2 million (2021 - $nil million) related to contractual instalment payments for equipment purchases.

7. Inventories

As at December 31

		2022		2021
Raw materials and supplies	**$**	**18,915**	$	19,518
Work in process		**15,101**		44,034
Finished goods		**22,212**		22,978
Total inventories	**$**	**56,228**	$	86,530

The amount of inventories recognized as cost of sales in 2022 is $3,084.1 million (2021 - $3,340.0 million).

The cost of inventories recognized as cost of sales in 2022 includes $5.7 million in write-downs of inventory to net realizable value (2021 - $0.3 million).

No inventory was pledged as security for borrowings as at December 31, 2022 or 2021.

8. Contract assets and liabilities

The contract assets related to the Corporation's rights to consideration for work completed, but not billed as at the end of the reporting period. The Corporation reviewed its credit risk exposure related to contract assets as at December 31, 2022 and evaluated the risk to be minimal as each related contract is subject to a contract specific risk assessment process. The contract liabilities related to the consideration received in advance from customers for which revenue has not yet been recognized and accrued expenses related to contract assets, as well as amounts relating to the customer loyalty program.

(In thousands of Canadian dollars, unless otherwise indicated)

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

As at December 31

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

[1] Revenue recognized includes $0.5 million related to the Corporation's memorandum of understanding with the Department of Finance (Note 27).

As at December 31

	2021	
	Contract Assets	Contract Liabilities
Opening balance	$ 31,116	$ 17,156
Revenue recognized[1]	–	(7,315)
Cash received, excluding amounts recognized during the period	–	528
Transfers from contract liabilities to payables	–	(6,054)
Foreign exchange revaluation	(139)	(3)
Transfers from contract assets to receivables	(85,414)	–
Increases resulting from changes in the measure of progress[1]	95,068	8,582
Closing balance	$ 40,631	$ 12,894

[1] Revenue recognized includes $1.8 million and increases resulting from changes in the measure of progress in contract liabilities includes $2.1 million, both of which are related to the Corporation's memorandum of understanding with the Department of Finance (Note 27).

Contract liabilities are composed of the following:

As at December 31

	2022	2021
Customer prepayments	**$ 6,194**	$ 7,414
Loyalty program	**2,277**	1,488
Contract liabilities from a related party (Note 27)	**–**	456
Accrued liabilities related to revenue recognized over time	**5,636**	3,536
Total contract liabilities	**$ 14,107**	$ 12,894

(In thousands of Canadian dollars, unless otherwise indicated)

9. Financial instruments and financial risk management

9.1 Capital risk management

The Corporation's objectives for managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of organizational growth to provide returns to the Government of Canada, and benefits to other stakeholders. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2021.

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

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

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and term and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the total aggregate borrowings by the Corporation and outstanding at any time shall not exceed $75 million. For the years ended December 31, 2022 and 2021, approved short-term borrowings for working capital needs within this limit were not to exceed $25 million or its US dollar equivalent. From time to time, the Corporation may seek approval for new long-term borrowings. As at December 31, 2022, the Corporation had no approval for any new long-term borrowings for the current fiscal year (2021 – $30 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, 2022 or 2021.

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

	2022	2021
Loans payable (current and non-current)	**$ 24,032**	$ 33,042
Shareholder's equity	**138,430**	142,498
Debt to Equity ratio	**1:06**	1:04

Debt to Assets ratio

As at December 31

	2022	2021
Loans payable (current and non-current)	**$ 24,032**	$ 33,042
Total assets	**380,225**	405,482
Debt to Assets ratio	**1:16**	1:12

(In thousands of Canadian dollars, unless otherwise indicated)

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

The Corporation remitted dividends of $40.7 million to the Government of Canada in 2022 (2021 – $78.9 million). The Corporation employs a dividend framework to calculate dividends payable to its shareholder. The calculated dividend amount represents projected excess year end cash over a pre-determined cash reserve requirement and is generally paid in the fourth quarter of each year.

9.2 Classification and fair value measurements of financial instruments

9.2.1 Carrying amount and fair value of financial instruments

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

As at December 31

	2022		2021	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
Financial Assets				
Cash and cash equivalents	**$ 79,282**	**$ 79,282**	$ 69,303	$ 69,303
Trade receivables, net and other receivables	**26,610**	**26,610**	18,853	18,853
Derivative financial assets:				
Foreign currency forwards	**621**	**621**	2,611	2,611
Financial Liabilities				
Trade payables, other payables and accrued liabilities	**58,048**	**58,048**	55,918	55,918
Loans payable	**24,032**	**23,140**	33,042	33,931
Derivative financial liabilities:				
Foreign currency forwards	**2,960**	**2,960**	–	–
Interest rate swap	**–**	**–**	23	23

9.2.2 Fair value hierarchy

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

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

The fair value measurement of cash and cash equivalents was classified as level 1 of the fair value hierarchy as at December 31, 2022 and 2021. The fair value measurements of all other financial instruments held by the Corporation were classified as level 2 of the fair value hierarchy as at December 31, 2022 and 2021. There were no transfers of financial instruments between levels during 2022.

(In thousands of Canadian dollars, unless otherwise indicated)

9.2.3 Classification and fair value techniques of financial instruments

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

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

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

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

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

9.2.4 Interest income and expense

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

For the year ended December 31

		2022		2021
Financial assets held at amortized cost:				
Interest income earned on cash and cash equivalents (Note 23)	**$**	**2,142**	$	895
Other financial liabilities:				
Interest expense on loans payable (Note 23)	**$**	**680**	$	160

9.3 Financial risk management objectives and framework

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

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

9.3.1 Credit risk management

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

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

9.3.1.1 Credit risk management of receivables from customers

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

(In thousands of Canadian dollars, unless otherwise indicated)

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

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

As at December 31

	2022	2021
Asia and Australia	**$ 14,431**	$ 10,787
Canada	**11,069**	5,424
Latin America and Caribbean	**611**	338
United States	**389**	422
Europe, Middle East and Africa	**110**	1,882
Total financial trade receivables, net and other financial receivables	**$ 26,610**	$ 18,853

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

As at December 31

	2022	2021
Central and institutional banks	**$ 15,488**	$ 13,528
Governments (including governmental departments and agencies)	**6,663**	1,564
Consumers, dealers and others	**4,459**	3,761
Total financial trade receivables, net and other financial receivables	**$ 26,610**	$ 18,853

The Corporation established an allowance for ECLs based on a provision matrix that reflected the estimated impairment of financial trade receivables, net and other financial receivables at the end of the reporting period. The provision matrix was based on historical observed default rates and was adjusted for forward-looking estimates. The Corporation sets different payment terms depending on the customer and product, and excluding prepayments, the Corporation's standard payment terms are generally 30 days. As at December 31, 2022, the Corporation's rate of credit losses was less than 1% (2021 – less than 1%) of total financial trade receivables, net and other financial receivables.

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

As at December 31

	2022		2021	
	Gross carrying amount	**Lifetime ECL allowance**	Gross carrying amount	Lifetime ECL allowance
0–30 days	**$ 20,323**	**$ –**	$ 1,297	$ –
31–60 days	**4,107**	**–**	8,778	–
61–90 days	**582**	**48**	8,264	–
Over 90 days	**1,674**	**28**	517	3
Total	**$ 26,686**	**$ 76**	$ 18,856	$ 3
Net		**$ 26,610**		$ 18,853

(In thousands of Canadian dollars, unless otherwise indicated)

The change in the lifetime ECL allowance was as follows:

As at December 31

		2022		2021
Opening balance	**$**	**3**	$	34
Additions		**75**		3
Write-offs		**(2)**		(35)
Foreign exchange revaluation		**–**		1
Closing balance	**$**	**76**	$	3

9.3.1.2 Cash and cash equivalents

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

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

The Corporation regularly reviews the credit rating of issuers with whom it holds investments, and disposes of investments at the prevailing market rate when the issuer's credit rating declines below acceptable levels. At each of the reporting dates presented, the Corporation did not hold any investments of this nature.

9.3.1.3 Derivative instruments

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

9.3.2 Liquidity risk

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

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

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2022

	Carrying amount	**Contractual Cash flows**	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**
Non-derivative financial liabilities						
Trade payables, other payables and accrued liabilities	**$ (58,048)**	**$ (58,048)**	**$ (58,012)**	**$ (36)**	**$ –**	**$ –**
Loans payable	**$ (24,032)**	**$ (25,262)**	**$ (6,504)**	**$ (6,380)**	**$ (12,378)**	**$ –**
Derivative instruments						
Interest rate swap	**$ (2,960)**	**$(110,546)**	**$(110,546)**	**$ –**	**$ –**	**$ –**

As at December 31, 2021

	Carrying amount	Contractual Cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Trade payables, other payables and accrued liabilities	$ (55,918)	$ (55,918)	$ (55,823)	$ (95)	$ –	$ –
Loans payable	$ (33,042)	$ (34,945)	$ (9,684)	$ (6,504)	$ (18,757)	$ –
Derivative instruments						
Interest rate swap	$ (23)	$ (23)	$ (23)	$ –	$ –	$ –

9.3.3 Market risk

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

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

9.3.3.1 Foreign exchange risk

The Corporation is exposed to foreign exchange risk on sales and purchase transactions and short-term cash management requirements that are denominated in foreign currencies, primarily in US dollars. The Corporation manages its exposure to exchange rate fluctuations between the foreign currency and the Canadian dollar by entering into foreign currency forward contracts. The Corporation also uses such contracts in managing its overall cash requirements.

Based on the forward exchange contracts as at December 31, 2022, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the Canadian dollar against the US dollar would increase profit for the year by $7.8 million (2021 – $10.0 million). A hypothetical 10% weakening in the Canadian dollar against the US dollar would have the equal, but opposite effect.

The effects on the remaining US dollar exposure on financial assets and liabilities of a 10% increase or decrease in the Canadian dollar against the US dollar at December 31, 2022, all other variables held constant, would have been a decrease or increase in profit for the year of $2.1 million (2021 – $2.3 million).

(In thousands of Canadian dollars, unless otherwise indicated)

9.3.3.2 Interest rate risk

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

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation's interest rate swap exposes the Corporation to fair value interest rate risk. At December 31, 2022, there was no variable interest exposure. An increase or decrease of 50 basis points in interest rates as at December 31, 2021 would not have had a significant impact on the interest rate swap derivative asset/liability.

9.3.3.3 Commodity price risk

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

The Corporation is not exposed to precious metal price risk related to the bullion sales program because the purchase and sale of precious metals used in this program are completed on the same date, using the same price basis in the same currency. For numismatic sales the Corporation enters into short-term lease or fixed-price purchase commitments for precious and base metals to mitigate the commodity price risk (Note 28.1 and Note 28.3).

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

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

9.4 Foreign currency forwards and interest rate swap

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

As at December 31, 2022

		Designated as hedges		**Not designated as hedges**		**Total derivatives**
	Maturities	**Notional value**	**Fair value**	**Notional value**	**Fair value**	**Fair value**
Derivative financial assets						
Current						
Foreign currency forwards	2023	$ –	$ –	$ **7,291**	$ **514**	$ **514**
Total current		$ –	$ –	$ **7,291**	$ **514**	$ **514**
Non-current						
Foreign currency forwards	2024	$ –	$ –	$ **1,314**	$ **107**	$ **107**
Total non-current		$	$	$ **1,314**	$ **107**	$ **107**
Total		$ –	$ –	$ **8,605**	$ **621**	$ **621**
Derivative financial liabilities						
Current						
Foreign currency forwards	2023	$ –	$ –	$ **110,546**	$ **2,960**	$ **2,960**
Total		$ –	$ –	$ **110,546**	$ **2,960**	$ **2,960**

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2021

		Designated as hedges		Not designated as hedges		Total derivatives
	Maturities	Notional value	Fair value	Notional value	Fair value	Fair value
Derivative financial assets						
Current						
Foreign currency forwards	2022	$ –	$ –	$ 149,710	$ 2,611	$ 2,611
Total		$ –	$ –	$ 149,710	$ 2,611	$ 2,611
Derivative financial liabilities						
Current						
Interest rate swap	2022	$ 3,000	$ 23	$ –	$ –	$ 23
Total		$ 3,000	$ 23	$ –	$ –	$ 23

The gains/losses on derivatives designated as cash flow hedges will be reclassified from accumulated other comprehensive income to profit or loss during the periods when the hedged gains/losses are realized. As at December 31, 2022, all amounts were reclassified to profit or loss (2021 amounts were reclassified to profit or loss over periods up to 1 year).

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

	2022	2021
Cost	**$ 427,104**	$ 446,935
Accumulated depreciation and impairment	**(286,410)**	(302,895)
Net book value	**$ 140,694**	$ 144,040

Net book value by asset class

As at December 31

	2022	2021
Land and land improvements	**$ 3,138**	$ 3,135
Buildings and improvements	**75,238**	78,194
Equipment	**55,055**	57,252
Capital projects in process	**7,263**	5,459
Net book value	**$ 140,694**	$ 144,040

(In thousands of Canadian dollars, unless otherwise indicated)

Reconciliation of the opening and closing balances of property, plant and equipment for 2022 and 2021:

	Land and improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance as December 31, 2020	$ 4,094	$ 167,738	$ 267,896	$ 1,031	$ 440,759
Additions	82	709	3,991	5,459	10,241
Transfers	–	–	1,031	(1,031)	–
De-recognition	–	(13)	(3,984)	–	(3,997)
Disposals	–	–	(68)	–	(68)
Balance as December 31, 2021	$ 4,176	$ 168,434	$ 268,866	$ 5,459	$ 446,935
Additions	**10**	**1,544**	**5,585**	**5,961**	**13,100**
Transfers	**–**	**860**	**3,297**	**(4,157)**	**–**
De-recognition	**–**	**(25)**	**(31,959)**	**–**	**(31,984)**
Disposals	**–**	**–**	**(947)**	**–**	**(947)**
Balance at December 31, 2022	**$ 4,186**	**$ 170,813**	**$ 244,842**	**$ 7,263**	**$ 427,104**
Accumulated depreciation and impairment					
Balance as at December 31, 2020	$ 1,036	$ 84,998	$ 204,594	$ –	$ 290,628
Depreciation	5	5,255	10,946	–	16,206
De-recognition	–	(13)	(3,859)	–	(3,872)
Disposals	–	–	(67)	–	(67)
Balance as at December 31, 2021	$ 1,041	$ 90,240	$ 211,614	$ –	$ 302,895
Depreciation	**7**	**5,330**	**10,582**	**–**	**15,919**
De-recognition	**–**	**5**	**(31,867)**	**–**	**(31,862)**
Disposals	**–**	**–**	**(542)**	**–**	**(542)**
Balance as at December 31, 2022	**$ 1,048**	**$ 95,575**	**$ 189,787**	**$ –**	**$ 286,410**
Net book value as at December 31, 2022	**$ 3,138**	**$ 75,238**	**$ 55,055**	**$ 7,263**	**$ 140,694**

Included in property, plant and equipment additions was a total accrual of $0.6 million (2021 - $1.9 million).

No asset was pledged as security for borrowings as at December 31, 2022 or 2021.

11. Investment property

As at December 31

	2022	2021
Cost	**$ 236**	$ 236

The fair value of the land is $5.3 million (2021 – $5.3 million). The fair value measurement of the investment property is classified as level 2 of the fair value hierarchy (see Note 9.2.2 for definitions). The valuation was performed using a market approach with market prices for similar properties in the relevant location as observable inputs. A new valuation is performed only when there is a significant change in the market price. The most recent valuation was performed in October 2020.

No indicators of impairment were found for investment property as at December 31, 2022 or 2021.

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

(In thousands of Canadian dollars, unless otherwise indicated)

12. Intangible assets

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

As at December 31

		2022		2021
Cost	**$**	**39,835**	$	38,846
Accumulated amortization and impairment		**(35,155)**		(34,108)
Net book value	**$**	**4,680**	$	4,738

Reconciliation of the opening and closing balances of intangibles for 2022 and 2021:

		Software		**Capital projects in process**		**Total**
Cost						
Balance as at December 31, 2020	$	37,160	$	317	$	37,477
Additions		1,050		1,191		2,241
Transfers		317		(317)		–
De-recognition		(872)		–		(872)
Balance as at December 31, 2021	$	37,655	$	1,191	$	38,846
Additions		**652**		**1,436**		**2,088**
Transfers		**1,191**		**(1,191)**		**–**
De-recognition		**(1,099)**		**–**		**(1,099)**
Balance as at December 31, 2022	**$**	**38,399**	**$**	**1,436**	**$**	**39,835**
Accumulated amortization and impairment						
Balance as at December 31, 2020	$	32,375	$	–	$	32,375
Amortization		2,233		–		2,233
De-recognition		(500)		–		(500)
Balance as at December 31, 2021	$	34,108	$	–	$	34,108
Amortization		**2,146**		**–**		**2,146**
De-recognition		**(1,099)**		**–**		**(1,099)**
Balance as at December 31, 2022	**$**	**35,155**	**$**	**–**	**$**	**35,155**
Net book value as at December 31, 2022	**$**	**3,244**	**$**	**1,436**	**$**	**4,680**

Included in intangible asset additions was a total accrual of $0.1 million (2021 - $0.1 million).

13. Leases

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

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

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

(In thousands of Canadian dollars, unless otherwise indicated)

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

The Corporation subleased office space related to certain leases. (Note 5) These sub-lease arrangements expired in 2022.

Right-of-use assets

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

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

As at December 31

		2022		2021
Cost	**$**	**14,657**	$	11,224
Accumulated depreciation		**(7,793)**		(6,088)
Net book value	**$**	**6,864**	$	5,136

Net book value by right-of-use asset class

As at December 31

		2022		2021
Buildings	**$**	**3,748**	$	4,630
Equipment		**3,116**		506
Net book value	**$**	**6,864**	$	5,136

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

		Building		**Equipment**		**Total**
Cost						
Balance as at January 1, 2021	$	5,997	$	3,756	$	9,753
Renewal		1,392		79		1,471
Balance as at December 31, 2021	$	7,389	$	3,835	$	11,224
Lease additions and renewals		**–**		**3,433**		**3,433**
Balance as at December 31, 2022	**$**	**7,389**	**$**	**7,268**	**$**	**14,657**
Accumulated depreciation						
Balance as at January 1, 2021	$	1,870	$	2,235	$	4,105
Depreciation		889		1,094		1,983
Balance as at December 31, 2021	$	2,759	$	3,329	$	6,088
Depreciation		**882**		**823**		**1,705**
Balance as at December 31, 2022	**$**	**3,641**	**$**	**4,152**	**$**	**7,793**
Net book value as at December 31, 2022	**$**	**3,748**	**$**	**3,116**	**$**	**6,864**

(In thousands of Canadian dollars, unless otherwise indicated)

Lease liabilities

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

As at December 31, 2022

	Building	Equipment	Total
Opening balance	**$ 5,253**	**$ 529**	**$ 5,782**
Interest expense (Note 23)	**140**	**105**	**245**
Lease payments	**(1,357)**	**(861)**	**(2,218)**
Lease additions and renewals	**–**	**3,433**	**3,433**
Closing balance	**$ 4,036**	**$ 3,206**	**$ 7,242**

As at December 31, 2021

	Building	Equipment	Total
Opening balance	$ 5,003	$ 1,571	$ 6,574
Interest expense (Note 23)	174	37	211
Lease payments	(1,316)	(1,158)	(2,474)
Lease additions and renewals	1,392	79	1,471
Closing balance	$ 5,253	$ 529	$ 5,782

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

As at December 31, 2022

	Building	Equipment	Total
Current	**$ 789**	**$ 769**	**$ 1,558**
Non-current	**3,247**	**2,437**	**5,684**
Lease liabilities	**$ 4,036**	**$ 3,206**	**$ 7,242**

As at December 31, 2021

	Building	Equipment	Total
Current	$ 1,252	$ 136	$ 1,388
Non-current	4,001	393	4,394
Lease liabilities	$ 5,253	$ 529	$ 5,782

Total cash outflow for leases included in lease liabilities for the year ended December 31, 2022 was $2.2 million (December 31, 2021 - $2.5 million).

The undiscounted maturity analysis of lease liabilities as at December 31, 2022 was as follows:

	2023	2024	2025	2026	2027	2028 and thereafter	Total
Lease payments	**$ 1,675**	**$ 1,736**	**$ 1,755**	**$ 1,756**	**$ 144**	**$ 685**	**$ 7,751**
Finance charges	**(191)**	**(143)**	**(94)**	**(42)**	**(12)**	**(27)**	**(509)**
Net present values	**$ 1,484**	**$ 1,593**	**$ 1,661**	**$ 1,714**	**$ 132**	**$ 658**	**$ 7,242**

Lease payments not recognized as a liability

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

(In thousands of Canadian dollars, unless otherwise indicated)

At December 31, 2022 and December 31, 2021, the Corporation was not committed to any low-value leases. (Note 28.3).

No expense relating to payments related to the low-value leases was included in the measurement of the lease liability for the year ended December 31, 2022 and December 31, 2021.

14. Trade payables, other payables and accrued liabilities

As at December 31

	2022	2021
Trade payables	**$ 10,563**	$ 8,925
Employee compensation payables and accrued liabilities	**29,640**	30,948
Other current financial liabilities[1]	**17,809**	15,950
Other accounts payables and accrued liabilities	**344**	477
Total current trade payables, other payables and accrued liabilities	**$ 58,356**	$ 56,300
Other non-current financial liabilities[1]	**36**	95
Total non-current trade payables, other payables and accrued liabilities	**$ 36**	$ 95
Trade payables, other payables and accrued liabilities	**$ 58,392**	$ 56,395

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

15. Provisions

The following table presents the changes in the provisions:

As at December 31

	2022	2021
Opening balance	**$ 3,009**	$ 4,334
Additional provisions recognized	**3,313**	1,290
Payments	**(222)**	(503)
De-recognition of provisions	**(606)**	(2,312)
Foreign exchange revaluation	**(13)**	200
Closing balance	**$ 5,481**	$ 3,009

Provisions include the following:

As at December 31

	2022	2021
Sales returns and warranty	**$ 2,903**	$ 2,241
Employee compensation	**1,831**	–
Other provisions	**747**	768
Total provisions	**$ 5,481**	$ 3,009

	2022	2021
Current portion	**$ 4,568**	$ 2,043
Non-current portion	**913**	966
Total provisions	**$ 5,481**	$ 3,009

(In thousands of Canadian dollars, unless otherwise indicated)

16. Face Value redemptions liability

As at December 31

	2022	2021
Face Value redemptions liability	**$ 176,616**	$ 176,980
Precious metal recovery	**(60,802)**	(55,074)
Face Value redemptions liability, net	**115,814**	121,906
Less: Current portion	**(343)**	(434)
Non-current Face Value redemptions liability, net	**$ 115,471**	$ 121,472

As at December 31

	2022	2021
Opening balance	**$ 121,906**	$ 113,986
Redemptions, net	**(163)**	(476)
Revaluation	**(5,929)**	8,396
Closing balance	**$ 115,814**	$ 121,906

As at December 31, 2022, the Corporation determined that it continues to be unable to reliably estimate the redemptions of Face Value coins.

The Face Value redemptions liability represents the expected cash outflows if all Face Value coins are redeemed, including the costs of redemptions offset by the precious metal content that will be reclaimed by the Corporation when the coins are redeemed. The precious metal recovery component of the liability is based on the market value of silver as at the end of each reporting period. The impact of the revaluation of the precious metal recovery component of the liability was a decrease of $5.9 million for the year ended December 31, 2022 (2021 – increase of $8.4 million). Based on the Face Value redemptions liability as at December 31, 2022, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the market value of silver in Canadian dollars would increase profit for the year by $6.1 million (2021 – $5.5 million). A hypothetical 10% weakening in the market value of silver in Canadian dollars would have the equal, but opposite effect.

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

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

17. Loans payable

As at December 31

	2022	2021
Loans	**$ 24,000**	$ 33,000
Accrued interest	**32**	42
Total loans payable	**$ 24,032**	$ 33,042
Current	**$ 6,032**	$ 9,042
Non-current	**18,000**	24,000
Total loans payable	**$ 24,032**	$ 33,042

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

A 10 year $30 million Bankers' Acceptance (BA)/Interest rate swap loan bearing an interest rate at 2.06% matured in 2022. The Corporation hedged the loan for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The structure of the loan involved the use of a revolving 1-month BA and an interest rate swap to lock in the BA refinancing. The loan was repaid by $3 million annual installments for 10 years. As at December 31, 2022, the Bankers' Acceptance matured and was paid in full (2021 – $3.0 million).

A 5 year $30 million loan bearing a fixed interest rate of 2.10% with maturity in 2026. Interest payments are paid semi-annually and the loan is being repaid over 5 years with payments of $6 million per year. As at December 31, 2022, the balance of the principal was $24.0 million (2021 – $30.0 million) and the fair value of the loan was $23.1 million (2021 – $30.9 million).

18. Employee benefit obligations

i) Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate for 2022 was dependent on the employees' employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate was 1.02 times (2021 – 1.01) the employees' contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate was 1.00 (2021 – 1.00) times the employees' contribution.

The Corporation made total contributions of $12.0 million in 2022 (2021 – $11.1 million). The estimated contribution for 2023 is $11.6 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 per cent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

ii) Other post-employment benefits (OPEB)

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

iii) Other long-term employee benefits (OLTEB)

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

(In thousands of Canadian dollars, unless otherwise indicated)

Employee benefits obligations were as follows:

As at December 31

		2022		2021
Post-employment benefits	**$**	**884**	$	838
Other long-term employee benefits		**2,382**		2,464
Employee benefit obligation current	**$**	**3,266**	$	3,302
Post-employment benefits	**$**	**8,687**	$	10,953
Other long-term employee benefits		**1,814**		1,700
Employee benefit obligation non-current	**$**	**10,501**	$	12,653
Total employee benefits obligation	**$**	**13,767**	$	15,955

Movement of employee benefits obligations were as follows:

As at December 31

	Post employment benefits		**Other long-term employee benefits**		**Totals**	
	2022	2021	**2022**	2021	**2022**	2021
Opening balance	**$ 11,791**	$ 11,944	**$ 4,164**	$ 5,384	**$ 15,955**	$ 17,328
Current service cost	**430**	607	**4,562**	4,059	**4,992**	4,666
Interest cost	**340**	300	**136**	124	**476**	424
Benefits paid	**(637)**	(490)	**(4,294)**	(3,844)	**(4,931)**	(4,334)
Actuarial losses (gains):						
from other assumptions	**44**	3	**866**	(313)	**910**	(310)
from demographic assumptions	**(138)**	(36)	**(686)**	(1,099)	**(824)**	(1,135)
from financial assumptions	**(2,259)**	(537)	**(552)**	(147)	**(2,811)**	(684)
Closing balance	**$ 9,571**	$ 11,791	**$ 4,196**	$ 4,164	**$ 13,767**	$ 15,955

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

Included in the actuarial losses (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

		2022		2021
Pension benefits contribution	**$**	**12,035**	$	11,137
Other post-employment benefits		**770**		907
Other long-term employee benefits		**4,326**		2,624
Total employee benefits expenses	**$**	**17,131**	$	14,668

(In thousands of Canadian dollars, unless otherwise indicated)

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

For the year ended December 31

	2022	2021
In Profit for the period		
Pension benefits contribution	**$ 12,035**	$ 11,137
Current service cost	**4,992**	4,666
Interest cost	**476**	424
Actuarial gain for other long-term employee benefits	**(372)**	(1,559)
	$ 17,131	$ 14,668
In Other comprehensive income		
Actuarial gain for post-employment benefits	**(2,353)**	(570)
Total amounts recognized in the consolidated statement of comprehensive income	**$ 14,778**	$ 14,098

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

As at December 31

	2022	2021
Accrued benefit obligation		
Discount rate	**5.04%**	2.72%
Rate of compensation increase – Union	**2.00%**	2.00%
Rate of compensation increase – Non-union	**3.00%**	3.00%
Benefit costs for the year ended		
Discount rate	**5.19%**	1.87%
Rate of compensation increase – Union	**2.00%**	2.00%
Rate of compensation increase – Non-union	**3.00%**	3.00%
Assumed health care cost trend rates		
Initial health care cost trend rate – OPEB/OLTEB Medical	**4.60%**	4.70%
Cost trend rate declines to	**4.00%**	4.00%
Initial health care cost trend rate – OPEB/OLTEB Dental	**3.50%**	3.50%

If all other assumptions are held constant, a hypothetical increase of one percentage point in the following assumed rates would increase (decrease) the current service cost, interest cost and defined benefit obligation by the amount in the table below. The effect of a hypothetical decrease of one percentage point in the assumed rates would have approximately the opposite result.

For the year ended December 31

	2022	2021
Medical cost trend rates:		
Current service cost and interest cost	**$ 50**	$ 100
Defined benefit obligation	**$ 513**	$ 800
Discount rates:		
Current service cost and interest cost	**$ 30**	$ (14)
Defined benefit obligation	**$ (1,037)**	$ (1,498)
Salary rates:		
Current service cost and interest cost	**$ 65**	$ 70
Defined benefit obligation	**$ 463**	$ 628

The weighted average duration of the defined benefit obligation is 9 years (2021 – 11 years).

(In thousands of Canadian dollars, unless otherwise indicated)

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

For the year ended December 31, 2022

	Within 1 Year	**2 to 5 Years**	**6 to 9 Years**
Expected benefit payments	**$ 6,047**	**$ 4,674**	**$ 4,089**

For the year ended December 31, 2021

	Within 1 Year	2 to 5 Years	6 to 11 Years
Expected benefit payments	$ 5,792	$ 4,439	$ 3,824

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

19. Employee compensation expenses

For the year ended December 31

	2022	2021
Included in cost of sales:		
Salaries and wages including short-term employee benefits	**$ 34,078**	$ 32,833
Pension costs	**5,651**	5,607
Other long-term employee and post-employment benefits	**2,763**	2,145
Termination benefits	**–**	5
Included in marketing and sales expenses:		
Salaries and wages including short-term employee benefits	**14,438**	13,663
Pension costs	**1,676**	1,464
Other long-term employee and post-employment benefits	**474**	396
Included in administration expenses:		
Salaries and wages including short-term employee benefits	**45,133**	42,350
Pension costs	**4,831**	4,089
Other long-term employee and post-employment benefits	**1,834**	1,436
Termination benefits	**168**	63
Total employee compensation and benefits expense	**$ 111,046**	$ 104,051

(In thousands of Canadian dollars, unless otherwise indicated)

20. Revenue

20.1 Revenue by performance obligations

For the year ended December 31

	2022	2021
Performance obligations satisfied at a point in time		
Sale of goods	**$ 3,077,540**	$ 3,306,050
Rendering of services	**52,881**	46,891
Total revenue recognized at a point in time	**$ 3,130,421**	$ 3,352,941
Performance obligations satisfied over time		
Sale of goods	**$ 60,438**	$ 95,068
Rendering of services	**91,603**	102,747
Total revenue recognized over time	**$ 152,041**	$ 197,815
Total revenue	**$ 3,282,462**	$ 3,550,756

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

For the year ended December 31

	2022	2021
Gross revenue from the sale of goods	**$ 5,117,248**	$ 5,163,710
Less: Customer inventory deals	**(1,979,270)**	(1,762,592)
Net revenue from the sale of goods	**$ 3,137,978**	$ 3,401,118

20.2 Disaggregation of Revenue

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

For the year ended December 31

Primary Geographic Regions	2022	2021
North America	**$ 2,430,607**	$ 2,621,087
Europe, Middle East and Africa	**756,833**	752,180
Asia and Australia	**89,390**	176,336
Latin America and Caribbean	**5,632**	1,153
Total revenue	**$ 3,282,462**	$ 3,550,756

For the year ended December 31

Program and Businesses	2022	2021
Canadian Circulation program	**$ 95,563**	$ 89,732
Foreign Circulation	**62,597**	112,860
Total Circulation	**$ 158,160**	$ 202,592
Bullion Products and Services	**3,006,631**	3,235,868
Numismatics	**117,671**	112,296
Total Precious Metals	**$ 3,124,302**	$ 3,348,164
Total revenue	**$ 3,282,462**	$ 3,550,756

(In thousands of Canadian dollars, unless otherwise indicated)

For the year ended December 31, 2022, three (2021 – four) customers made up 36% (2021 – 48%) of the Corporation's revenue.

The revenue earned from significant customers is reported in the Precious Metals business for the years ended December 31, 2022 and 2021, and in the primary geographic regions of North America and Europe, Middle East and Africa for the years ended December 31, 2022 and 2021.

20.3 Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that were unsatisfied, or partially unsatisfied, as at December 31, 2022.

For the year ended December 31

	2023	2024	2025	Total
Total revenue	**$ 74,391**	**$ 61,118**	**$ 60,431**	**$ 195,940**

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

21. Depreciation and amortization expenses

For the year ended December 31

	2022	2021
Depreciation of property, plant and equipment	**$ 15,919**	$ 16,206
Amortization of intangible assets	**2,146**	2,184
Depreciation of right-of-use assets	**1,705**	1,983
Total depreciation and amortization expenses	**$ 19,770**	$ 20,373

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

For the year ended December 31

	2022	2021
Cost of sales	**$ 13,140**	$ 13,491
Marketing and sales expenses	**1,764**	2,456
Administration expenses	**4,866**	4,426
Total depreciation and amortization expenses	**$ 19,770**	$ 20,373

22. Net foreign exchange gain

For the year ended December 31

	2022	2021
Foreign exchange gain and forward contract settlements	**$ 2,021**	$ 3,502
Foreign exchange loss, balance sheet revaluation	**(1,057)**	(808)
Foreign exchange (loss) gain, other	**(384)**	(58)
Total net foreign exchange gain	**$ 580**	$ 2,636

(In thousands of Canadian dollars, unless otherwise indicated)

23. Finance income, net

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

For the year ended December 31

		2022		2021
Interest expense on loans payable (Note 9.2.4)	**$**	**(680)**	$	(160)
Interest expense for leasing arrangements (Note 13)		**(245)**		(211)
Other interest expense		**(1)**		(1)
Total interest expense	**$**	**(926)**	$	(372)
Interest income on cash and cash equivalents (Note 9.2.4)	**$**	**2,142**	$	895
Interest income from sub-leasing arrangements (Note 5)		**4**		14
Other interest income		**16**		2
Total interest income	**$**	**2,162**	$	911
Total finance income, net	**$**	**1,236**	$	539

24. Income taxes

The major components of income tax expense were as follows:

For the year ended December 31

		2022		2021
Current income tax expense	**$**	**12,984**	$	19,578
Foreign tax expense		**1,170**		1,512
Adjustments for prior years		**222**		(22)
Total current income tax expense	**$**	**14,376**	$	21,068
Origination and reversal of temporary differences	**$**	**(2,029)**	$	(3,030)
Adjustments for prior years		**(342)**		21
Total deferred income tax recovery	**$**	**(2,371)**	$	(3,009)
Total income tax expense recognized in profit	**$**	**12,005**	$	18,059

The Corporation's effective income tax expense for the year ended December 31, 2022 is different from its expense at its federal statutory income tax rate of 25% (2021 – 25%) due to the differences noted below:

For the year ended December 31

		2022		2021
Profit before income tax for the year	**$**	**46,855**	$	71,788
Income tax rate		**25%**		25%
Computed income tax expense		**11,714**		17,947
Non-deductible expense		**412**		113
Adjustments for prior years		**(121)**		(1)
Income tax expense recognized in profit	**$**	**12,005**	$	18,059

(In thousands of Canadian dollars, unless otherwise indicated)

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

For the year ended December 31

	2022			2021		
	Before income tax	**Income tax recovery**	**Net of income tax**	Before income tax	Income tax recovery	Net of income tax
Net unrealized gain (loss) on cash flow hedges	**$ 23**	**$ (6)**	**$ 17**	$ 94	$ (23)	$ 71
Net actuarial gain (loss) on defined benefit plan	**2,353**	**(588)**	**1,765**	570	(142)	428
Total other comprehensive income	**$ 2,376**	**$ (594)**	**$ 1,782**	$ 664	$ (165)	$ 499

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities in 2022 and 2021 are presented below:

As at December 31, 2022

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

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2021

		Opening balance		Recognized in profit		Recognized in other comprehensive income		Closing balance
Deferred income tax assets:								
Employee benefit obligation	**$**	4,332	$	(201)	$	(142)	$	3,989
Trade payables, other payables and accrued liabilities		2,396		(768)		–		1,628
Face value redemption liability		28,784		1,934		–		30,718
Right-of-use assets		102		(4)		–		98
Total deferred income tax assets	**$**	35,614	$	961	$	(142)	$	36,433
Deferred income tax liabilities:								
Property, plant and equipment		(5,802)		546		–		(5,256)
Derivative financial assets		(2,103)		1,479		(23)		(647)
Intangible assets		(1,215)		51		–		(1,164)
Investments tax credits		(86)		(30)		–		(116)
Total deferred income tax liabilities	**$**	(9,206)	$	2,046	$	(23)	$	(7,183)
Net deferred income tax asset	**$**	26,408	$	3,007	$	(165)	$	29,250

Deferred tax assets have been recognized in respect of all income tax losses and other temporary differences giving rise to deferred tax assets where management believes it is probable there is sufficient future taxable profit available against which the Corporation can utilize the benefits. A deferred tax asset was not recognized in respect of deductible temporary differences totalling $11.0 million in 2022 (December 31, 2021 – $8.1 million) related to capital losses because it was not probable that there will be sufficient future taxable capital gains available to utilize the benefits.

25. Scientific research and experimental development expenses, net

For the year ended December 31

		2022		2021
Scientific research and experimental development expenses	**$**	**5,627**	$	4,756
Scientific research and experimental development investment tax credit		**(744)**		(462)
Scientific research and experimental development expenses, net	**$**	**4,883**	$	4,294

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

For the year ended December 31

		2022		2021
Cost of sales	**$**	**1,958**	$	2,023
Administration expenses		**2,925**		2,271
Total scientific research and experimental development expenses, net	**$**	**4,883**	$	4,294

(In thousands of Canadian dollars, unless otherwise indicated)

26. Supplemental cash flow information

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

For the year ended December 31

		2022		2021
Expenses				
Employee benefits expenses	**$**	**17,131**	$	14,668
Employee benefits paid		**(16,968)**		(15,471)
Inventory write-downs (reversals)		**4,369**		(1,195)
Provisions		**2,471**		(1,325)
Loss on disposal of assets		**527**		545
Other non-cash expenses, net		**(672)**		(493)
Revenue				
Foreign circulation revenue		**(11,475)**		(26,605)
Bullion service revenue		**(9,815)**		(9,628)
Adjustments to other revenues, net	**$**	**(14,432)**	$	(39,504)

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

For the year ended December 31

		2022		2021
Trade receivables, net and other receivables	**$**	**78,548**	$	86,882
Inventories		**(10,156)**		(85,344)
Prepaid expenses		**(4,909)**		(1,234)
Trade payables, other payables and accrued liabilities		**(1,204)**		4,393
Contract liabilities		**2,750**		528
Provisions		**(222)**		(503)
Net change in operating assets and liabilities	**$**	**64,807**	$	4,722

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

For the year ended December 31

		2022		2021
Income tax paid	**$**	**(35,348)**	$	(4,174)
Income tax received		**43**		340
Income tax paid, net of income tax received	**$**	**(35,305)**	$	(3,834)

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

For the year ended December 31

		2022		2021
Interest received	**$**	**1,638**	$	1,560
Interest paid		**(691)**		(132)
Interest received, net of interest paid	**$**	**947**	$	1,428

(In thousands of Canadian dollars, unless otherwise indicated)

27. Related party transactions

Government of Canada

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

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

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

The majority of transactions with the Government of Canada were with the Department of Finance related to the production, management and delivery of Canadian circulation coins which are governed by the terms outlined in the memorandum of understanding which is effective from January 1, 2022 to December 31, 2025. (2021 – January 1, 2018 to December 31, 2021)

The transactions with Department of Finance were as follows:

For the year ended December 31

		2022		2021
Revenue	$	**89,287**	$	86,658

As at December 31

		2022		2021
Trade receivable (Note 5)	$	**2,308**	$	403
Contract liabilities (Note 8)	$	**–**	$	456

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

Key management personnel

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

Compensation of key management personnel were as follows:

For the year ended December 31

		2022		2021
Wages, bonus and short-term benefits	$	**3,121**	$	2,737
Post-employment and termination benefits		**1,100**		838
Other long-term benefits		**100**		95
Total compensation	$	**4,321**	$	3,670

(In thousands of Canadian dollars, unless otherwise indicated)

28. Commitments, contingencies and guarantees

28.1 Precious metal commitments

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed-price purchase commitments, as well as precious metal leases and supply arrangements for precious metal bullion products. As at December 31, 2022, the Corporation had $21.9 million in outstanding firm fixed-price precious metal purchase commitments and firm commitments for precious metal bullion product supply arrangements. (December 31, 2021 – $24.7 million)

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

As at December 31

Ounces	**2022**	2021
Gold	**539,650**	591,186
Silver	**16,125,614**	10,470,977
Platinum	**22,442**	22,076

The fees for these leases are based on market value. The precious metal lease payments expensed for 2022 were $18.9 million (2021 – $12.0 million). The value of the metals under these leases is not reflected in the Corporation's consolidated financial statements as stated in note 3.2.5.

28.2 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees have remaining terms of between four to twenty-six months depending on the applicable contract, while warranty guarantees have remaining terms of between six to twelve months. Bid bonds have remaining terms of up to one year, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments that might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As at December 31, 2022, under the guarantees and bid bonds, the maximum potential amount of future payments is $15.4 million (2021 – $19.8 million).

28.3 Other commitments and contingencies

Total estimated minimum remaining future commitments as at December 31, 2022 were as follows:

As at December 31

	2023	**2024**	**2025**	**2026**	**2027**	**2028 and thereafter**	**Total**
Other commitments	**$ 57,802**	**$ 6,258**	**$ 4,255**	**$ 1,644**	**$ 633**	**$ –**	**$ 70,592**
Base metal commitments	**9,773**	**–**	**–**	**–**	**–**	**–**	**9,773**
Capital commitments	**17,416**	**1,399**	**–**	**–**	**–**	**–**	**18,815**
Total	**$ 84,991**	**$ 7,657**	**$ 4,255**	**$ 1,644**	**$ 633**	**$ –**	**$ 99,180**

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

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

The Corporation committed to spend approximately $18.8 million as at December 31, 2022 (2021 – $4.9 million) in 2023 and 2024 on capital projects.

In addition, there are various legal claims against the Corporation. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. A $0.7 million provision for potential legal obligations is included in other provisions (Note 15) as at December 31, 2022 (2021 – $0.6 million). The amount and timing of the settlement of the provision is uncertain.

Other than the changes noted above, there have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2021.

Statistics

Table 1 — Canadian circulation coinage

Production up to December 31, 2022

	2022	2021	2020
$2	**27,255,000**	35,445,000	17,235,000
$1	**43,889,000**	27,875,000	15,636,000
25¢	**91,680,000**	110,560,000	96,000,000
10¢	**103,400,000**	185,775,000	68,750,000
5¢	**83,328,000**	68,376,000	31,752,000

Table 2 — Canadian circulation coinage

Commemorative/regular design production in 2020 – 2022

	2022	2021	2020
$2	**20,580,000**	32,445,000	11,235,000
$2 – 75th Anniversary of the end of the Second World War	**–**	–	3,000,000
$2 – 100th Anniversary of the birth of Bill Reid	**–**	–	3,000,000
$2 – 100th Anniversary of the discovery of insulin	**–**	3,000,000	–
$2 – 50th Anniversary of the Summit Series	**3,000,000**	–	–
$2 – Honouring Queen Elizabeth II	**3,675,000**	–	–
$1	**37,889,000**	24,875,000	12,636,000
$1 – 75th Anniversary of the United Nations Charter	**–**	–	3,000,000
$1 – 125th Anniversary of the discovery of gold in the Klondike	**–**	3,000,000	–
$1 – Celebrating Oscar Peterson	**3,000,000**	–	–
$1 – 175th Anniversary of the Birth of Alexander Graham Bell	**3,000,000**	–	–
25¢	**91,680,000**	110,560,000	96,000,000
10¢	**103,400,000**	170,775,000	68,750,000
10¢ – 100th Anniversary of *Bluenose*	**–**	15,000,000	–
5¢	**83,328,000**	68,376,000	31,752,000

Executive Officers and Leadership Team

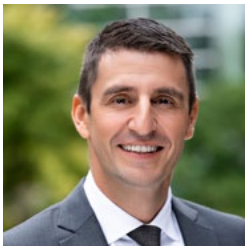
Marie Lemay, ICD.D
President and
Chief Executive Officer

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

Tom Froggatt
Chief Commercial Officer

Michel Boucher
Vice-President, Human
Resources

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



Jean-Laurent Rousset
Vice-President, Operations

Gini Bethell
Chief Transformation Officer

James Malizia
Vice-President,
Corporate Security

Michelle Richardson
Chief Impact Officer

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