

forward-looking statements



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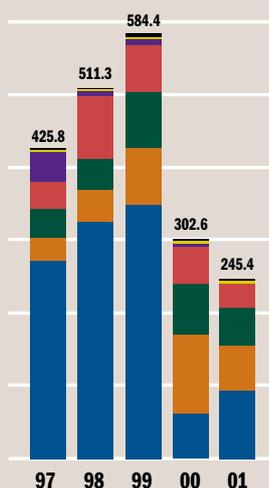
Financial and operating highlights

	2001	2000	% change
Key financial highlights (in millions of dollars)			
Revenue	245.4	302.6	(18.9)
Income (loss) before income tax	(1.9)	8.7	—
Net income (loss)	(1.8)	5.6	—
Total assets	157.6	182.6	(13.7)
Capital expenditures	5.1	14.0	(63.6)
Cash flow from operating activities	14.3	2.2	550
Key operating highlights			
Circulation coins produced (in million of pieces)	2,398.8	3,955.5	(39.4)
Gold bullion sales (in thousands of ounces)	188.8	125.6	50.3
% of contribution margin from new products	13%	24%	—
Number of employees	639	698	(8.5)
Gross profit (in millions of dollars)			
Gross profit	54.3	78.5	(30.8)
Value-added sales revenue per employee *	144	146	(1.4)
Pre-tax return on equity	(2.0%)	9.3%	—
Debt to equity ratio	0.36:1	0.40:1	—
Shareholder's equity (in millions of dollars)	94.4	96.2	(1.9)
Total production (millions of pieces)			
Total production	2,406.7	3,976.9	(39.5)

* Revenue minus cost of metal divided by average number of employees (in thousands of dollars).

Revenue (segmented)

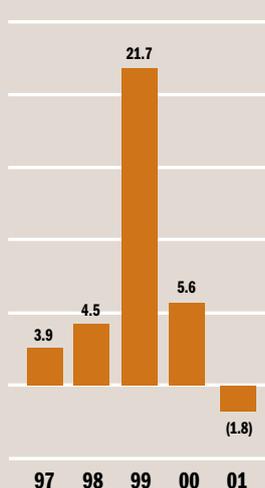
(\$ in millions)



- Bullion
- Canadian circulation
- Canadian numismatic
- Foreign circulation
- Foreign numismatic
- Refining services
- Other

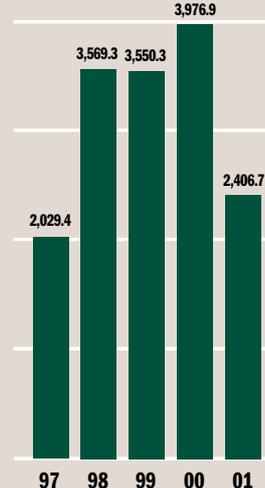
Net income (loss)

(\$ in millions)



Total production

(millions of pieces)



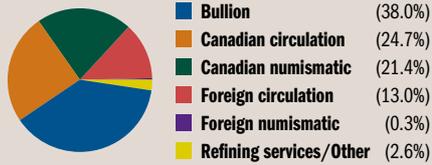
Royal Canadian Mint at-a-glance

Profile/segment description

The Royal Canadian Mint produces all of the circulation coins used in Canada and manages the supporting distribution systems for the Government of Canada. The Mint is one of the world's foremost producers of circulation, collector and bullion investment coins for the domestic and international marketplace. It is also one of the largest gold refiners in the world.

2001 Revenue

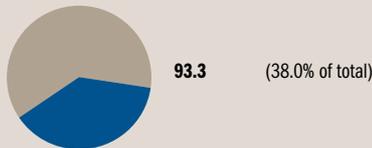
Total revenue (% by segment)



Bullion products

Gold and silver bullion investment products

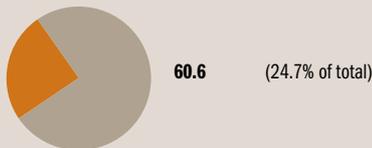
Bullion revenue (\$ in millions)



Canadian circulation coins

Coins for business transactions in Canada

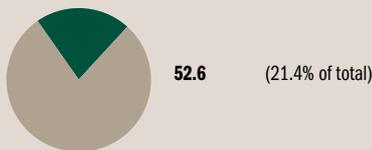
Canadian circulation coin revenue (\$ in millions)



Canadian numismatic coins

Canadian precious and base metal collector coins

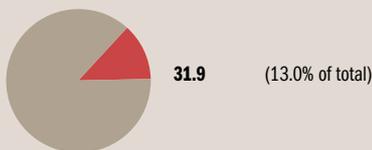
Canadian numismatic coin revenue (\$ in millions)



Foreign circulation coins

Coins for business transactions produced for foreign countries

Foreign circulation coin revenue (\$ in millions)



Foreign numismatic coins

Precious and base metal collector coins produced for foreign countries

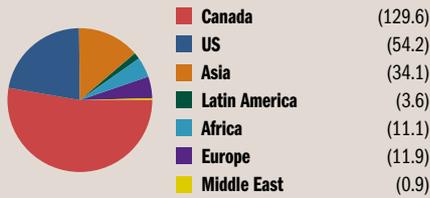
Foreign numismatic coin revenue (\$ in millions)



2001 Key statistics

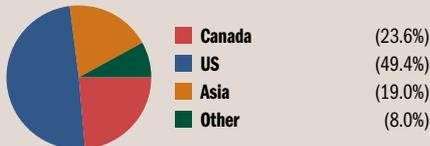
Segment highlights

Revenue by region (\$ in millions)



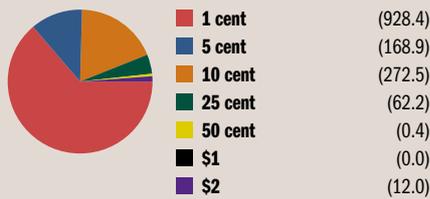
The manufacturing efficiency and expertise established through lean manufacturing, the development of sophisticated plating technology, and a keen focus on the Mint's core competencies softened the impact of weak demand and intense competition in most of the Mint's markets.

Bullion revenue (% by region)



Bullion sales were robust throughout 2001, surging briefly after the September 11 attack on New York. The average gold price remained stable.

Canadian circulation coins (millions of pieces)



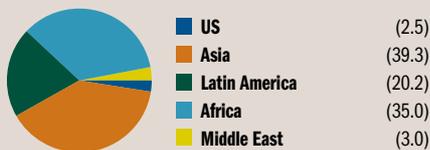
The new plating facility in Winnipeg allowed the Mint to achieve the annual savings target of \$10 million.

Canadian numismatic coin revenue (\$ in millions)



Although total revenue declined with the conclusion of the Millennium program in 2000, sales of non-Millennium numismatic coins increased 13.6%.

Foreign circulation coin revenue (% by region)



Despite intense competition created by excess global minting capacity, the Mint secured over 60% of the foreign tenders on which it bid.

Foreign numismatic coin revenue (% by region)



In 2001, sales of foreign numismatic products were spread among a few small contracts.

Message from the Deputy Prime Minister



I am pleased to present the 2001 Annual Report of the Royal Canadian Mint. The Mint stands as an evocative and historic Canadian institution, but also one of the nation's most innovative Crown Corporations—one with a keen strategic vision and sharp business focus.

The Mint presents today a vision of global leadership in minting, anchored in innovation, quality and, of course, people. Its core values—trust, respect, ingenuity and participation—guide its pursuit of new international business opportunities and the commitment that it demonstrates in fulfilling its national mandate as Canada's producer and manager of circulation coinage.

Canadians perhaps most identify with the Mint as the guardian of popular symbols of Canada, drawn from our natural heritage, our culture and traditions. Through its coin releases, this Crown Corporation continues to champion the spirit and history of our country, instilling a sense of pride in all Canadians. In this way, the Mint's 2001 coin program commemorating The United Nations International year of Volunteers, highlighted the immeasurable contribution of volunteers in Canada, from coast to coast, to coast. And no Canadian will ever forget the now famous 'Loonie' coin embedded beneath the ice on which both the men's and women's hockey teams took home the gold medal at the Salt Lake City Olympics!

As a national institution, as a Canadian cultural landmark and as an innovative, global enterprise, the Royal Canadian Mint continues to leave an important imprint for all Canadians.

Yours very truly,

A handwritten signature in black ink that reads "John Manley". The signature is written in a cursive, flowing style.

The Honourable John Manley
Deputy Prime Minister
Minister responsible for Infrastructure and Crown Corporations

Message from the Chair

Despite a difficult 2001, the Royal Canadian Mint has maintained its resilience and demonstrated the merits of many of the strategies implemented over the past few years. Going forward, we will continue to leverage those strategic accomplishments and remain diligently focused on sustaining our position as a world leader in minting, and on reinforcing the strong Mint reputation we have worked so hard to establish over the past few years.

In 2001, the Board continued to improve its capacity for making rapid strategic decisions and to promote greater collaboration among members. The Board measured its own performance in several areas such as leadership, strategic direction, stewardship and risk management.

The Board reviewed the skills profile for new members and informed the Minister and the Privy Council Office of the skills required for upcoming vacancies. The Board was actively involved, and successful, in the process of reappointing the President.

Throughout the year, the Board through its Audit Committee continued to follow a number of best practices. In particular, it reviewed the annual financial reports; established the annual and five-year internal audit programs; and reviewed the terms of the reference for the audit assignments and tracked the implementation of all internal audit recommendations.



In addition, the Board monitored major initiatives such as the Enterprise Resource Planning system and the development of quality systems procedures that led to the accreditation of the Mint by the International Organization for Standardization.

I wish to thank two members who departed our Board in 2001, Charles F.M. Ross and Diane Marleau, for their dedication of time and expertise, and to welcome two new members, Louis Proulx and Hilary Goldenberg. We look forward to their valuable input. As part of their orientation and continuing education program, newly appointed Directors received a comprehensive briefing on governance and Mint business issues.

The leadership of both the Board and the executive will indeed be critical in 2002, as will the contributions of each and every member of the organization. I have full faith in the calibre of our people and in their ability and commitment to work hard and achieve our goals.

In difficult times, true leaders adapt and emerge stronger. I have every confidence that the team that tackled the challenges of 2001 is stronger now than ever, and well positioned to embrace the new year with creativity and enthusiasm.


Emmanuel Triassi
Chairperson

Message from the President

A global phenomenon

2001 was as challenging a year for the Royal Canadian Mint as it was for private citizens, organizations, and countries around the world.

For the Mint, the severe economic downturn hit hardest in our foreign circulation business. With the slowed economy came a decreased demand for coinage. As a result, the number of contracts tendered fell by 39 percent.

Though we could not control market forces, we were able to refocus our efforts and improve our competitive success rate. The Mint was able to secure a substantial proportion of the business available, achieving a bid success rate of just over 60 percent. Nonetheless, we found ourselves in a difficult position, given that foreign circulation coin contracts brought \$32 million in revenue, down from \$50 million in 2000.

The impact on worldwide numismatic business was significant as well. However, with a thorough review of our approach and a tactical shift in our marketing and sales efforts, we were able to achieve a 13.6 percent increase in revenue from non-millennium Canadian numismatic coins.

Global gold sales did not increase at the aggressive rates at which they historically have during uncertain times. Nonetheless, our bullion revenue grew by \$30 million.

Our refinery revenue grew by \$1 million, continuing to be a stable contributor to the Mint while offering strong functional support for Mint operations.

Managing uncertainty

In response to an unstable economic environment, in 2001 we managed Mint operations in a lean manner. We better integrated the efforts of marketing, sales and communications. We leveraged the flexibility of our core group of employees and our temporary staff, adjusting workforce levels as demanded by production requirements. We revamped our entire web infrastructure to ensure an optimal shopping experience for our customers. In addition, we successfully negotiated a three-year collective agreement with the Amalgamated Transit Union, which represents some 25 employees of the Protective Services group at the Ottawa facility.

Celebrating the Canadian spirit

As in every year, in 2001 we continued to embrace our public policy role, to identify themes and opportunities for coin programs that reflect Canadian pride and values and appeal to the broader international community. We celebrated the 100th anniversary of the first transatlantic wireless transmission by Guglielmo Marconi with two commemorative bi-metallic coins. Produced in partnership with the British Royal Mint, the set captures the radio waves sent from Poldhu near Cornwall in England to St. John's, Newfoundland.



I was particularly proud of our International Year of the Volunteer program, which featured a 10-cent circulation coin. As part of the campaign, the Mint was honoured to present U.N. Secretary General Kofi Annan with the gift of a bronze sculpture created by a member of the Mint team. Not only did that coin program allow Canadians to celebrate their community involvement and earn international attention for Canada, it generated significant seigniorage for the Government of Canada.

Generating seigniorage

As part of our national responsibility for producing Canadian coinage and efficiently managing coin distribution, the Government of Canada receives the difference between the face value of coins and the costs of production and distribution called seigniorage. In the last 15 years, the Government has received more than \$1.5 billion in seigniorage.

Forward-looking

Going forward, we will continue to manage uncertainty closely. We will watch the markets closely and continue to adjust to economic fluctuations. We will capitalize on the sound strategies implemented over the past few years, and take advantage of new opportunities to diversify. We will leverage the lean manufacturing processes at both of our manufacturing plants and capitalize on the cost-effective plating process available at the Winnipeg facility as the international demand for less expensive coin materials increases.

2002 will be a period of continuous reassessment, and I am optimistic that, as the economy recovers, the Royal Canadian Mint will emerge as a stronger, more adaptable enterprise.

A handwritten signature in cursive script that reads "Danielle V. Wetherup".

Danielle V. Wetherup
President and Master of the Mint

in **1** second,

markets can falter. Instantly, the economy can begin a downward slide. This was certainly the case in 2001. No organization in the world was untouched. And yet, by maintaining a deliberately diverse product line, the Royal Canadian Mint emerged resilient. Despite a dramatic drop-off in foreign circulation business associated with reduced international demand for currency and a related reduction in foreign numismatic sales, the Mint achieved revenue of \$245 million.



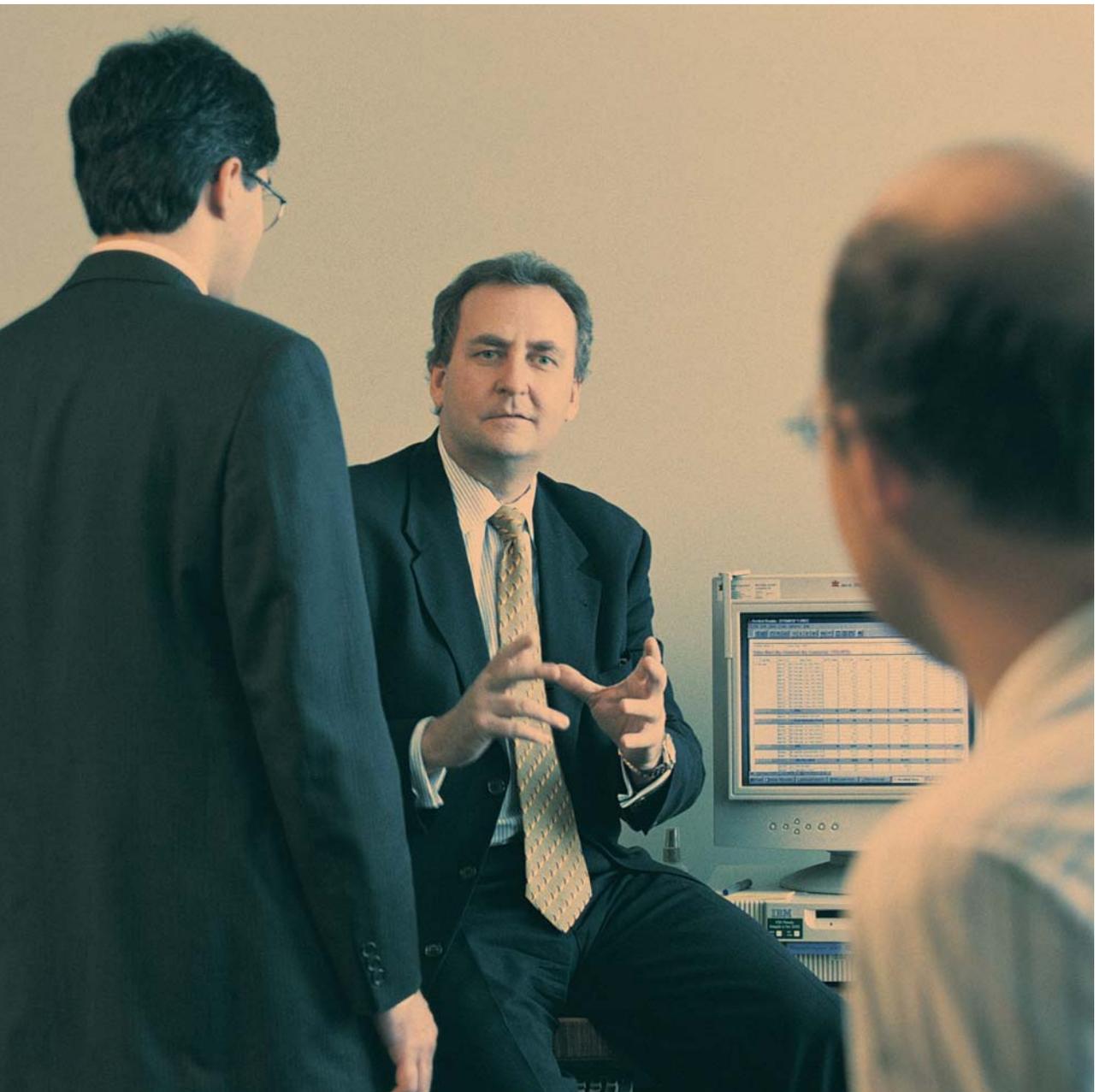
Product diversity will ensure the Mint's resilience against single-market volatility.

The Royal Canadian Mint has one of the most diversified product bases of any mint in the world. Last year, this protected the organization against a severe impact from the economic downturn. While foreign circulation revenue fell from \$50 million to \$32 million year over year and foreign numismatic revenue from \$5 million to \$1 million, revenue from the refinery business grew by \$1 million, gold bullion by \$30 million, and non-millennium Canadian numismatic revenue by \$6 million.

Despite lower revenue in foreign circulation, the Mint did manage to secure a majority of the contracts available in the marketplace, winning more than 60 percent of all bids submitted. Strong established relationships with customers around the world, and cost-delivery competitiveness were key contributors.

within
15 minutes,

a product's global performance can be assessed. A new reporting function of the Mint's enterprise resource planning (ERP) system provides the Marketing and Sales team, specifically its newly created sales analysis group, with instant access to profitability figures—by product, by distributor, by geographic region. This capability enables more informed decision-making based on in-depth, accurate and timely data.



Jean-Pierre Tremblay, VP Marketing and Sales, with Azfar Ali Khan and Bruce Conger

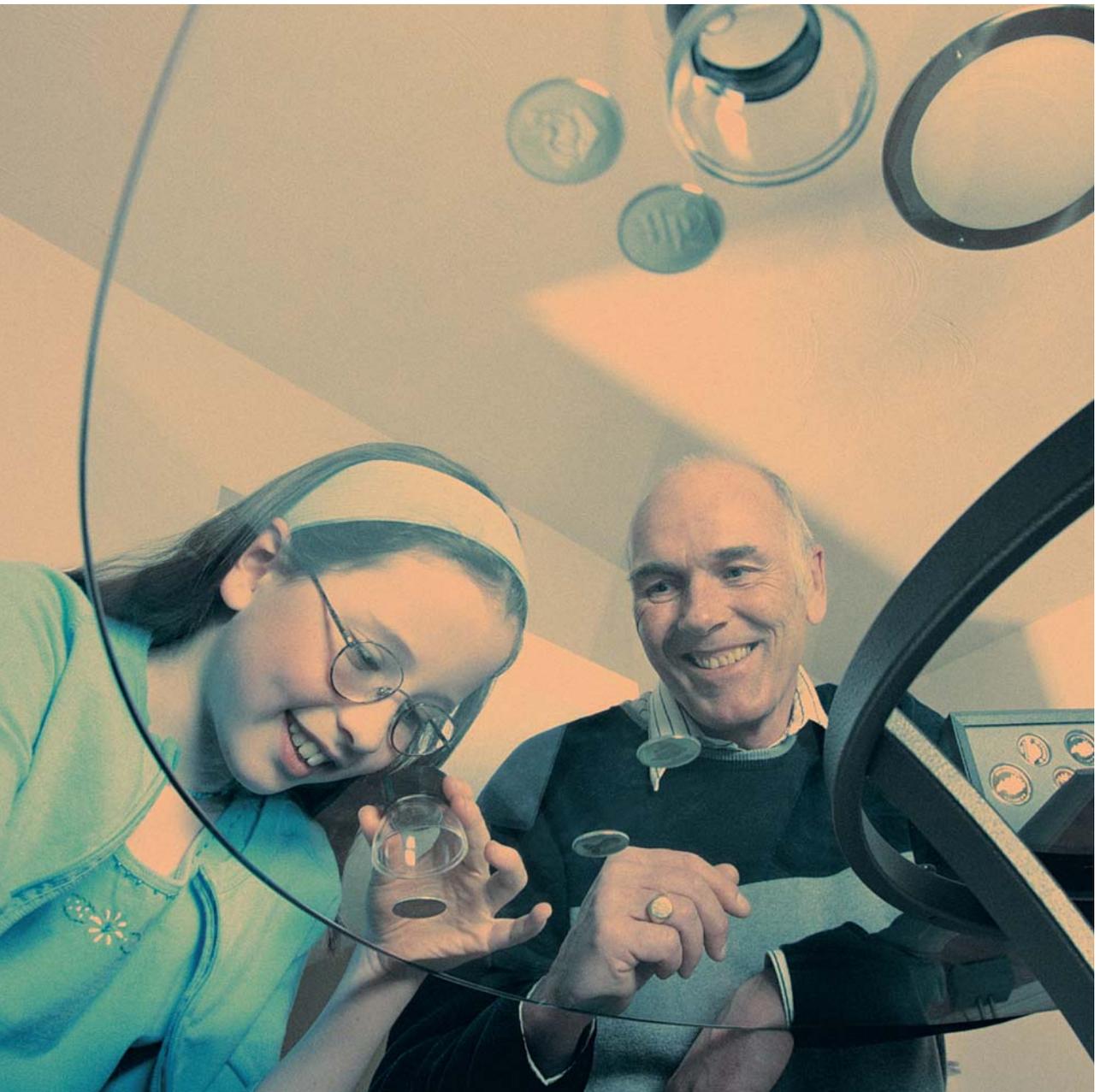
New sales reporting capabilities, combined with refined marketing strategies, will keep the Mint acutely attuned to product performance.

Implemented in the fall of 2001, data mart statistical reporting was critical to the Mint's achievement of numismatic sales levels in the last quarter of the year. Concurrently, the Mint undertook a comprehensive product rationalization exercise to streamline the product suite, build brand equity, refocus on niche markets, and return to offering a superior value proposition through products such as holographic and coloured coins, from which higher margins can be realized.

Extensive market research motivated the creation of a new junior line targeted at the youth market. Further analysis is underway to guide the development of a gift line, tentatively planned for release in 2002. Along with the rest of the product suite, these products will be marketed heavily through the Mint website, where sales have quadrupled in the past three years. They will also be sold at Mint community kiosks in Canadian urban centres.

10 years from now,

this will be a loyal Mint customer. While managing a challenging economic climate in the short-term, the Royal Canadian Mint continues to look ahead, implementing long-term strategies that will support the organization for decades. In 2001, the Mint continued to cultivate the youth market with an expanded line of junior products.



By appealing to youth with innovative, targeted products, the Mint will sustain its long-term viability.

Last year, the Mint extended its reach to young Canadians, intensifying its efforts to create a new generation of coin collectors by appealing to them with novel products. Offerings such as the Tiny Treasures Teddy Bear Gift Set performed well, and the ReelCoinz™ series led the way in youth market sales with over 110,000 units sold. This unique collection of medallion sets, accompanied by colourful sticker booklets, featured enchanting characters from blockbuster children's films.

Directors and Officers

Board of Directors



Emmanuel Triassi
President and Principal
of GROUP TEQ
and GROUP STEL,
President of ACMON Inc.
Westmount, Québec
*Chairperson
Board of Directors*



Danielle V. Wetherup
*President and Master of
the Mint*



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Skillen & Associates
Kelowna
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Paul-H. Bilodeau and
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Québec, Québec



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Assurances inc.



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Thunder Bay Terminals
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Senior Officers



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Marketing and Sales



Donald Burke
Vice-President
Business Development



Beverley A. Lepine
Vice-President
Manufacturing



Brian Legris
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Human Resources



Kevin Casey
Acting Vice-President
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Finance



Marguerite F. Nadeau
*General Counsel and
Corporate Secretary*



Diane Plouffe Reardon
Executive Director
Communications