ANNUAL REPORT 2021

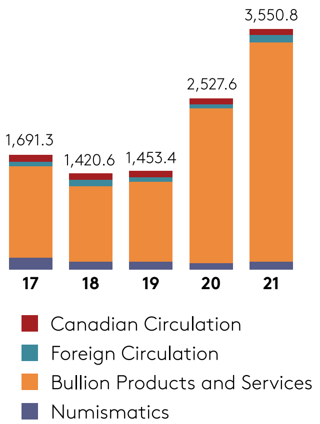
ROYAL CANADIAN MINT

STRONG TODAY
READY FOR TOMORROW

Financial and Operating Highlights

	2021	2020	% change
Key financial highlights ($ in millions)			
Revenue	**3,550.8**	2,527.6	40
Gross profit	**179.4**	143.7	25
Profit for the period	**53.7**	37.7	42
Profit before income tax and other items[1, 3]	**82.1**	27.5	199
Dividends paid	**78.9**	20.0	295
Total assets	**405.5**	379.4	7
Shareholder's equity	**142.5**	167.2	(15)
Capital expenditures	**11.9**	9.1	31
Cash flow from operating activities	**69.1**	36.0	92
Return on average capital employed[2, 3]	**27%**	9%	
Key operating highlights			
New coins sold to financial institutions and others (in millions of pieces)	**379.0**	338.0	12
Gold bullion sales (in thousands of ounces)[4]	**1,470.5**	982.8	50
Silver bullion sales (in millions of ounces)[4]	**37.7**	29.5	28
Number of employees (at December 31)	**1,208**	1,130	7

Revenue by Program and Business
($ in millions)



[1] A reconciliation of profit before income tax and other items is included on page 36.
[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

In a year of ongoing market challenges and fluctuations, the Royal Canadian Mint thrived.

We continued to pivot to serve Canada and customers around the world, setting new records in business performance and profitability, and advancing our One Mint strategy to ensure we're ready for what's next.

Message from the President and CEO

COVID-19 continued to define the daily lives of Canadians and challenge the Royal Canadian Mint (the Mint) throughout 2021. We remained nimble as we navigated an unpredictable marketplace, which allowed us to meet the needs of our stakeholders and achieve exceptional record-setting results. I credit our employees for steadfastly implementing our One Mint strategy, and thank the members of our leadership team for their care and dedication as well as the members of the Board of Directors for their support and guidance.

Our exceptional performance last year demonstrates the value and potential of our long-term strategic direction and provides a solid foundation for a future in which the Mint can continue to be a pillar of the Canadian economy, as well as a valued partner to Canadians and to stakeholders at home and abroad.

In 2021, we did not waver in putting the health and safety of our people first, introducing new measures when and where they were needed as new COVID-19 variants emerged. We continued to work to improve the well-being of our people, launching our diversity, equity and inclusion (DEI) Action Plan "ALL IN" in June. This comprehensive plan will help foster a work environment in which differences are valued and employees are empowered to take an active role in addressing systemic racism, discrimination and barriers to inclusion. I was also proud to add my signature, along with many Canadian CEOs, in pledging support for the BlackNorth Initiative advocating for the removal of systemic barriers negatively affecting the lives of Black Canadians. The Mint is serious and committed about placing DEI at the centre of everything we do.

At the heart of our operations, the Precious Metals and Circulation businesses created under our One Mint strategy continued to demonstrate their ability to improve collaboration among their teams, allowing our operations to flex with market trends and providing the agility to seize market opportunities and overcome pandemic-related supply-chain roadblocks.

The Mint remained sharply focused on supporting the Canadian economy through secure, sustainable and efficient management of all circulation coin-related aspects of Canada's cash ecosystem. Our ability to forecast demand and redistribute existing inventories continued to ensure coins were available to Canadians where and when needed, with no shortages of any kind. This result stood out against the experience of other countries struggling with coin shortages caused by the pandemic. Many had to significantly increase coin production even amid significant declines in cash transactions.

In the face of unrelenting precious metals demand, we set all-time records for both gold and silver bullion volumes as we sustained critical support to the mining and financial sectors.

Our Foreign Circulation team's sustained innovation and operational agility allowed us to manufacture the most complex bi-metallic foreign circulation coin to date at extremely high volumes.

A more targeted numismatic offering tailored to our customers helped us achieve a high number of sellouts and healthy revenues, and we took steps toward reaching new customers and markets, such as introducing our first-ever line of giftable bullion products in special packaging.

Meanwhile, we continued to tell the stories of Canada and its people with pride—releasing commemorative circulation coins that offered a fresh perspective on the Klondike Gold Rush and the Canadian discovery of insulin as a life-saving treatment for diabetes. For the 100th anniversary of *Bluenose*, a re-designed coin became our first-ever coloured 10-cent coin.

Continuing our efforts to minimize the Mint's impact on the environment, we formed important partnerships with Canadian universities to help us develop more sustainable manufacturing methods. In addition, we moved

ONE MINT

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).

forward with our environmental, social and corporate governance (ESG) strategy, Minting with Care, and were delighted to secure a prestigious ISO 14001:2015 certification for environmental compliance at our Winnipeg facility.

On the social front, employees went above and beyond to help Canadian communities overcome pandemic-related difficulties. Our Recognition Medal raised almost $750,000 for the Breakfast Club of Canada after one year of sales and won the International Association of Currency Affairs special award for the best pandemic-related innovation in currency. In the fall of 2021, employees rose to the challenge again to help ease the pandemic's toll on the mental health of young Canadians, creating a new Mental Health Medal that will raise valuable funds for Kids Help Phone.

Employee engagement is so critical to our success. I was greatly encouraged by our 2021 employee engagement scores, which ranked us above the average for our industry and showed that we are on a path to continued improvement in all key areas.

With committed employees, a winning strategy and strong financial results that can drive new investments in technology, ESG and our people, I am confident we are building a future-ready Mint that will continue to bring value to Canada.

Marie Lemay
President and CEO

With fewer coins circulating over Canada's large geography and consumer behaviour patterns disrupted by the pandemic, the Royal Canadian Mint's role as manager and mover of coin inventory has become more important than ever.

Moving coins where they're needed

Like many countries, Canada is increasingly adopting electronic payments as alternatives to cash. The pandemic accelerated this trend: less coins flowed as retail and service-sector businesses closed. That made the job of managing circulation coins to ensure availability to Canadians more challenging — and more essential — especially in remote and rural regions with diverse geography, limited banking access, inconsistent internet connectivity and increased vulnerability to environmental events and supply chain disruptions.

*The Mint's careful management of **coin supply** with Canada's financial institutions prevented coin shortages and limited the need for new production.*

To better understand the sources of demand and its changing nature, we monitored coin availability more closely, surveyed Canadians and reached out to financial institutions, transit authorities and armoured car companies. We adopted more sophisticated forecasting and planning practices, and collaborated with our stakeholders to efficiently recirculate inventory.

Other countries experienced coin shortages despite ramping up production volumes during the pandemic. Here, the pandemic caused uneven coin flow across the country – increasing the risk of inventory imbalances and shortages. Yet our active management of the ecosystem ensured circulating inventory continued to move efficiently between financial institutions, allowing the Mint to supplement new coins only when truly needed and as a last resort.

While patterns are changing in North America, Europe and China, cash remains the primary form of payment worldwide. In 2021, we continued to deliver on contracts, producing coins featuring innovative technologies.

Left page: A sampling of some of Canada's 2021 circulation coins.
Below: Producing circulation coins at the Winnipeg facility.

Surveys conducted by the Mint in 2021, as part of ongoing efforts to gather insight into consumer behaviour, found 80% of Canadians intend to use physical money post-pandemic and nearly two-thirds have no plans to go cashless.

With the need for more diligent monitoring in a cash-light environment, ecosystem collaboration is more important than ever. We actively communicate and collaborate with the following key players.

Coins for all Canadians

The Mint maintains a low coin-per-capita ratio leveraging proprietary software that displays a real-time view of Canada's coin inventory and allows us to identify trends, estimate weekly requirements and forecast the need for new coins. By facilitating the sale of coin between financial institutions, we ensure the existing circulating inventories are redistributed as efficiently as possible. Together, these processes help ensure access to coins for all Canadians across the country for use in trade and commerce.

The Mint's Role in Canada's Trade and Commerce

The Mint provides end-to-end coinage lifecycle management to ensure Canadians and businesses have coins when and where they are needed.

SYSTEM MANAGEMENT	AVAILABILITY AND RESILIENCY	EFFICIENCY AND CARE
Instill confidence in the coinage system	**No interruptions to trade and commerce**	**Maximize the use of coins already in circulation**
Monitoring and forecasting	Sourcing materials	Recirculating coins
Auditing and sampling	Minting coins	Recovering metal
Scenario planning	Strategic inventory placement	Sharing inventories

Investor demand for responsibly sourced precious metals is fuelling opportunities for Canada's mining and financial sectors that the Mint is positioned to help seize.

The Mint's domestic refining capacity makes it a vital strategic partner to the mining and financial sectors amid global supply-chain uncertainty.

Allocating resources with agility

Economic and geopolitical uncertainty often drive demand for precious metals: a recent Mint study found 51% of bullion investors were buying more gold and silver due to the pandemic. Meeting that demand in 2021 proved challenging with supply-chain disruptions such as shipping delays.

*Producing **39.2 million** ounces of gold and silver bullion products, including **1.47 million** ounces of gold products, the Mint led global bullion sales in 2021.*

Thanks to an engaged workforce supporting our One Mint business strategy, we were able to alternately prioritize gold or silver bullion production to quickly respond to shifting customer needs and market demand. This was achieved without disrupting Numismatic production.

Through increased collaboration with suppliers and partners, we adopted advanced inventory strategies to forecast required volumes of raw materials. We continued to provide essential and reliable capacity for Canadian mines and North American financial markets. We produced a record volume of 100-ounce silver bars, one-ounce silver and gold bullion coins, and refined the highest volume of rough gold in the history of the Mint.

We grew our vendor base and increased our inventories for greater supply chain resilience, regularly monitored our key suppliers to stay informed of issues affecting them, and shifted purchasing strategies to offset price increases.

To satisfy precious metals demand, we launched giftable bullion: a hybrid product with appeal for both traditional bullion and numismatic buyers. Collectible bullion will follow in 2022, and a new Opulence line based on customer research. Our annual numismatic portfolio was honed to a sharp 117 products designed with our premium customers in mind, and we revamped our Masters Club loyalty program with more collector benefits, including virtual fireside chats with coin artists. Fifty-two per cent of our coin products released in 2021 sold out.

Left page: Gold and silver 1 oz Maple Leaf bullion – the Mint's best-selling bullion products.
Above: Pouring gold in the Mint's Ottawa refinery.

Our "Minting with Care" Strategy defines concrete environmental, social and corporate governance (ESG) aspirations and supports Canada's adoption of the UN 2030 Agenda for Sustainable Development.

Digging in on sustainability commitments

The high demand for precious metals investment products is matched by high expectations for responsible sourcing and climate-change action. Mining sector players will have to comply with a new London Bullion Market Association Responsible Gold Guidance soon, and businesses in all sectors will have to meet institutional investors' 'ethical investments' benchmarks, which prioritize strong ESG performance.

In 2021, the Mint's facility in Winnipeg, joined the group of ***ISO 14001:2015*** *certified international mints.*

Last year, the Mint increased focus on environmental management. Our Winnipeg plant received its ISO 14001:2015 certification after implementing new processes and employee training. Winnipeg and Ottawa completed two environmental exercises to strengthen emergency response capabilities at both facilities. We continue to improve our swift responses and corrective measures on the road to achieving our zero-incident objective for the release of hazardous substances into the natural environment, with ongoing contributions from our Hazmat and Environmental teams. To better monitor and manage solid and hazardous waste, we added environmental orientation to our employee on-boarding process and established new measures. We also struck new partnerships with two Canadian universities in green technology research to reduce the chemicals traditionally used in refinery processes in Ottawa and plating operations in Winnipeg.

Internal environmental ambassadors collaborated on green initiatives throughout the year, including installing charging stations for electric cars, distributing biodiversity seeds from local partners, the creation of a bee garden in Winnipeg and recycling bins for personal protective equipment.

In 2022, we will accelerate our 3R strategy (Reduce, Reuse, Recycle) for waste management, with a diversion-rate goal of 42 per cent.

Left page: Measuring strip gauge before producing blanks at the Ottawa facility.
Below: Mint employees with university guests, touring the Ottawa facility.

In 2021, we established important partnership agreements with McGill University and the University of Manitoba to develop innovative green technologies.

Our Canada, Our Coins

All coins can be said to be a reflection of the nation that produced them. As Canada becomes more diverse and inclusive, so do our coins. While we continued to celebrate cherished national icons, our great natural heritage and even the Mint's own innovative talents in 2021, we also strived to bring to light long-overlooked stories of our people.

Our shared history

The Mint engaged the Shelburne, Nova Scotia-based Black Loyalist Heritage Society to design a coin that honoured the free and enslaved Black people who resettled in British North America before, during and after the American War of Independence. The product manager assigned this project was herself a Nova Scotian descendant of Black Loyalists. Together, they worked to faithfully reproduce the armorial bearings of the Society on a silver coin issued in conjunction with Black History Month to recognize the Black Loyalists' role in Canada's journey toward greater inclusion and diversity.

Keish (Skookum Jim): Library and Archives Canada

The 125th anniversary of the Klondike Gold Rush gave us the opportunity to make the voices of the Tr'ondëk Hwëch'in and Carcross/Tagish First Nations heard in commemorating a turning point in Yukon and Canadian history. Working in close partnership with these Indigenous communities, our commemorative $1 circulation coin created a unique platform from which to add the story of their displacement, the disruption of their culture and traditional ways of life and the legacy of environmental damage to the popular narrative of "the last great gold rush". It also speaks to the vitality and strength of the communities, as they reclaim their traditional territory and continue to be strong stewards and leaders today.

The Mint issued a record number of coins conceived by its Research and Development (R&D) lab in 2021. The once-experimental multi-layered coin technology made its mass-production debut with the figure of a cougar that hovers above a fully engraved background.

A Mint-first line of Premium Bullion in Special Packaging products make the gift of pure bullion possible. Collectors and gift-givers have a choice of a 1/10th ounce Gold Maple Leaf or Silver Maple Leaf coin in a special gift card folder.

Our achievements

After appearing on Canada's 10-cent circulation coin since 1937, *Bluenose*'s 100th anniversary gave the Mint the opportunity to celebrate in style. The Mint re-imagined the *Bluenose* design with the help of Nova Scotia marine artist Yves Bérubé and added colour to our smallest circulating coin for the very first time. A peerless maritime icon built in Lunenburg, Nova Scotia, *Bluenose* was a hard-working fishing schooner whose racing proficiency in the International Fishermen's Race was unrivalled for nearly two decades. *Bluenose* is a testament to the ingenuity, craftsmanship and exceptional skill of the Canadians who designed, built and crewed it.

With a blue insulin monomer as its eye-catching focal point, this coin design was produced to honour the 100th anniversary of the discovery of insulin as a treatment for diabetes. The discovery, made by Frederic Banting, Charles Best, James Collip and John Macleod at the University of Toronto in the summer of 1921, was a global turning point that has since helped hundreds of millions of people live with diabetes. Their work earned Banting and Macleod a Nobel Prize in 1923, and is recognized by many as one of the most important medical discoveries of the twentieth century.

W. R. MacAskill: Nova Scotia Archives

Our People

"ALL IN": Making a pledge for diversity, equity and inclusion at the Mint

"As we move forward together, we must stop, listen, understand, self-reflect and adjust our ways of thinking and behaving. It will not be easy; we must show patience and courage and be willing to take action."
– President and CEO Marie Lemay

Our people are the foundation of our business today and will shape our tomorrow.

With a strong commitment to diversity, equity and inclusion (DEI), the Royal Canadian Mint took a collaborative, ground-up approach to developing its "ALL IN" Action Plan, engaging its DEI committee to play an active role.

Launched in 2021, "ALL IN" is more than a plan, it's a roadmap to creating a better, safer, more diverse and inclusive work environment and Mint community.

With this commitment, we are poised to attract the best mix of talented people to help advance our business.

Diversity, Equity and Inclusion (DEI) Action Plan

COMMITMENT

Establish a culture of diversity, equity and inclusion (DEI) that values differences and empowers employees to take an active role in addressing systemic racism, discrimination and barriers to inclusion.

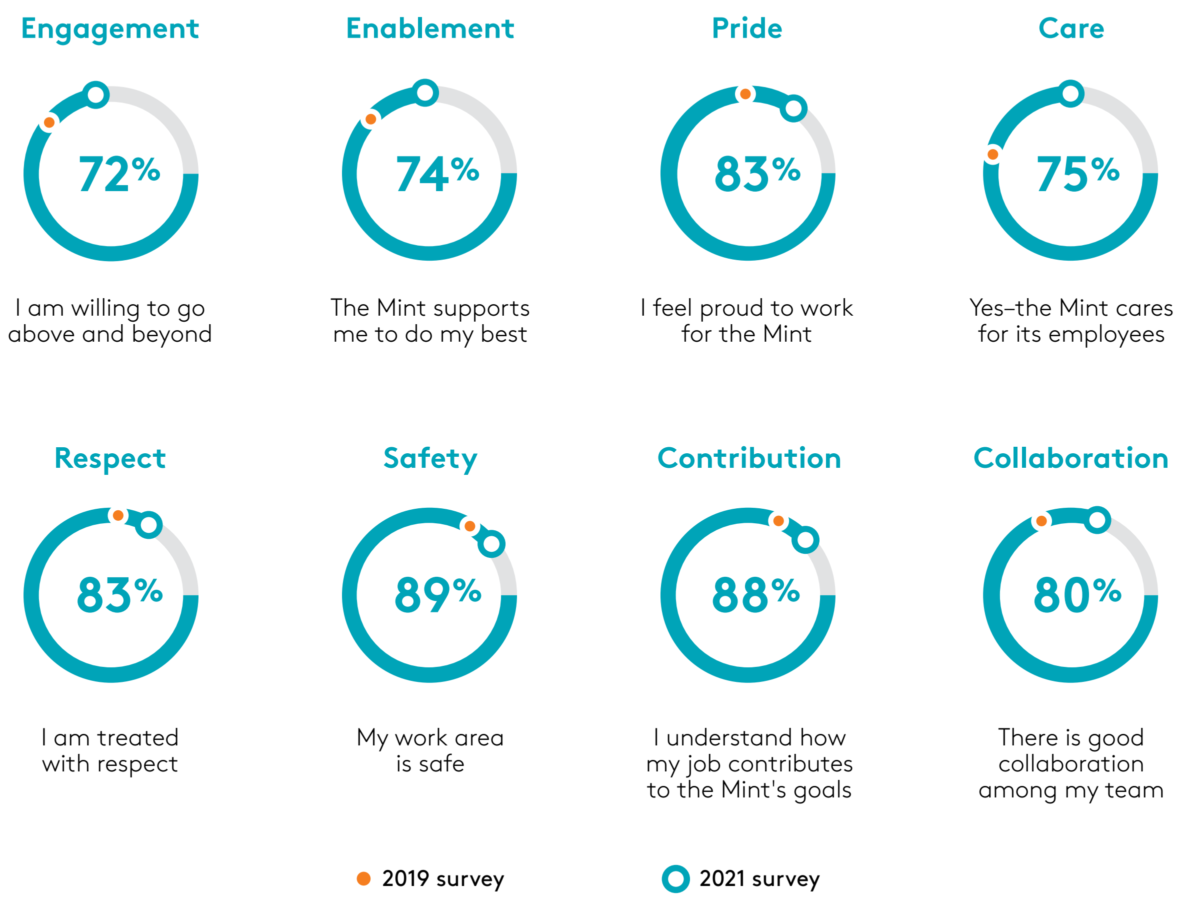
GOALS

1. **Communication:** Increase employee awareness.
2. **DEI Lens:** Review policies and programs from a DEI perspective.
3. **Benchmark and Metrics:** Define a DEI measurement framework to track progress.
4. **Tools:** Share resources with employees to support a DEI culture.
5. **Learning and Development:** Provide mentorship, training and career development programs to avail equal opportunities.
6. **Leadership:** Develop a DEI performance objective for all people leaders to promote allyship.
7. **Recruitment and Onboarding:** Create a great employee experience with inclusive and equitable practices.
8. **Partnerships:** Pursue meaningful partnerships with diverse stakeholders to advance DEI Action Plan and goals.

EXPECTED OUTCOME

A better, more inclusive and fulfilling workplace, where all people respect each other's unique qualities.

Employee survey results



Amidst a global pandemic, employees felt increasingly invested in the Mint's success:

- An overall survey response rate of 86%.
- Across the items surveyed (57 questions), 79% had significant improvements.

Opportunities for improvement included:

- Involve employees in continuous improvements. Focus on skill and career development.

An exceptional organization where a diverse range of occupations allow people to learn, discover and grow together as One Mint.

Information Technology

Arpitaben Parmar
Support Technician

Protective Services

Marie-Claude Seguin
Personnel Screening Analyst

Engineering

Tuan Luong
Senior Facilities Engineer

Product Management

Humara Rana
Director

Research & Development

Senanu Norgbe
Senior Manager

Refinery (Assay)

Carrie Downey
Lead Operator

Business Transformation

Cesar Duarte
Program Manager

Linguistic Services

Tammy St-Amand
Manager

Project Management

Joel Barros
Program Coordinator

People highlights from the year

2021 was an award-winning year for the Royal Canadian Mint. The Mint was recognized once again as one of the National Capital Region's Top Employers and as one of Canada's Best 50 Corporate Citizens by Corporate Knights.

Health and safety: On the journey of the Mint's zero injury goal, cross-functional teams comprised of safety and environment professionals, operations leaders and health and safety committee members, met more than 40 times in various forums to address safety issues including targeted risk reduction action plans. More than 85% of operations employees submitted more than 3,700 near-miss and hazards reports in the pursuit of injury prevention. The Mint also continued to experiment with innovative tools such as Exoskeleton technology to prevent ergonomic-related injuries when repetitive lifting is involved.

COVID-19 Health and safety: Implemented close to 40 health and safety measures to make the workplace safer and provided support through training and initiatives to help people working from home balance life and work.

Pilot of hybrid working model: Completed one pilot in 2021 with another planned for 2022 to test and evaluate working options to meet business needs, maximize employee experience, and promote opportunities for personal connection and innovation.

Partnerships to improve diversity: As part of the DEI Action Plan, established partnerships with the BlackNorth Initiative, Indigenous organizations, the Employment Accessibility Resource Network (EARN), Return on Disability Group, Canadian Centre for Diversity and Inclusion (CCDI), and the Prosperity Project.

Expansion of DEI committee: Attracted 60-plus participants from all parts of the Mint to ensure the whole organization is represented.

Employee development: Invested more than $1.5 million (1.4% of payroll) in learning and development and increased internal job transfers within the Mint.

Areas of focus for 2022:

Focus on leadership and allyship: Formal recognition for effort, with targets for people managers to lead learning activities on allyship as part of their performance measurement framework.

Well-being Strategy: Development of a whole-person approach to work and personal life, with expansion of the Mint's mental health framework.

Future of Work: Explored design opportunities for the Future of Work at the Mint and designed a profile of the future leader to guide workers in a way that is socially aware, responsive and empathetic, and reflective of an inclusive, caring and performing Mint.

2021 ESG achievements

Environmental, Social and Corporate Governance (ESG)

Environmental, social and corporate governance (ESG) is embedded in our One Mint strategy. We are committed to providing products and services that are differentiated by being socially and environmentally responsible, taking actions that contribute positively to communities and minimize impact on the environment, and investing in and developing green technologies and processes. We support Canada's adoption of the United Nations 2030 agenda for sustainable development.

Lost time injuries

Maintained lost-time injury frequency through production growth and COVID-19 conditions

Lost-time injury frequency rate: 1.46 per 200,000 employee hours worked

Hazard Identification

Increased employee participation in identifying and removing safety hazards

86% of employees participated in Hazard & Near miss resolution program

Employee learning and development

Increased employee learning and development efforts

Mint employees received an average of 47 hours of training

Waste Diversion

Increased waste diversion from landfill through reducing, reusing and recycling

40% of waste produced (or 173 tonnes) was recycled

Greenhouse Gas Emissions

Reduced Greenhouse Gas Emissions (scope 1 and scope 2)*

Winnipeg and Ottawa sites generated less than 6,100 tonnes of CO_2

Spills/ Releases

Continued efforts to prevent spills/releases

No major environmental releases that resulted in remediation, property damage or enforcement action

* Scope 1 are GHG emissions incurred directly by the Mint. Scope 2 are indirect emissions from the purchase of electricity, heating, etc.

Message from the Chair

I welcome this opportunity to comment on the performance and governance of the Mint as the Board of Directors and the management team continue to collaborate under the multi-year One Mint strategy. The Mint exceeded many targets in 2021, such as record gold refining and bullion production volumes, in spite of enduring pandemic-related logistical and operational challenges. The Board was very impressed by Mint employees, who continually worked to ensure the needs of critical economic sectors, customers and the Shareholder were met.

The Board is pleased to see the result of the first year of implementation of the new strategy and my fellow directors and I are working closely with the management team to implement and fine tune this roadmap to a sustainable and profitable future. To continue to help the Mint navigate change as it strives to serve all its stakeholders, the Board worked on several aspects of its own future-readiness.

As the Mint continued to integrate ESG in all aspects of its operations, we enhanced our oversight capabilities by adding it to the skills matrix for existing and new members. This is an important aspect of our oversight which will only gain importance in the future.

We increasingly focused on ways to improve diversity, equity and inclusion in the workplace and are encouraged that the Mint's new DEI Action Plan is already helping create a diverse, safe, and welcoming environment for all employees.

The Board is also fully engaged with the Mint's long-term cybersecurity preparedness, which is critical to the seamless delivery of its mandate. Strengthening our enterprise risk management practices as a driver of decision-making also remained a priority.

The Board continues to prioritize health and safety and we support the work of management in workplace accident prevention. We are very pleased with the agile implementation of COVID health and safety protocols which were strongly supported by continuous, strong and reassuring employee communications. The Mint made further strides in balancing employee well-being with operational effectiveness by piloting a hybrid work model for non-production employees. The Board applied its own remote work learnings in retaining a work model balancing in person and virtual meetings for the future.

We remain closely focused on the Mint's preparations for a cash-light future and the performance of the coin management system. As the Mint adeptly monitored coin usage and alternative payment trends, it was able to ensure all cash needs were met during another year of unprecedented volatility.

At the same time, the Mint kept performing another important public role by delivering a thoughtfully conceived and engaging commemorative circulation coin program. The 125th anniversary of the Klondike gold discovery coin provided Canadians a new perspective of the history we share with Indigenous communities affected by this transformational event. To celebrate Canadian achievement, it also honoured the 100th anniversaries of *Bluenose* and the discovery of insulin.

As the Mint continues to perform and progress, the Board will work closely with the management team to help the One Mint strategy produce even more positive results. This strategic vision is also giving the Board and the management team better alignment on planning the investments needed to create operational efficiencies and secure the future of the Mint. The Mint is on the right track and we will keep overseeing its efforts to responsibly serve all its stakeholders and to keep delivering strong value to Canada and Canadians.

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 2021, the Board consisted of 11 directors, including the President and Chief Executive Officer (CEO). Directors are appointed from different regions across Canada and seven of them are 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. In keeping with the Terms and conditions applying to Governor in Council appointees, all directors are in full compliance with the COVID-19 vaccination-related requirements applicable to and implemented by the Mint. 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 2021 and determined there was no material impact on its governance or financial reporting.

The Board of Directors met eight times in 2021. 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 2021, these committees met a combined total of 12 times. The Board maintains the Mint's governance structure by reviewing and updating the Board and Committee mandates annually. In the midst of the global COVID-19 pandemic, the Board continued to conduct virtual meetings in 2021 in order to maintain vital oversight of the Mint and support the management team.

To ensure that the Board of Directors is poised to support the Mint to meet its environmental, social and corporate governance-related strategic objectives, experience in ESG was incorporated into its Skills Matrix – a document which maps the directors' collective skills, knowledge and experience in areas relevant to the achievement of the Mint's corporate vision.

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*	8/8	12/12
Marie Lemay, ICD.D *President and Chief Executive Officer*	8/8	12/12
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*	8/8	8/8
Sandip K. Lalli, FCPA, ICD.D *Heritage Pointe, Alberta* *Chair, Audit Committee (as of September 22, 2021)* *Member of the Governance and Nominating Committee and the Human Resources and Workplace Health and Safety Committee (until November 17, 2021)*	6/8	9/9
Fiona L. Macdonald, ICD.D *Vancouver, British Columbia* *Chair, Human Resources and Workplace Health and Safety Committee*	8/8	4/4
Pina Melchionna, LL. B., ICD.D *Toronto, Ontario* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	8/8	8/8
Cybele Negris, ICD.D *Vancouver, British Columbia* *Member of the Audit Committee and the Human Resources and Workplace Health and Safety Committee*	8/8	8/8
Gilles Patry, C.M., O.Ont *Ottawa, Ontario* *Member of the Audit Committee and the Governance and Nominating Committee*	8/8	8/8
Barry Rivelis *Vancouver, British Columbia* *Member of the Audit Committee and the Governance and Nominating Committee*	8/8	8/8
Deborah Shannon Trudeau *Montreal, Quebec* *Chair, Governance and Nominating Committee* *Vice-Chair of the Board*	8/8	4/4
Victor L. Young, O.C., ICD.D *St. John's, Newfoundland and Labrador* *Chair, Audit Committee (until September 21, 2021)* *Member of the Audit Committee*	8/8	4/4

Staying Connected With the Public and Our Employees

The Mint shifted to a virtual communications approach in 2020 in response to the COVID-19 pandemic, and maintained this approach throughout 2021. It continued to engage with employees, customers and Canadians in a meaningful way by hosting events and activities through virtual and hybrid formats, promoting transparency, accountability and accessibility.

The Mint collects feedback directly from customers through virtual events, social media and surveying activities. It also communicates regularly with its dealers and distributors, and participates in virtual 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 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 town hall event in September to update staff on the corporation's performance, celebrate achievements and recognize outstanding employee contributions. Following the virtual event, the Mint provided opportunities for employees to meet with members of the Leadership Team face-to-face. 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*.

There was also a strong focus on staying connected with those working from home, as managers and supervisors prioritized employee well-being. 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.

In 2021, the Mint held ten Strategic Leadership Forum sessions with the Mint's senior officers and their direct reports to discuss strategic objectives, people-focused initiatives and financial performance. The Mint launched the first phase of its Hybrid Working Model pilot project in 2021, with a view towards evaluating different work models' abilities to meet business needs, maximize the employee experience, and promote opportunities for personal connections and innovation. The learnings and feedback from this project will inform the Mint's future work model.

Connecting to the Corporate Plan

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

The Mint continues to execute on the implementation of its long-term strategic vision. In 2021, it focused on the path outlined in the 2021-2025 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 2021, the Mint delivered positive results and delivered on its objectives as stated in its 2021-2025 Corporate Plan. It far exceeded its financial target as highlighted in the Management Discussion and Analysis starting on page 26. The Mint continued to respond to the rapidly evolving global market with agility. The Mint activated its One Mint strategy by providing critical services in support of the essential mining and financial sectors in Canada and around the world, doing so by being a caring Mint that cares about its people and its environment.

The Mint's 2021 and 2022 corporate objectives align with the pillars Canada, Customers, People and Environmental, Social and Corporate Governance (ESG)

Canada

• Ensure coins are available across Canada for all Canadians' use in trade in commerce and for disaster resiliency.
• 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.

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.

• Fully met in 2021 ◆ Mostly met in 2021

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, 2021, 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, 2021, 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 3, 2022, unless otherwise noted.

Since 1971, the RCAF Snowbirds have dazzled Canadians with their elite flying of a squadron of nine Canadair Tutor jet trainers. To celebrate the 50th anniversary of famed airborne ambassadors for Canada and all branches of its armed forces, the Mint issued a 5 oz. silver coin featuring two planes breaking formation, leaving their fellow Snowbirds in a signature "Double Diamond" formation.

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 3, 2022.

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 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 oversight 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 also responsible for the Alloy Recovery Program (ARP) which removes older-composition Canadian coins from the coin pool system and replaces them with multi-ply plated steel (MPPS) coins that are more durable and secure.

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.

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 and the use of vibrant colour that allow the Mint to create unique and compelling products. The Mint principally sold numismatic products through its outbound sales and e-commerce platforms in 2021, as well as through dealers and partners, both domestically and internationally. The Ottawa and Winnipeg boutiques were temporarily closed for much of 2021 based on recommendations from public health authorities. The Winnipeg boutique continues to offer virtual tours of the facility with a focus on the history and storytelling that make the Mint a uniquely Canadian experience.

A new silver coin series honours Indigenous storytellers and their vital role in transferring traditional knowledge to new generations. Nunatsiavut artist Jason Sikoak's design depicts an important myth from Inuit Nunangat, the collective territory of the four Inuit regions in Canada. It tells the tale of Nuliajuk, a beautiful girl who became the Sea Goddess, mother of all marine mammals.

Significant corporate events

Memorandum of Understanding (MOU) with the Department of Finance and Corporate Plan

On November 1, 2021, the Mint signed a new MOU with the Department of Finance to fulfill its obligations under the *Royal Canadian Mint Act* to produce and arrange for the production and supply of coins of the currency of Canada which is effective from January 1, 2022 to December 31, 2025. The new MOU considered trade agreement expectations with a structure that highlights the various goods and services provided by the Mint for the production, storage, preparation and movement of coins that ensures coins are readily available to support Canadians' trade and commerce activities now and into the future.

On October 6, 2021, the Mint's Board of Directors approved the 2022-2026 Corporate Plan which was submitted to the Minister of Finance on November 2, 2021 and was approved by the Treasury Board in February 2022.

Dividends

In December 2021, the Mint paid a dividend of $78.9 million to its Shareholder, the Government of Canada.

Borrowing Facility

In December 2021, the Mint secured a 5-year $30 million loan bearing a fixed interest rate of 2.1% with maturity in 2026 to fund digital investments approved in the Mint's Corporate Plan.

Environmental, Social and Corporate Governance Initiatives

Charitable Medal Program

On June 29, 2020, the Mint launched the Recognition Medal to recognize essential workers and all those who worked to keep Canadians safe, healthy and connected during the COVID-19 pandemic. The Mint donated the net proceeds from the sale of each medal to Breakfast Club of Canada for a total donation of $0.7 million. The Recognition medal earned the International Association of Currency Affairs (IACA) special award for the Best Currency Initiative Implemented in Response to the Covid-19 Pandemic (Other Organization).

On November 9, 2021, the Mint launched a new Mental Health Medal which can be worn to signal your willingness to listen or given to show support for mental health. The net proceeds from this year's medal will be donated to the Kids Help Phone to help ensure young people in Canada have access to mental health support in any moment of crisis or need.

The Mint marked the 95th birthday of Her Majesty Queen Elizabeth II with a pure silver coin featuring a detailed engraving of the first-ever equine statue of Queen Elizabeth, proudly displayed in Canada's national capital. The monument sculpted by Canadian artist Jack Harman was unveiled by Her Majesty on Parliament Hill in Ottawa, during her 1992 royal visit.

Environmental Initiatives

In November 2021, the Mint's Winnipeg facility received the ISO 14001:2015 certification for environmental compliance providing the framework necessary to decrease its impact on the environment and reduce the risk of releasing pollutants in the air, the water and the ground.

Letter of expectation regarding Task force on climate-related Financial Disclosures (TCFD)

On December 21, 2021, the Chair of the Mint's Board of Directors received a letter from the Minister of Finance regarding the adoption of the TCFD standards as an element of corporate reporting required by Crown corporations. The Mint is required to start reporting under the TCFD standards in 2024.

To mark the 25th anniversary of the maple tree as Canada's national arboreal emblem, the Mint issued its first coin featuring a dual plating of yellow and rose gold on a multi-faceted relief. From every angle, the engraved facets of this 5 oz. fine silver coin give its central design a more dimensional shape that interacts with shifting light.

COVID-19 Pandemic

The Mint continues to take all necessary precautions to safeguard employee health and safety, while prioritizing critical manufacturing operations to support trade and commerce, and the essential mining and financial sectors. The Ottawa and Winnipeg manufacturing facilities operated normally throughout 2021. With the continuing pandemic, the Mint's boutiques in Ottawa and Winnipeg were open from time-to-time as permitted, in 2021.

Performance indicators

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

Consolidated results and financial performance

	2021	2020	$ change	% change
Revenue	**$ 3,550.8**	$ 2,527.6	1,023.2	40
Profit for the period	**$ 53.7**	$ 37.7	16.0	42
Profit before income tax and other items[1]	**$ 82.1**	$ 27.5	54.6	199
Profit before income tax and other items margin[2]	**2.3%**	1.1%		
Return on average capital employed[2]	**27%**	9%		

[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 36.

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

	2021	2020	$ change	% change
Cash and cash equivalents	**$ 69.3**	$ 67.3	2.0	3
Inventories	**$ 86.5**	$ 57.6	28.9	50
Capital assets	**$ 154.2**	$ 161.1	(6.9)	(4)
Total assets	**$ 405.5**	$ 379.4	26.1	7
Working capital	**$ 122.5**	$ 112.9	9.6	9
Dividends paid	**$ 78.9**	$ 20.0	58.9	295

Results of operations

Review of financial performance

Profit for the year ended December 31, 2021 increased 42% to $53.7 million from $37.7 million in 2020, which reflects tangible results of the success of the Mint's long-term strategy and the impact of returning to full production capacity compared to modified production in the first 26 weeks of 2020 due to the pandemic. The increase in profit for the year was primarily driven by higher revenue from the Precious Metals businesses which saw a 41% increase. This was primarily due to the Mint's continued focus on its production capacity to serve the mining and financial sectors in Canada and around the world as global market demand for gold and silver bullion products remained exceptionally strong in 2021. Foreign circulation also contributed to the increase in profit for the year with a 76% increase in revenue driven by higher volumes recognized.

Working capital remained strong having increased 9% from December 31, 2020 despite a higher dividend paid in 2021 of $78.9 million as compared to $20.0 million in 2020. Cash and cash equivalents increased 3% from December 31, 2020 mainly due to strong cash flows from operations and the timing of invoices and collections from the foreign circulation business that were partially offset by higher investments in inventory to proactively mitigate expected supply chain delays due to the pandemic.

The 2021 Proof Silver Dollar celebrates the 100th anniversary of *Bluenose*, the famous fishing schooner, built in Lunenburg, Nova Scotia in 1921. Undefeated in its racing career and dubbed "The Queen of the North Atlantic Fishing Fleet", *Bluenose* remains a powerful symbol of national pride that has also graced Canada's 10-cent circulation coin since 1937.

Revenue by business and program

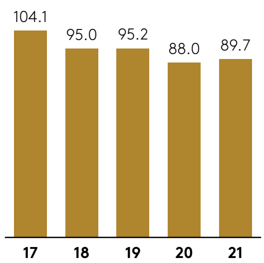
		2021		2020	$ change	% change
Canadian Circulation	**$**	**89.7**	$	88.0	1.7	2
Foreign Circulation		**112.9**		64.2	48.7	76
Total Circulation	**$**	**202.6**	$	152.2	50.4	33
Bullion Products and Services	**$**	**3,235.9**	$	2,283.5	952.4	42
Numismatics		**112.3**		91.9	20.4	22
Total Precious Metals	**$**	**3,348.2**	$	2,375.4	972.8	41
Total revenue	**$**	**3,550.8**	$	2,527.6	1,023.2	40

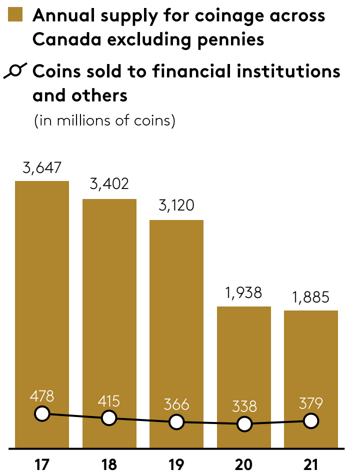
The Mint takes an integrated and agile approach to managing the Circulation and Precious Metals businesses. This approach allows the Mint to allocate resources within these businesses in order to respond to customer and market demands.

Canadian Circulation

Revenue from the Canadian Circulation Program increased by $1.7 million as compared to 2020. The increase was mainly due to higher revenue from circulation coins partially offset by lower Alloy Recovery program volumes in 2021.

Canadian Circulation revenue
($ in millions)





Coin supply

(in millions of coins)	**2021**	2020	change	% change
Financial institutions deposits	**1,396**	1,504	(108)	(7)
Recycled coins	**110**	96	14	15
New coins sold to financial institutions and others	**379**	338	41	12
Total coin supply	**1,885**	1,938	(53)	(3)

Department of Finance inventory

(in millions of dollars)		**2021**		2020	$ change	% change
Opening inventory	**$**	**82.5**	$	102.0	(19.5)	(19)
New coins produced and sold to Department of Finance		**148.4**		82.6	65.8	80
New coins sold to financial institutions and others		**(146.0)**		(102.1)	(43.9)	43
Ending inventory	**$**	**84.9**	$	82.5	2.4	3

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 for coinage remained consistent in 2021, decreasing approximately 3% from 2020 levels as the pandemic continued to impact cash transactions in the retail and tourist segments. The pandemic continued to impact the holiday season resulting in reduced in-person shopping opportunities during a traditionally high cash spending time of the year.

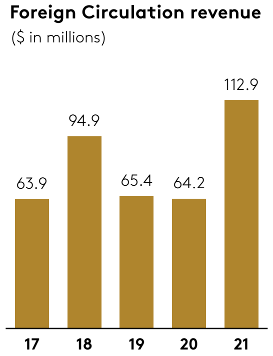
Financial institution deposits are the primary coin supply channel that fulfills coin demand. During the pandemic, financial institution deposits (which are typically made up of coins from transit, parking, vending, etc.) have been slow to re-circulate back to the ecosystem due to restrictions implemented across the country. As a result, the Mint needed to supply additional new coins into the ecosystem, increasing new coin sales by 12% to 379 million pieces in 2021. The Mint relied on its coin lifecycle management (i.e. regional transfers, forecasting, interbank transfers, etc.) to ensure coins were always available for trade and commerce, while limiting the supply of new coins distributed into the ecosystem.

The Mint actively manages inventory supply levels from financial institution deposits, recycling kiosk volumes, and new coin production to ensure coinage demand is met efficiently and cost effectively throughout the year. The face value of the Department of Finance owned inventory at December 31, 2021 was $85 million, which was within the inventory limit outlined in the Mint's memorandum of understanding with the Department of Finance.

The efficient management of the coinage system is achieved hand-in-hand with the celebration of Canada's history, diversity, culture and values. During 2021, the Mint issued a $2 circulation coin celebrating the 100th anniversary of the discovery of insulin, $1 circulation coin commemorating the 125th anniversary of the Klondike gold discovery and a 10-cent circulation coin celebrating the 100th anniversary of *Bluenose*.

Foreign Circulation

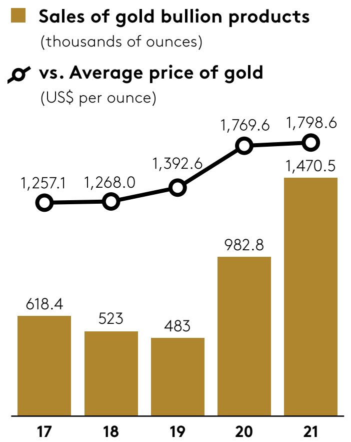
Revenue from the Foreign Circulation business increased by 76% in 2021 to $112.9 million from $64.2 million in 2020. The increase in foreign circulation revenue reflects higher volumes and changes in the mix of contracts which consisted of the production and/or shipment of 1.2 billion (2020 – 838 million) coins and blanks for 9 (2020 – 10) countries. In 2021, the Mint was awarded 2 new production contracts for an aggregate of 6.5 million coins.

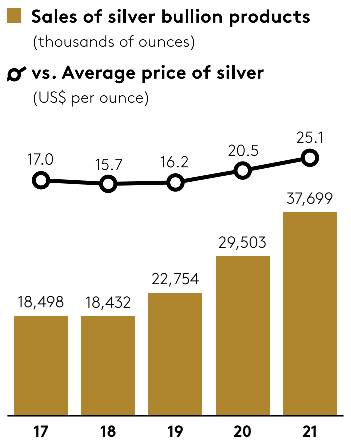


Bullion Products and Services

	2021	2020	$ change	% change
Gross revenue	**$ 4,998.5**	$ 3,519.0	1,479.5	42
Less: Customer inventory deals	**(1,762.6)**	(1,235.5)	(527.1)	43
Net revenue	**$ 3,235.9**	$ 2,283.5	952.4	42

(thousands of ounces)	2021	2020	change	% change
Gold	**1,470.5**	982.8	487.7	50
Silver	**37,698.5**	29,502.7	8,195.8	28
Gross ounces	**39,169.0**	30,485.5	8,683.5	28
Less: ounces from customer inventory deals	**(5,879.3)**	(5,059.6)	(819.7)	16
Net ounces	**33,289.7**	25,425.9	7,863.8	31





Net revenue from the Bullion Products and Services business increased 42% to $3.2 billion in 2021 from $2.3 billion in 2020. The increase in revenue was mainly attributable to an increase in global market demand and a planned pivot to focus on gold resulting in a 50% increase in gold bullion product volumes and a 28% increase in silver bullion product volumes, as well as increased precious metal market prices and a return to full production capacity compared to modified production capacity in the prior year due to the pandemic.

Numismatics

Numismatics revenue increased 22% to $112.3 million in 2021 from $91.9 million in 2020. The increase in revenue was largely attributable to stronger sales of gold and silver products.

	2021	2020	$ change	% change
Gold	**$ 45.6**	$ 38.0	7.6	20
Silver	**52.8**	44.0	8.8	20
Other revenue[1]	**13.9**	9.9	4.0	40
Total revenue	**$ 112.3**	$ 91.9	20.4	22

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

In an effort to create a shared representation of a pivotal theme in our history, the Mint featured the work of artist Indigenous Sheila Orr on a gold coin depicting a Nishiiyuu (Cree) perspective of the fur trade. The Cree are skilled hunters and trappers, whose ancestors supplied James Bay trading posts with coveted beaver pelts that fueled Canada's early colonial economy.

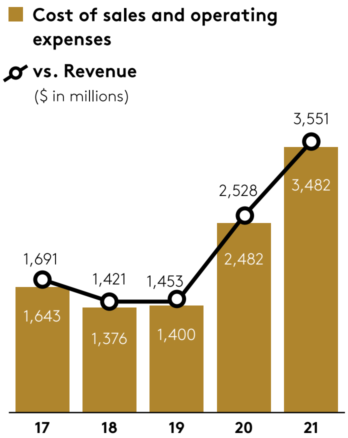
Expenses, other income and income tax

Expenses (income)

	2021	2020	$ change	% change
Cost of sales	**$ 3,371.4**	$ 2,383.8	987.6	41
Operating expenses				
Marketing and sales expenses	**$ 28.3**	$ 29.3	(1.0)	(3)
Administration expenses	**82.5**	69.2	13.3	19
Total operating expenses	**$ 110.8**	$ 98.5	12.3	12
Net foreign exchange gain	**$ (2.6)**	$ (4.1)	1.5	
Finance income, net	**$ (0.5)**	$ (1.0)	0.5	
Income tax expense	**$ 18.1**	$ 12.6	5.5	

Cost of sales increased 41% for the year ended December 31, 2021. The overall increase in cost of sales was mainly due to higher gold and silver bullion volumes sold which increased 28% in aggregate, combined with higher precious metal market pricing in 2021. Excluding the impact of the Face Value redemptions liability, which increased $29 million due to the decrease in the market price of silver year over year, the increase in the cost of sales is in line with the increase in revenue at 40%.

Overall, operating expenses increased 12% in 2021 to $110.8 million compared to $98.5 million in 2020. The increase in administration expenses was primarily due to planned investments in support of the Mint's business transformation including the digital program, and the Mint's security related initiatives, for employee compensation, contingent workforce and professional services expenses. Also, contributing to the increase in operating expenses in 2021, and going forward, is the application of the IFRS Interpretation Committee (IFRIC) agenda decision issued in April 2021 relating to configuration and customization costs for software as a service (SaaS) and platform as a service (PaaS) arrangements where the Mint now directly expenses these costs when it does not control the underlying assets. The decrease in selling and marketing expenses was mainly due to lower employee compensation.



Net foreign exchange gain decreased $1.5 million compared to 2020. The 2021 net foreign exchange gain of $2.6 million was mainly due to the favourable valuation of derivative contracts to mitigate foreign exchange risk partially offset by the negative impact of the translation of the Mint's US dollar balances due to a stronger Canadian dollar in relation to the US dollar year over year.

Income tax expense increased $5.5 million compared to 2020 mainly as a result of an increase of $21.5 million in taxable income year over year.

Liquidity and capital resources

Cash flows

	2021	2020	$ change	% change
Cash and cash equivalents, at the end of the period	$ **69.3**	$ 67.3	2.0	3
Cash flow from operating activities	$ **69.1**	$ 36.0	33.1	92
Cash flow used in investing activities	$ **(11.9)**	$ (9.1)	(2.8)	31
Cash flow used in financing activities	$ **(54.4)**	$ (26.2)	(28.2)	108

Cash from operating activities in 2021 was $69.1 million, a $33.1 million increase compared to 2020 primarily due to higher cash generated from operations and the timing of cash receipts from customers and payments to suppliers.

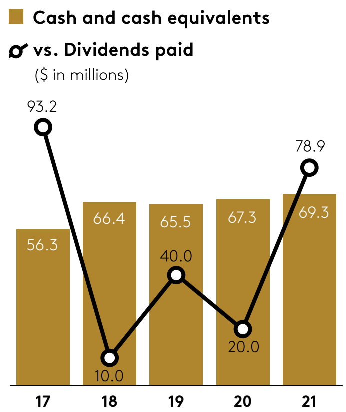
Cash used in investing activities was $11.9 million in 2021, a $2.8 million increase compared to 2020. Capital expenditures at the Mint are guided by anticipated growth in sales, new product and technology research, development and production requirements, the support and enhancement of facilities and information technology, and return on investment. The main capital investments in 2021 included investments in production equipment for both Ottawa and Winnipeg plants and investments in digital program information technology projects.

The higher level of cash from operating activities in 2021 resulted in a higher dividend paid to the Government of Canada and a corresponding $54.4 million increase in cash used in financing activities year over year. The $78.9 million dividend paid in the fourth quarter of 2021 and $20 million dividend paid in the fourth quarter of 2020 represented the projected year-end cash balance over a pre-determined cash reserve requirement defined in the Mint's Corporate Plan. The increase in cash used in financing activities was partially offset by proceeds of a $30 million borrowing facility secured in December 2021 to fund digital investments approved in the Mint's Corporate Plan.

Borrowing facilities

The Mint entered 2021 with total outstanding long-term loans of $6 million. During the year, a new borrowing facility of $30 million was secured offset by repayments of $3 million on the Mint's existing borrowing facility to bring the total outstanding long-term loans balance to $33 million at December 31, 2021. The Mint entered the period with a long-term debt-to-equity ratio of 1:28 and closed the period with a long-term debt-to-equity ratio of 1:04. See note 17 to the December 31, 2021 audited consolidated financial statements page 88 for details on the Mint's borrowing facilities.

The Mint continued its popular Canada's Unexplained Phenomena series with a rectangular coin featuring the Montréal Incident, where a UFO was spotted from the rooftop pool at the Hôtel Bonaventure. The mysterious flying object's bright lights are amplified by glow-in-the-dark technology and an engineered Fresnel optical effect, where the viewing angle varies the intensity of reflected light.



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.

The stylized image of a Canadian-made de Havilland Beaver float plane appeared on the third coin in The First 100 Years of Confederation fine silver series. It is a symbol of Canada's rapid post-war (1945-1967) development, as aviation and other emerging technologies took Canadians to new heights and brought them closer than ever before.

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

Return to the Government of Canada

For the year ended December 31, 2021, the Mint paid a $78.9 million dividend to its Shareholder, the Government of Canada. Income taxes paid in 2021 were based on 2020 financial results and the incremental income taxes owing as a result of the Mint's profitability in 2021 will be paid in early 2022. The following table summarizes the total return the Mint has made to Canada over the last five years:

	2017	2018	2019	2020	**2021**	**Total**
Dividends paid	$ 93.2	$ 10.0	$ 40.0	$ 20.0	**$ 78.9**	**$ 242.1**
Income tax paid	9.0	7.3	15.5	2.2	**3.2**	**37.2**
Total return to Canada	$ 102.2	$ 17.3	$ 55.5	$ 22.2	**$ 82.1**	**$ 279.3**

Contractual obligations and other commercial commitments

See notes 13, 14, 15 and 28 to the audited consolidated financial statements starting on pages 84 and 99, 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, 2021 indicate that the financial goals established in the 2021-2025 Corporate Plan were exceeded.

The financial goal for 2021 was profit before income tax and other items of $47.6 million. The Mint far exceeded its profit target for 2021 which reflects the success of the Mint's long-term strategy and its ability to capitalize on the exceptional 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 exceptionally strong in 2021.

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:

		2021		2020
Profit for the period	**$**	**53.7**	$	37.7
Add (deduct):				
Income tax expense		**18.1**		12.6
Net foreign exchange loss (gain)[1]		**2.0**		(2.1)
Face Value revaluation[2]		**8.3**		(20.7)
Profit before income tax and other items	**$**	**82.1**	$	27.5

1 Net foreign exchange loss (gain) in 2021 excludes a gain of $4.6 million (2020 - $2.0 million gain) related to the mitigation of the foreign exchange risk for a specific contract.
2 Face Value revaluation is the non-cash impact of the change in the valuation of the precious metal component of the Face Value redemptions liability which excludes the impact of a foreign exchange loss of $0.1 million (2020 - $1.3 million loss).

This black rhodium-plated silver coin recognizes the first tyrannosaur species to be discovered in Canada in over 50 years. Nicknamed the "Reaper of Death" for surpassing the T-Rex in size and food chain primacy, this species deepens our understanding of Canada's paleontological past. A fossilized skull shines against a black, rocky texture, capturing the fearsome reputation of this ancient carnivore.

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

The Mint identified the following key corporate level risks that could materially impact the achievement of its strategic objectives as outlined on page 25.

This 5 oz. fine silver coin with black light technology creates a glowing portrait of our solar system. Set against the vastness of the Milky Way, a crescent-shaped arrangement shows all the planets illustrated to scale, adjacent to our massive sun. The engraving of an orbital pattern completes an inspiring design that celebrates science and space exploration.

Strategic risks

Cash-light preparedness

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

Diversification of customer base

The risk that the Mint may have overreliance or dependency on a limited number of customers for significant portions of its revenue stream. The Mint continues to mitigate this risk by conducting a comprehensive review of all businesses to develop a portfolio of products and services using a customer-centric approach. Furthermore, the Mint is adopting an active prospecting and increasing sales and key customer retention efforts 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 the 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.

Security (Physical and Cyber)

The risk of theft or inappropriate access to and use of the Mint's information or assets, including for fraudulent purposes. The Mint continues to focus cyber security initiatives on culture, resiliency, alignment and governance. The Mint's integrated security committee continues to align physical and cyber security efforts and plans.

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 transformation 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 platforms.

COVID-19 pandemic

The risk of perpetual cycles of outbreaks and lockdowns triggered by COVID-19 variants. The Mint's Executive Emergency Oversight Committee continues to meet on a regular basis and monitors all aspects of the market, the impact of the extended pandemic period on its workforce, its supply chain and the future workforce trends coming out of the pandemic. The Mint continues to enact its business continuity plans and adapt operation levels as required. Strict sanitary measures are maintained within our facilities.

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 the meet the TCFD disclosure recommendations by 2024.

The 17th century astrolabe found near Cobden, Ontario in 1867, allegedly lost by Samuel de Champlain as he explored the Ottawa River in 1613, is the inspiration for this 5 oz. fine silver coin. It features a small-scale replica of the famed astrolabe, cast in silver and bronze plated, fixed over a detailed engraving of Champlain's map of New France.

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 64 and 69, respectively, for a discussion of critical accounting estimates, adoption of new accounting standards and accounting policy developments.

Travel, hospitality and conference expenditures

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

		2021		2020	$ change	% change
Travel	**$**	**0.2**	$	0.6	(0.4)	(67)
Hospitality		**0.1**		0.1	–	–
Total travel, hospitality, conference and event expenditures	**$**	**0.3**	$	0.7	(0.4)	(57)

During the period ended December 31, 2021, the Mint's Board of Directors did not incur any travel, hospitality, conference and event expenditures (2020 - $0.1 million).

Kwakiutl artist Richard Hunt created a Pacific Northwest Coast portrait of bighorn sheep appearing on a coloured pure gold coin. The wild sheep, which inhabit the mountainous surroundings of Hunt's village of Tsaxis (Fort Rupert, B.C.), incorporate important cultural symbols of his culture and community, such as eagle and raven crests, mountain peaks and the sun.

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 Senior 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, 2020 were based on an assessment of the design effectiveness of these controls. The evaluation for the year ended December 31, 2021 was 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, 2021.

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, 2021.

A new 99.999% pure gold bullion coin series marks the 125th anniversary of the Klondike Gold Rush. The dream of panning for gold and striking it rich lured thousands of fortune seekers to the Yukon territory. In three short years, the land, local Indigenous communities and their traditional ways of living were changed in ways that continue to be felt today.

Outlook

In February 2022, the Mint's 2022-2026 Corporate Plan was approved by the Treasury Board. Continuing with the implementation of its One Mint Strategy which was approved in 2020, in 2022, the Mint will evolve its Circulation businesses by augmenting its world-leading domestic coin lifecycle management practices and will aim to seize the best foreign circulation opportunities. The Mint will continue to build its precious metals capacity, focus on its numismatic offerings, and pursue operational efficiencies. The Mint is also making investments in its digital capabilities and ESG initiatives to continue to build its agility and resiliency as it continues to add value for Canada. The Mint is closely monitoring the impact of the evolving situation of the pandemic including the impact on its global supplier network and identifies contingency plans when required in order to support the business.

Circulation businesses

Canadian circulation

Canadian business is continuing its recovery, as the global pandemic is expected to endure into 2022.

During the early months of 2022, government retail and tourism restrictions were reinstated in response to the Omicron variant, but these restrictions are expected to be eased in March 2022. This trend of easing restrictions and more Canadians returning to recreational activities and places of work are expected to drive an incremental increase of coin activity throughout 2022 and into 2023.

As the situation continues to stabilize across the country, and coinage recirculates more naturally throughout the system, the Mint anticipates that there will be less need to inject extra amounts of new coin to satisfy demand in the months ahead. That said, the Mint and its distribution system partners have readied coin stocks in the event there are future aberrations in demand.

The 2021 50 Pesewa circulation coin was produced at the Mint's Winnipeg facility for long-time customer the Bank of Ghana. This highly durable nickel-plated steel coin features Ghana's National Coat of Arms on its obverse, while the reverse shows the engraving of a woman at a traditional Ghanian market, symbolizing daily trade and commerce.

This outlook is partially based upon traditional consumer and merchant behaviours which continue to evolve. To make sure it remains on top of key trends, the Mint is investing in market sensing activities, including consumer surveys, researching domestic and international payment trends, and engaging with coin intensive business like vending, parking and transit.

Foreign circulation

The ongoing COVID-19 pandemic has created unpredictable coin demand in many countries, as retail and transit activities have been severely disrupted around the world. Some central banks have delayed coin procurement or shipments under existing contracts as they await the resumption of normal economic activities. While the Mint continued to monitor the impact of circulation of coins in these markets, the Mint anticipates that as economies reopen, cash usage and coin demand in general will rebound in emerging economies, with a modest decrease due to the accelerated adoption of digital payment methods in more developed markets. The Mint fully utilized production capacity during 2021, and holds a solid contracted position for 2022, with business confirmed for both the beginning and end of the year. The Mint continues to identify coin technology trends, especially opportunities to convert low-denomination banknotes to more economical coin alternatives, and we are aligning our production capabilities accordingly. The Mint estimates that as a result of the unprecedented circumstances caused by the pandemic, the volume of coins and blanks tendered for over the next 12 months may be reduced from four billion to approximately three billion; however, renewed production infrastructure and ongoing cost-efficiency efforts should result in maintaining a strong competitive position.

Precious metals businesses

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 continued strong market conditions for gold and silver bullion coins. In 2022, 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 and coin 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's direct sales, including e-commerce, are expected to continue to be consistent with e-commerce trends as the COVID-19 pandemic continues. The Mint continues to implement and pursue product strategies intended to reach new customers in new and emerging markets.

Forward-looking statements

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

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

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

The forward-looking statements included in this annual report are made only as of March 3, 2022, and the Mint does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

Management's Statement of Responsibility for Financial Reporting

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

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

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

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

Marie Lemay
President and Chief Executive Officer

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

Ottawa, Canada
March 3, 2022

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 2021, 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 2021, 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. 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*.

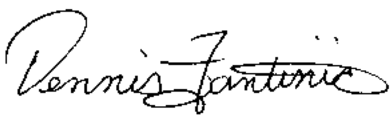
In our opinion, the transactions of the Royal Canadian Mint and its wholly-owned subsidiary that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial 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, CPA, CGA
Principal
for the Auditor General of Canada

Ottawa, Canada
3 March 2022

Consolidated Statement of Financial Position

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

	Notes	2021	2020
Assets			
Current assets			
Cash and cash equivalents		**$ 69,303**	$ 67,306
Trade receivables, net and other receivables	5	**19,152**	20,749
Income tax receivable		**–**	3,584
Prepaid expenses	6	**3,677**	2,209
Inventories	7	**86,530**	57,617
Contract assets	8	**40,631**	31,116
Derivative financial assets	9	**2,611**	6,901
Total current assets		**221,904**	189,482
Non-current assets			
Trade receivables, net and other receivables	5	**–**	253
Prepaid expenses	6	**178**	412
Derivative financial assets	9	**–**	1,678
Deferred income tax assets	24	**29,250**	26,408
Property, plant and equipment	10	**144,040**	150,131
Investment property	11	**236**	236
Intangible assets	12	**4,738**	5,102
Right-of-use assets	13	**5,136**	5,648
Total non-current assets		**183,578**	189,868
Total assets		**$ 405,482**	$ 379,350
Liabilities			
Current liabilities			
Trade payables, other payables and accrued liabilities	14	**$ 56,300**	$ 46,321
Provisions	15	**2,043**	3,183
Income tax payable		**13,978**	172
Face Value redemptions liability	16	**434**	527
Contract liabilities	8	**12,894**	17,156
Loans payable	17	**9,042**	3,005
Lease liabilities	13	**1,388**	2,268
Employee benefit obligations	18	**3,302**	3,905
Derivative financial liabilities	9	**23**	48
Total current liabilities		**99,404**	76,585
Non-current liabilities			
Trade payables, other payables and accrued liabilities	14	**95**	140
Provisions	15	**966**	1,151
Face Value redemptions liability	16	**121,472**	113,459
Loan payable	17	**24,000**	2,999
Lease liabilities	13	**4,394**	4,306
Employee benefit obligations	18	**12,653**	13,423
Derivative financial liabilities	9	**–**	117
Total non-current liabilities		**163,580**	135,595
Total liabilities		**262,984**	212,180
Shareholder's equity			
Share capital (authorized and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**102,515**	127,258
Accumulated other comprehensive loss		**(17)**	(88)
Total shareholder's equity		**142,498**	167,170
Total liabilities and shareholder's equity		**$ 405,482**	$ 379,350

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

Sandip K. Lalli, FCPA, ICD.D
Chair
Audit Committee

Approved on behalf of Management

Marie Lemay, ICD.D
President and
Chief Executive Officer

Jennifer Camelon, CPA, CA, ICD.D
Senior Vice-President
Finance and Administration
and Chief Financial Officer

Consolidated Statement of Comprehensive Income

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

	Notes	**2021**	2020
Revenue	20	**$ 3,550,756**	$ 2,527,551
Cost of sales	19, 21	**3,371,365**	2,383,818
Gross profit		**179,391**	143,733
Marketing and sales expenses	19, 21	**28,341**	29,280
Administration expenses	19, 21, 25	**82,468**	69,223
Operating expenses		**110,809**	98,503
Net foreign exchange gain	22	**2,636**	4,109
Operating profit		**71,218**	49,339
Finance income, net	23	**539**	970
Other income		**31**	4
Profit before income tax		**71,788**	50,313
Income tax expense	24	**(18,059)**	(12,591)
Profit for the period		**53,729**	37,722
Items that will be reclassified subsequently to profit:			
Net unrealized gain (loss) on cash flow hedges		**71**	(115)
Items that will not be reclassified subsequently to profit:			
Net actuarial gain (loss) on defined benefit plans		**428**	(643)
Other comprehensive income (loss), net of income tax		**499**	(758)
Total comprehensive income		**$ 54,228**	$ 36,964

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) income (Net gain (loss) on cash flow hedges)	Total
Balance as at December 31, 2019		$ 40,000	$ 110,179	$ 27	$ 150,206
Profit for the period		–	37,722	–	37,722
Other comprehensive loss, net[1]		–	(643)	(115)	(758)
Dividends paid	9.1	–	(20,000)	–	(20,000)
Balance as at December 31, 2020		$ 40,000	$ 127,258	$ (88)	$ 167,170
Profit for the period		**–**	**53,729**	**–**	**53,729**
Other comprehensive income, 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**

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		2021		2020
Cash flows from operating activities					
Profit for the period		**$**	**53,729**	$	37,722
Adjustments to reconcile profit to cash flows from operating activities:					
Depreciation and amortization	21		**20,373**		20,509
Income tax expense	24		**18,059**		12,591
Finance income, net			**(539)**		(970)
Other income			**(31)**		(4)
Net foreign exchange loss (gain)			**6,841**		(7,492)
Adjustments to other revenue, net	26		**(39,504)**		(19,936)
Changes in Face Value redemptions liability			**7,866**		(21,391)
Net changes in operating assets and liabilities	26		**4,722**		16,379
Cash from operating activities before interest and income tax			**71,516**		37,408
Income tax paid, net of income tax received	26		**(3,834)**		(2,706)
Interest received, net of interest paid	26		**1,428**		1,315
Net cash from operating activities			**69,110**		36,017
Cash flows used in investing activities					
Acquisition of property, plant and equipment			**(9,466)**		(7,345)
Acquisition of intangible assets			**(2,401)**		(1,768)
Net cash used in investing activities			**(11,867)**		(9,113)
Cash flows used in financing activities					
Dividends paid	9.1		**(78,900)**		(20,000)
Proceeds from issuance of debt	17		**30,000**		–
Repayment of loan	17		**(3,000)**		(3,000)
Lease principal payments	13		**(2,474)**		(3,187)
Net cash used in financing activities			**(54,374)**		(26,187)
Effect of changes in exchange rates on cash and cash equivalents			**(872)**		1,083
Increase in cash and cash equivalents			**1,997**		1,800
Cash and cash equivalents at the beginning of the period			**67,306**		65,506
Cash and cash equivalents at the end of the period		**$**	**69,303**	$	67,306

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

Notes to the Consolidated Financial Statements

December 31, 2021 (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 Her Majesty named in Part II of Schedule III to the *Financial Administration Act*. It produces all of the circulation coins used in Canada and manages the 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 3, 2022.

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.

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, 2021 and 2020, 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 Her 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 storage forecasting and monitoring services of Canadian circulation coins is earned over time as the Department of Finance receives and benefits from the obligations performed by the Corporation related to these services on a continuous basis.

The transaction price for Canadian circulation revenue is based on the terms of the Corporation's memorandum of understanding 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, 2021 or 2020.

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, 2021 or 2020.

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 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. 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, 2021, 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 2021 and 2020, 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, 2021, potential lease payments, amounting to $2.9 million (December 31, 2020 - $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. Management is required to make a judgement with respect to the uncertainty over the collectability of the promissory note. At December 31, 2021 and 2020, 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, 2021.

There were no new or revised accounting pronouncements that were adopted during the year ended December 31, 2021.

In April 2021, the IFRS Interpretation Committee (IFRIC) issued an agenda decision on how a customer accounts for configuration or customization costs in cloud computing arrangements where an intangible asset is not recognized. This agenda decision did not have a significant impact on the Corporation's consolidated financial statements for the year ended December 31, 2020, and has been applied prospectively in 2021.

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.

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.

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.

(In thousands of Canadian dollars, unless otherwise indicated)

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. The amendments are effective for annual periods beginning on or after January 1, 2023.

5. Trade receivables, net and other receivables

As at December 31

		2021		2020
Receivables and accruals from contracts with customers	**$**	**18,065**	$	19,352
Receivables from contracts with related parties (Note 27)		**403**		237
Allowance for expected credit losses		**(3)**		(34)
Trade receivables, net	**$**	**18,465**	$	19,555
Lease receivables		**253**		266
Other current financial receivables		**388**		917
Other receivables		**46**		11
Total current trade receivables, net and other receivables	**$**	**19,152**	$	20,749
Non-current lease receivables		**–**		253
Total non-current trade receivables, net and other receivables	**$**	**–**	$	253
Trade receivables, net and other receivables	**$**	**19,152**	$	21,002

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

(In thousands of Canadian dollars, unless otherwise indicated)

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

As at December 31

		2021		2020
Opening balance	**$**	**519**	$	770
Interest income (Note 23)		**14**		22
Sublease payments received		**(280)**		(273)
Closing balance	**$**	**253**	$	519

Total cash inflow for leases included in lease receivables for the year ended December 31, 2021 was $0.3 million (2020 - $0.3 million).

The Corporation sub-leases certain of its building office space leases (Note 13). These sub-lease arrangements are assessed as finance leases. The Corporation reviewed its credit risk exposure related to lease receivables as at December 31, 2021 and evaluated the risk to be minimal. The maturity analysis of lease receivables, including the undiscounted lease payments to be received, was as follows:

As at December 31

		2021		2020
Less than 1 year	**$**	**256**	$	280
1-2 years		**–**		256
Total undiscounted lease payments receivable	**$**	**256**	$	536
Unearned finance income		**(3)**		(17)
Net investment in the lease	**$**	**253**	$	519

6. Prepaid expenses

As at December 31

		2021		2020
Prepaid expenses current	**$**	**3,677**	$	2,209
Prepaid expenses non-current		**178**		412
Total prepaid expenses	**$**	**3,855**	$	2,621

(In thousands of Canadian dollars, unless otherwise indicated)

7. Inventories

As at December 31

		2021		2020
Raw materials and supplies	**$**	**19,518**	$	14,860
Work in process		**44,034**		25,753
Finished goods		**22,978**		17,004
Total inventories	**$**	**86,530**	$	57,617

The amount of inventories recognized as cost of sales in 2021 is $3,340.0 million (2020 - $2,358.2 million).

The cost of inventories recognized as cost of sales in 2021 includes $0.3 million in write-downs of inventory to net realizable value (2020 - $2.8 million).

No inventory was pledged as security for borrowings as at December 31, 2021 or 2020.

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, 2021 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.

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

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).

(In thousands of Canadian dollars, unless otherwise indicated)

As at December 31

	2020	
	Contract Assets	Contract Liabilities
Opening balance	$ 11,778	$ 64,294
Revenue recognized[1]	–	(58,037)
Cash received, excluding amounts recognized during the period	–	9,326
Transfers from contract liabilities to payables	–	(3,358)
Foreign exchange revaluation	(698)	72
Transfers from contract assets to receivables	(41,068)	–
Increases resulting from changes in the measure of progress[1]	61,104	4,859
Closing balance	$ 31,116	$ 17,156

[1] Revenue recognized includes $1.5 million and increases resulting from changes in the measure of progress in contract liabilities includes $1.0 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

	2021	2020
Customer prepayments	**$ 7,414**	$ 12,910
Loyalty program	**1,488**	980
Contract liabilities from a related party (Note 27)	**456**	174
Accrued liabilities related to revenue recognized over time	**3,536**	3,092
Total contract liabilities	**$ 12,894**	$ 17,156

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, 2020.

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.

(In thousands of Canadian dollars, unless otherwise indicated)

The Corporation may borrow money from the Consolidated Revenue Fund, subject to the approval of the Minister of Finance with respect to the term and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the year ended December 31, 2021, approved short-term borrowings for working capital needs within this limit were not to exceed $25 million (2020 - $25 million) or the US dollar equivalent. The approved aggregate principal in new long-term borrowings to fund planned capital investments were not to exceed $30 million (2020 - $nil).

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, 2021 or 2020.

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

	2021	2020
Loans payable (current and non-current)	**$ 33,042**	$ 6,004
Shareholder’s equity	**142,498**	167,170
Debt to Equity ratio	**1:04**	1:28

Debt to Assets ratio

As at December 31

	2021	2020
Loans payable (current and non-current)	**$ 33,042**	$ 6,004
Total assets	**405,482**	379,350
Debt to Assets ratio	**1:12**	1:63

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 $78.9 million to the Government of Canada in 2021 (2020 - $20 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.

(In thousands of Canadian dollars, unless otherwise indicated)

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

	2021		2020	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
Financial Assets				
Cash and cash equivalents	**$ 69,303**	**$ 69,303**	$ 67,306	$ 67,306
Trade receivables, net and other receivables	**18,853**	**18,853**	20,472	20,472
Derivative financial assets:				
Foreign currency forwards	**2,611**	**2,611**	8,579	8,579
Financial Liabilities				
Trade payables, other payables and accrued liabilities	**$ 55,918**	**$ 55,918**	$ 44,452	$ 44,452
Loans payable	**33,042**	**33,931**	6,004	6,000
Derivative financial liabilities:				
Foreign currency forwards	**–**	**–**	48	48
Interest rate swap	**23**	**23**	117	117

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, 2021 and 2020. 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, 2021 and 2020. There were no transfers of financial instruments between levels during 2021.

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.

(In thousands of Canadian dollars, unless otherwise indicated)

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		**2021**		2020
Financial assets held at amortized cost:				
Interest income earned on cash and cash equivalents (Note 23)	**$**	**895**	$	1,378
Other financial liabilities:				
Interest expense on loans payable (Note 23)	**$**	**160**	$	184

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 accounts with collectability issues, when needed.

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

		2021		2020[1]
Asia and Australia	**$**	**10,787**	$	12,302
Canada		**5,424**		6,825
Europe, Middle East and Africa		**1,882**		45
United States		**422**		688
Latin America and Caribbean		**338**		612
Total financial trade receivables, net and other financial receivables	**$**	**18,853**	$	20,472

[1] Prior year figures have been reclassified to correct a misalignment of the balances by region.

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

As at December 31

		2021		2020
Central and institutional banks	**$**	**13,528**	$	14,141
Consumers, dealers and others		**3,761**		5,075
Governments (including governmental departments and agencies)		**1,564**		1,256
Total financial trade receivables, net and other financial receivables	**$**	**18,853**	$	20,472

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, 2021, the Corporation's rate of credit losses was less than 1% (2020 – less than 1%) of total financial trade receivables, net and other financial receivables.

(In thousands of Canadian dollars, unless otherwise indicated)

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

As at December 31

	2021		2020	
	Gross carrying amount	**Lifetime ECL allowance**	Gross carrying amount	Lifetime ECL allowance
0–30 days	**$ 1,297**	**$ –**	$ 14,710	$ 4
31–60 days	**8,778**	**–**	5,020	6
61–90 days	**8,264**	**–**	436	1
Over 90 days	**517**	**3**	340	23
Total	**$ 18,856**	**$ 3**	$ 20,506	$ 34
Net		**$ 18,853**		$ 20,472

The change in the lifetime ECL allowance was as follows:

As at December 31

	2021	2020
Opening balance	**$ 34**	$ 42
Additions	**3**	8
Write-offs	**(35)**	(16)
Foreign exchange revaluation	**1**	–
Closing balance	**$ 3**	$ 34

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*.

(In thousands of Canadian dollars, unless otherwise indicated)

9.3.2 Liquidity risk

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

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

As at December 31, 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)**	**$ –**	**$ –**	**$ –**

As at December 31, 2020

	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	$ (44,452)	$ (44,452)	$ (44,312)	$ (140)	$ –	$ –
Loan payable	$ (6,004)	(6,159)	$ (3,106)	$ (3,053)	–	–
Derivative instruments						
Foreign currency forwards	$ (48)	$ (36,968)	$ (36,968)	$ –	$ –	$ –
Interest rate swap	$ (117)	$ (117)	$ –	$ (117)	$ –	$ –

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, 2021, 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 $10.0 million (2020 - $5.6 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, 2021, all other variables held constant, would have been a decrease or increase in profit for the year of $2.3 million (2020 - $1.1 million).

9.3.3.2 Interest rate risk

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. 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 corresponding interest rate swaps, where the Corporation pays a fixed interest rate in exchange for receiving a floating interest rate. The interest rate swaps are designated as hedging instruments under the cash flow hedge accounting model.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation's interest rate swap exposes the Corporation to fair value interest rate risk. An increase of 50 basis points in interest rates as at December 31, 2021 would not have a significant impact on the interest rate swap derivative asset/liability (2020 – Not significant). A decrease of 50 basis points in interest rates would have an equal, but opposite impact.

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.

(In thousands of Canadian dollars, unless otherwise indicated)

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, 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**

As at December 31, 2020

		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	2021	$ –	$ –	$ 109,681	$ 6,901	$ 6,901
Total current		$ –	$ –	$ 109,681	$ 6,901	$ 6,901
Non-current						
Foreign currency forwards	2022	$ –	$ –	$ 18,096	$ 1,678	$ 1,678
Total non-current		$ –	$ –	$ 18,096	$ 1,678	$ 1,678
Total		$ –	$ –	$ 127,777	$ 8,579	$ 8,579
Derivative financial liabilities						
Current						
Foreign currency forwards	2021	$ –	$ –	$ 36,968	$ 48	$ 48
Total current		$ –	$ –	$ 36,968	$ 48	$ 48
Non-current						
Interest rate swap	2022	$ 6,000	$ 117	$ –	$ –	$ 117
Total non-current		$ 6,000	$ 117	$ –	$ –	$ 117
Total		$ 6,000	$ 117	$ 36,968	$ 48	$ 165

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, 2021, the amounts will be reclassified to profit or loss over periods up to 1 year (2020 – 2 years). The amount to be reclassified in the next 12 months is not significant.

(In thousands of Canadian dollars, unless otherwise indicated)

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

	2021	2020
Cost	**$ 446,935**	$ 440,759
Accumulated depreciation and impairment	**(302,895)**	(290,628)
Net book value	**$ 144,040**	$ 150,131

Net book value by asset class

As at December 31

	2021	2020
Land and land improvements	**$ 3,135**	$ 3,058
Buildings and improvements	**78,194**	82,740
Equipment	**57,252**	63,302
Capital projects in process	**5,459**	1,031
Net book value	**$ 144,040**	$ 150,131

Reconciliation of the opening and closing balances of property, plant and equipment for 2021 and 2020:

	Land and improvements	**Buildings and improvements**	**Equipment**	**Capital projects in process**	**Total**
Cost					
Balance as December 31, 2019	$ 4,094	$ 166,363	$ 262,043	$ 2,276	$ 434,776
Additions	–	1,362	3,590	1,031	5,983
Transfers	–	13	2,263	(2,276)	–
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 at December 31, 2021	**$ 4,176**	**$ 168,434**	**$ 268,866**	**$ 5,459**	**$ 446,935**
Accumulated depreciation and impairment					
Balance as at December 31, 2019	$ 1,031	$ 79,881	$ 194,357	$ –	$ 275,269
Depreciation	5	5,117	10,237	–	15,359
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**
Net book value as at December 31, 2021	**$ 3,135**	**$ 78,194**	**$ 57,252**	**$ 5,459**	**$ 144,040**

Included in property, plant and equipment additions was a total accrual of $1.9 million (2020 - $1.1 million).

No asset was pledged as security for borrowings as at December 31, 2021 or 2020.

(In thousands of Canadian dollars, unless otherwise indicated)

11. Investment property

As at December 31

		2021		2020
Cost	**$**	**236**	$	236

The fair value of the land is $5.3 million (2020 - $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, 2021 or 2020.

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

12. Intangible assets

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

As at December 31

		2021		2020
Cost	**$**	**38,846**	$	37,477
Accumulated amortization and impairment		**(34,108)**		(32,375)
Net book value	**$**	**4,738**	$	5,102

Reconciliation of the opening and closing balances of intangibles for 2021 and 2020:

		Software		**Capital projects in process**		**Total**
Cost						
Balance as at December 31, 2019	$	35,270	$	309	$	35,579
Additions		1,890		8		1,898
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**
Accumulated amortization and impairment						
Balance as at December 31, 2019	$	29,240	$	–	$	29,240
Amortization		3,135		–		3,135
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	**$**	**34,108**	**$**	**–**	**$**	**34,108**
Net book value as at December 31, 2021	**$**	**3,547**	**$**	**1,191**	**$**	**4,738**

Included in intangible asset additions was a total accrual of $0.1 million (2020 - $0.2 million).

(In thousands of Canadian dollars, unless otherwise indicated)

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.

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 subleases office space related to certain leases. (Note 5)

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

		2021		2020
Cost	**$**	**11,224**	$	9,753
Accumulated depreciation		**(6,088)**		(4,105)
Net book value	**$**	**5,136**	$	5,648

Net book value by right-of-use asset class

As at December 31

		2021		2020
Buildings	**$**	**4,630**	$	4,127
Equipment		**506**		1,521
Net book value	**$**	**5,136**	$	5,648

(In thousands of Canadian dollars, unless otherwise indicated)

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, 2020	$	6,219	$	3,727	$	9,946
Renewal		–		29		29
De-recognition		(222)		–		(222)
Balance as at December 31, 2020	$	5,997	$	3,756	$	9,753
Renewal		**1,392**		**79**		**1,471**
Balance as at December 31, 2021	**$**	**7,389**	**$**	**3,835**	**$**	**11,224**
Accumulated depreciation						
Balance as at January 1, 2020	$	967	$	1,123	$	2,090
Depreciation		903		1,112		2,015
Balance as at December 31, 2020	$	1,870	$	2,235	$	4,105
Depreciation		**889**		**1,094**		**1,983**
Balance as at December 31, 2021	**$**	**2,759**	**$**	**3,329**	**$**	**6,088**
Net book value as at December 31, 2021	**$**	**4,630**	**$**	**506**	**$**	**5,136**

Lease liabilities

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

As at December 31, 2021

		Building		Equipment		Total
Opening balance	**$**	**5,003**	**$**	**1,571**	**$**	**6,574**
Interest expense (Note 23)		**174**		**37**		**211**
Lease payments[1]		**(1,316)**		**(1,158)**		**(2,474)**
De-recognition		**–**		**–**		**–**
Renewal		**1,392**		**79**		**1,471**
Closing balance	**$**	**5,253**	**$**	**529**	**$**	**5,782**

As at December 31, 2020

		Building		Equipment		Total
Opening balance	$	6,952	$	2,646	$	9,598
Interest expense (Note 23)		204		72		276
Lease payments[1]		(2,012)		(1,175)		(3,187)
De-recognition		(141)		–		(141)
Renewal		–		28		28
Closing balance	$	5,003	$	1,571	$	6,574

1 Lease payments include a termination payment of $0.5 million related to leased office space

(In thousands of Canadian dollars, unless otherwise indicated)

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

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**

As at December 31, 2020

		Building		Equipment		Total
Current	$	1,159	$	1,109	$	2,268
Non-current		3,844		462		4,306
Lease liabilities	$	5,003	$	1,571	$	6,574

Total cash outflow for leases included in lease liabilities for the year ended December 31, 2021 was $2.5 million (December 31, 2020 - $3.2 million).

The undiscounted maturity analysis of lease liabilities as at December 31, 2021 was as follows:

		2022		2023		2024		2025		2026		2027 and thereafter		Total
Lease payments	**$**	**1,434**	**$**	**1,024**	**$**	**997**	**$**	**1,000**	**$**	**991**	**$**	**830**	**$**	**6,276**
Finance charges		**(155)**		**(119)**		**(90)**		**(61)**		**(30)**		**(39)**		**(494)**
Net present values	**$**	**1,279**	**$**	**905**	**$**	**907**	**$**	**939**	**$**	**961**	**$**	**791**	**$**	**5,782**

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.

At December 31, 2021 and December 31, 2020, 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, 2021 and December 31, 2020.

14. Trade payables, other payables and accrued liabilities

As at December 31

		2021		2020
Trade payables	**$**	**8,925**	$	5,895
Employee compensation payables and accrued liabilities		**30,948**		24,616
Other current financial liabilities[1]		**15,950**		13,801
Other accounts payables and accrued liabilities		**477**		2,009
Total current trade payables, other payables and accrued liabilities	**$**	**56,300**	$	46,321
Other non-current financial liabilities[1]		**95**		140
Total non-current trade payables, other payables and accrued liabilities	**$**	**95**	$	140
Trade payables, other payables and accrued liabilities	**$**	**56,395**	$	46,461

[1] Other financial liabilities include payables that are not trade in nature, as well as various operating and capital accruals.

(In thousands of Canadian dollars, unless otherwise indicated)

15. Provisions

The following table presents the changes in the provisions:

As at December 31

		2021		2020
Opening balance	$	**4,334**	$	3,291
Additional provisions recognized		**1,290**		2,646
Payments		**(503)**		(499)
De-recognition of provisions		**(2,312)**		(870)
Foreign exchange revaluation		**200**		(234)
Closing balance	$	**3,009**	$	4,334

Provisions include the following:

As at December 31

		2021		2020
Sales returns and warranty	$	**2,241**	$	3,548
Other provisions		**768**		786
Total provisions	$	**3,009**	$	4,334

		2021		2020
Current portion	$	**2,043**	$	3,183
Non-current portion		**966**		1,151
Total provisions	$	**3,009**	$	4,334

16. Face Value redemptions liability

As at December 31

		2021		2020
Face Value redemptions liability	$	**176,980**	$	177,685
Precious metal recovery		**(55,074)**		(63,699)
Face Value redemptions liability, net	$	**121,906**	$	113,986
Less: Current portion		**(434)**		(527)
Non-current Face Value redemptions liability, net	$	**121,472**	$	113,459

As at December 31

		2021		2020
Opening balance	$	**113,986**	$	134,115
Redemptions, net		**(476)**		(658)
Revaluation		**8,396**		(19,471)
Closing balance	$	**121,906**	$	113,986

As at December 31, 2021, the Corporation determined that it continues to be unable to reliably estimate the redemptions of Face Value coins.

(In thousands of Canadian dollars, unless otherwise indicated)

The Face Value redemptions liability represents the expected cash outflows if all Face Value coins are redeemed, including the costs of redemptions offset by the precious metal content that will be reclaimed by the Corporation when the coins are redeemed. The precious metal recovery component of the liability is based on the market value of silver as at the end of each reporting period. The impact of the revaluation of the precious metal recovery component of the liability was an increase of $8.4 million for the year ended December 31, 2021 (2020 – decrease of $19.5 million). Based on the Face Value redemptions liability as at December 31, 2021, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the market value of silver in Canadian dollars would increase profit for the year by $5.5 million (2020 - $6.4 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

		2021		2020
Loans	**$**	**33,000**	$	5,999
Accrued interest		**42**		5
Total loans payable	**$**	**33,042**	$	6,004
Current	**$**	**9,042**	$	3,005
Non-current		**24,000**		2,999
Total loans payable	**$**	**33,042**	$	6,004

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% with maturity in 2022. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The structure of the loan involves the use of a revolving 1-month BA and an interest rate swap to lock in the BA refinancing. The loan is being repaid by $3 million per year for 10 years. As at December 31, 2021, the balance of the principal was $3.0 million (2020 - $6.0 million) and the fair value of the Bankers' Acceptance was $3.0 million (2020 – $6.0 million).

During 2021, the Corporation entered a new 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 by $6 million per year for 5 years. As at December 31, 2021, the balance of the principal was $30.0 million (2020 - $nil) and the fair value of the loan was $30.9 million (2020 – $nil).

(In thousands of Canadian dollars, unless otherwise indicated)

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 2021 was dependent on the employees' employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate was 1.01 times (2020 – 1.01) the employees' contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate was 1.00 (2020 – 1.00) times the employees' contribution.

The Corporation made total contributions of $11.1 million in 2021 (2020 – $10.3 million). The estimated contribution for 2022 is $11.1 million.

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

ii) Other post-employment benefits (OPEB)

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

iii) Other long-term employee benefits (OLTEB)

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

Employee benefits obligations were as follows:

As at December 31

	2021	2020
Post-employment benefits	**$ 838**	$ 595
Other long-term employee benefits	**2,464**	3,310
Employee benefit obligation current	**$ 3,302**	$ 3,905
Post-employment benefits	**$ 10,953**	$ 11,349
Other long-term employee benefits	**1,700**	2,074
Employee benefit obligation non-current	**$ 12,653**	$ 13,423
Total employee benefits obligation	**$ 15,955**	$ 17,328

(In thousands of Canadian dollars, unless otherwise indicated)

Movement of employee benefits obligations were as follows:

As at December 31

	Post employment benefits		Other long-term employee benefits		Totals	
	2021	2020	**2021**	2020	**2021**	2020
Opening balance	**$ 11,944**	$ 10,697	**$ 5,384**	$ 3,880	**$ 17,328**	$ 14,577
Current service cost	**607**	731	**4,059**	3,719	**4,666**	4,450
Interest cost	**300**	341	**124**	155	**424**	496
Benefits paid	**(490)**	(628)	**(3,844)**	(3,121)	**(4,334)**	(3,749)
Actuarial losses (gains):						
from other assumptions	**3**	(293)	**(313)**	(29)	**(310)**	(322)
from demographic assumptions	**(36)**	258	**(1,099)**	550	**(1,135)**	808
from financial assumptions	**(537)**	838	**(147)**	230	**(684)**	1,068
Closing balance	**$ 11,791**	$ 11,944	**$ 4,164**	$ 5,384	**$ 15,955**	$ 17,328

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

	2021	2020
Pension benefits contribution	**$ 11,137**	$ 10,338
Other post-employment benefits	**907**	1,072
Other long-term employee benefits	**2,624**	4,625
Total employee benefits expenses	**$ 14,668**	$ 16,035

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

For the year ended December 31

	2021	2020
In Profit for the period		
Pension benefits contribution	**$ 11,137**	$ 10,338
Current service cost	**4,666**	4,450
Interest cost	**424**	496
Actuarial (gain) loss for other long-term employee benefits	**(1,559)**	751
	$ 14,668	$ 16,035
In Other comprehensive income		
Actuarial (gain) loss for post-employment benefits	**(570)**	804
Total amounts recognized in the consolidated statement of comprehensive income	**$ 14,098**	$ 16,839

(In thousands of Canadian dollars, unless otherwise indicated)

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

As at December 31

	2021	2020
Accrued benefit obligation		
Discount rate	**2.72%**	2.22%
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	**1.87%**	1.67%
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	**4.70%**	4.90%
Cost trend rate declines to	**4.00%**	4.00%
Initial health care cost trend rate – OPEB/OLTEB Dental	**3.50%**	4.00%

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

	2021	2020
Medical cost trend rates:		
Current service cost and interest cost	**$ 100**	$ 129
Defined benefit obligation	**$ 800**	$ 848
Discount rates:		
Current service cost and interest cost	**$ (14)**	$ (57)
Defined benefit obligation	**$ (1,498)**	$ (1,649)
Salary rates:		
Current service cost and interest cost	**$ 70**	$ 68
Defined benefit obligation	**$ 628**	$ 707

The weighted average duration of the defined benefit obligation is 11 years (2020 – 11 years).

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

For the year ended December 31, 2021

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

For the year ended December 31, 2020

	Within 1 Year	2 to 5 Years	6 to 11 Years
Expected pension benefit payments	$ 4,386	$ 5,107	$ 4,182

(In thousands of Canadian dollars, unless otherwise indicated)

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

	2021	2020
Included in cost of sales:		
Salaries and wages including short-term employee benefits	**$ 32,833**	$ 30,065
Pension costs	**5,607**	5,251
Other long-term employee and post-employment benefits	**2,145**	3,551
Termination benefits	**5**	–
Included in marketing and sales expenses:		
Salaries and wages including short-term employee benefits	**13,663**	13,587
Pension costs	**1,464**	1,451
Other long-term employee and post-employment benefits	**396**	727
Termination benefits	**–**	206
Included in administration expenses:		
Salaries and wages including short-term employee benefits	**42,350**	37,161
Pension costs	**4,089**	3,721
Other long-term employee and post-employment benefits	**1,436**	2,224
Termination benefits	**63**	273
Total employee compensation and benefits expense	**$ 104,051**	$ 98,217

20. Revenue

20.1 Revenue by performance obligations

For the year ended December 31

	2021	2020
Performance obligations satisfied at a point in time		
Sale of goods	**$ 3,306,050**	$ 2,332,107
Rendering of services	**46,891**	33,945
Total revenue recognized at a point in time	**$ 3,352,941**	$ 2,366,052
Performance obligations satisfied over time		
Sale of goods	**$ 95,068**	$ 61,106
Rendering of services	**102,747**	100,393
Total revenue recognized over time	**$ 197,815**	$ 161,499
Total revenue	**$ 3,550,756**	$ 2,527,551

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:

(In thousands of Canadian dollars, unless otherwise indicated)

For the year ended December 31	2021	2020
Gross revenue from the sale of goods	**$ 5,163,710**	$ 3,628,755
Less: Customer inventory deals	**(1,762,592)**	(1,235,542)
Net revenue from the sale of goods	**$ 3,401,118**	$ 2,393,213

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*	2021	2020
North America	**$ 2,621,087**	$ 1,649,514
Europe, Middle East and Africa	**752,180**	685,174
Asia and Australia	**176,336**	187,372
Latin America and Caribbean	**1,153**	5,491
Total revenue	**$ 3,550,756**	$ 2,527,551

For the year ended December 31 *Program and Businesses*	2021	2020
Canadian Circulation program	**$ 89,732**	$ 87,957
Foreign Circulation	**112,860**	64,147
Total Circulation	**$ 202,592**	$ 152,104
Bullion Products and Services	**3,235,868**	2,283,528
Numismatics	**112,296**	91,919
Total Precious Metals	**$ 3,348,164**	$ 2,375,447
Total revenue	**$ 3,550,756**	$ 2,527,551

For the year ended December 31, 2021 four (2020 – four) customers made up 10% of the Corporation's revenue.

The revenue earned from significant customers is reported in the Precious Metals business for the years ended December 31, 2021 and 2020, and in the primary geographic regions of North America and Europe, Middle East and Africa for the years ended December 31, 2021 and 2020.

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, 2021.

For the year ended December 31	2022	2023	2024	2025	Total
Total revenue	**$ 125,920**	**$ 64,491**	**$ 61,346**	**$ 60,431**	**$ 312,188**

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.

(In thousands of Canadian dollars, unless otherwise indicated)

21. Depreciation and amortization expenses

For the year ended December 31		2021		2020
Depreciation of property, plant and equipment	**$**	**16,206**	$	15,359
Amortization of intangible assets		**2,184**		3,135
Depreciation of right-of-use assets		**1,983**		2,015
Total depreciation and amortization expenses	**$**	**20,373**	$	20,509

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

For the year ended December 31		2021		2020
Cost of sales	**$**	**13,491**	$	12,637
Marketing and sales expenses		**2,456**		2,835
Administration expenses		**4,426**		5,037
Total depreciation and amortization expenses	**$**	**20,373**	$	20,509

22. Net foreign exchange gain

For the year ended December 31		2021		2020
Foreign exchange gain, forward contracts	**$**	**3,502**	$	4,289
Foreign exchange loss, balance sheet revaluation		**(808)**		(663)
Foreign exchange (loss) gain, other		**(58)**		483
Total net foreign exchange gain	**$**	**2,636**	$	4,109

23. Finance income, net

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

For the year ended December 31		2021		2020
Interest expense on loans payable (Note 9.2.4)	**$**	**(160)**	$	(184)
Interest expense for leasing arrangements (Note 13)		**(211)**		(276)
Other interest expense		**(1)**		(2)
Total interest expense	**$**	**(372)**	$	(462)
Interest income on cash and cash equivalents (Note 9.2.4)	**$**	**895**	$	1,378
Interest income from sub-leasing arrangements (Note 5)		**14**		22
Other interest income		**2**		32
Total interest income	**$**	**911**	$	1,432
Total finance income, net	**$**	**539**	$	970

(In thousands of Canadian dollars, unless otherwise indicated)

24. Income taxes

The major components of income tax expense were as follows:

For the year ended December 31

		2021		2020
Current income tax expense	$	**19,578**	$	6,340
Foreign tax expense		**1,512**		405
Adjustments for prior years		**(22)**		24
Total current income tax expense	$	**21,068**	$	6,769
Origination and reversal of temporary differences	$	**(3,030)**	$	6,465
Adjustments for prior years		**21**		(643)
Total deferred income tax (recovery) expense	$	**(3,009)**	$	5,822
Total income tax expense recognized in profit	$	**18,059**	$	12,591

The Corporation's effective income tax expense for the year ended December 31, 2021 is different from its expense at its federal statutory income tax rate of 25% (2020 – 25%) due to the differences noted below:

For the year ended December 31

		2021		2020
Profit before income tax for the year	$	**71,788**	$	50,313
Income tax rate		**25%**		25%
Computed income tax expense		**17,947**		12,578
Non-deductible expense		**113**		672
Adjustments for prior years		**(1)**		(619)
Other net amounts		**–**		(40)
Income tax expense recognized in profit	$	**18,059**	$	12,591

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

For the year ended December 31

	2021						2020					
		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	$	**94**	$	**(23)**	$	**71**	$	(153)	$	38	$	(115)
Net actuarial gain (loss) on defined benefit plan		**570**		**(142)**		**428**		(804)		161		(643)
Total other comprehensive income	$	**664**	$	**(165)**	$	**499**	$	(957)	$	199	$	(758)

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities in 2021 and 2020 are presented below:

(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**

As at December 31, 2020

		Opening balance		Recognized in profit		Recognized in other comprehensive income		Closing balance
Deferred income tax assets:								
Employee benefit obligation	$	3,644	$	527	$	161	$	4,332
Trade payables, other payables and accrued liabilities		3,305		(909)		–		2,396
Face value redemption liability		33,872		(5,088)		–		28,784
Right-of-use assets		243		(141)		–		102
Total deferred income tax assets	$	41,064	$	(5,611)	$	161	$	35,614
Deferred income tax liabilities:								
Property, plant and equipment		(7,129)		1,327		–		(5,802)
Derivative financial assets		(180)		(1,961)		38		(2,103)
Intangible assets		(1,585)		370		–		(1,215)
Investments tax credits		(139)		53		–		(86)
Total deferred income tax liabilities	$	(9,033)	$	(211)	$	38	$	(9,206)
Net deferred income tax asset	$	32,031	$	(5,822)	$	199	$	26,408

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 $8.1 million in 2021 (December 31, 2020 – $5.3 million) related to capital losses because it was not probable that there will be sufficient future taxable capital gains available to utilize the benefits.

(In thousands of Canadian dollars, unless otherwise indicated)

25. Scientific research and experimental development expenses, net

For the year ended December 31

		2021		2020
Scientific research and experimental development expenses	**$**	**4,756**	$	5,213
Scientific research and experimental development investment tax credit		**(462)**		(345)
Scientific research and experimental development expenses, net	**$**	**4,294**	$	4,868

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

For the year ended December 31

		2021		2020
Cost of sales	**$**	**2,023**	$	–
Administration expenses		**2,271**		4,868
Total scientific research and experimental development expenses, net	**$**	**4,294**	$	4,868

26. Supplemental cash flow information

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

For the year ended December 31

		2021		2020
Expenses				
Employee benefits expenses	**$**	**14,668**	$	16,035
Employee benefits paid		**(15,471)**		(14,074)
Inventory write-downs		**(1,195)**		(1,415)
Provisions		**(1,325)**		1,044
Prepaid expenses		**–**		1,845
Loss on disposal of assets		**545**		–
Other non-cash expenses, net		**(493)**		(272)
Revenue				
Foreign circulation revenue		**(26,605)**		(11,446)
Bullion service revenue		**(9,628)**		(11,653)
Adjustments to other (revenues) expenses, net	**$**	**(39,504)**	$	(19,936)

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

		2021		2020
Trade receivables, net and other receivables	**$**	**86,882**	$	59,209
Inventories		**(85,344)**		(52,001)
Prepaid expenses		**(1,234)**		(44)
Trade payables, other payables and accrued liabilities		**4,393**		(610)
Contract liabilities		**528**		9,326
Provisions		**(503)**		499
Net change in operating assets and liabilities	**$**	**4,722**	$	16,379

(In thousands of Canadian dollars, unless otherwise indicated)

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

For the year ended December 31

		2021		2020
Income tax paid	**$**	**(4,174)**	$	(2,706)
Income tax received		**340**		–
Income tax paid, net of income tax received	**$**	**(3,834)**	$	(2,706)

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

For the year ended December 31

		2021		2020
Interest received	**$**	**1,560**	$	1,486
Interest paid		**(132)**		(171)
Interest received, net of interest paid	**$**	**1,428**	$	1,315

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 signed on June 13, 2018 which is effective from January 1, 2018 to December 31, 2021. On November 1, 2021, a new memorandum of understanding was signed and will be effective from January 1, 2022 to December 31, 2025.

The transactions with Department of Finance were as follows:

For the year ended December 31

		2021		2020
Revenue	**$**	**86,658**	$	83,173

As at December 31

		2021		2020
Trade receivable (Note 5)	**$**	**403**	$	237
Contract liabilities (Note 8)	**$**	**456**	$	174

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

(In thousands of Canadian dollars, unless otherwise indicated)

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

		2021		2020
Wages, bonus and short-term benefits	**$**	**2,737**	$	2,543
Post-employment and termination benefits		**838**		902
Other long-term benefits		**95**		94
Total compensation	**$**	**3,670**	$	3,539

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 products. As at December 31, 2021, the Corporation had $24.7 million in outstanding firm fixed-price precious metal purchase commitments and firm commitments for precious metal product supply arrangements. (December 31, 2020 – $21.0 million)

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

As at December 31

Ounces	**2021**	2020
Gold	**591,186**	397,030
Silver	**10,470,977**	7,202,296
Platinum	**22,076**	9,211

The fees for these leases are based on market value. The precious metal lease payments expensed for 2021 were $12.0 million (2020 - $7.9 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 generally have a term of up to two years depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than six months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments 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, 2021, under the guarantees and bid bonds, the maximum potential amount of future payments is $19.8 million (2020 - $16.3 million).

(In thousands of Canadian dollars, unless otherwise indicated)

28.3 Other commitments and contingencies

Total estimated minimum remaining future commitments as at December 31, 2021 were as follows:

As at December 31

	2022	2023	2024	2025	2026	2027 and thereafter	Total
Other commitments	$42,005	$ 3,549	$ 1,704	$ 1,194	$ 816	$ 226	$ 49,494
Base metal commitments	9,036	–	–	–	–	–	9,036
Capital commitments	4,836	44	–	–	–	–	4,880
Total	$55,877	$ 3,593	$ 1,704	$ 1,194	$ 816	$ 226	$ 63,410

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 $4.9 million as at December 31, 2021 (2020 - $4.3 million) over the next three years 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 $0.6 million provision for potential legal obligations is included in other provisions (Note 15) as at December 31, 2021 (2020 - $0.8 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, 2020.

Statistics

Table 1 — Canadian circulation coinage

Production up to December 31, 2021

	2021	2020	2019
$2	**35,445,000**	17,325,000	25,995,000
$1	**27,875,000**	15,636,000	26,670,000
25¢	**110,560,000**	96,000,000	80,160,000
10¢	**185,775,000**	68,750,000	159,775,000
5¢	**68,376,000**	31,752,000	92,736,000

Table 2 — Canadian circulation coinage

Commemorative/regular design production in 2019 – 2021

	2021	2020	2019
$2	**32,445,000**	11,235,000	22,995,000
$2 – 75th Anniversary of D-Day	**–**	–	3,000,000
$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**	–	–
$1	**24,875,000**	12,636,000	23,670,000
$1 – 50th Anniversary of the Decriminalization of Homosexuality	**–**	–	3,000,000
$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**	–	–
25¢	**110,560,000**	96,000,000	80,160,000
10¢	**170,775,000**	68,750,000	159,775,000
10¢ – 100th Anniversary of *Bluenose*	**15,000,000**	–	–
5¢	**68,376,000**	31,752,000	92,736,000

Executive Officers

Marie Lemay, ICD.D
President and
Chief Executive Officer

Jennifer Camelon, CPA, CA, ICD.D
Senior 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

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