SECOND QUARTER FINANCIAL REPORT

FISCAL 2016

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

The Royal Canadian Mint (the "Mint") has prepared this report as required by section 131.1 of the *Financial Administration Act*[1] using the standard issued by the Treasury Board of Canada Secretariat. This narrative should be read in conjunction with the unaudited condensed consolidated financial statements.

The Mint has prepared these unaudited condensed consolidated financial statements for the 13 and 26 weeks ended July 2, 2016, and June 27, 2015, in compliance with International Financial Reporting Standards (IFRS).

This report contains forward-looking statements about the Mint's strategy and expected financial and operational results. Forward-looking statements are based on the assumptions that there are no changes to the Mint's current mandate. Key risks and uncertainties are described in Outlook and Risk Update section of this report. However, some risks and uncertainties are by definition difficult to predict and beyond our control. They include, but are not limited to, economic, competition, financial, foreign exchange, precious metal and base metal, technology and regulatory conditions. These factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

HIGHLIGHTS

- Consolidated profit after taxes declined to $9.0 million from $12.6 million compared to the same quarter of 2015 mainly due to soft Numismatics performance;
- Bullion revenues remained strong in the second quarter;
- Numismatics sales continued to be soft during the quarter mainly due to lower sales of the face value products;
- The Mint is on track to achieve the financial goals established in the 2016-2020 Corporate Plan.

PERFORMANCE

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

[1] Financial Administration Act, R.S.C., 1985, c. F-11

Consolidated results and financial performance

(in CAD$ millions for the periods ended July 2, 2016 and June 27, 2015)

	13 weeks ended				26 weeks ended			
	2-Jul-16	27-Jun-15	$ Change	% Change	2-Jul-16	27-Jun-15	$ Change	% Change
Revenue	$762.0	$572.4	$189.5	33	$1,542.9	$1,212.6	$330.3	27
Profit before taxes	12.1	17.0	(4.9)	(29)	25.3	32.7	(7.4)	(23)
Profit after taxes	9.0	12.6	(3.6)	(29)	19.0	24.3	(5.3)	(22)

	As at			
	2-Jul-16	31-Dec-15	$ Change	% Change
Cash	$85.9	$140.8	$(54.9)	(39)
Inventories	96.2	78.6	17.6	22
Capital assets	183.0	188.0	(5.0)	(3)
Total assets	395.6	438.8	(43.2)	(10)
Working capital	123.1	129.9	(6.8)	(5)

Note: The Mint's fiscal year ends on December 31.

CONSOLIDATED OVERVIEW

2016 versus 2015 actual results

Consolidated revenue for the 13 weeks ended July 2, 2016 increased 33% to $762.0 million from $572.4 million in the same period in 2015. Continued strength in Bullion revenue was partially offset by the decline in Numismatics revenue mainly due to lower revenues from face value products combined with temporary market softness. Operating expenses for the quarter increased 5% to $37.3 million from $35.6 million compared to the same quarter of the prior year. The variance is mainly due to a $1.6 million distribution charge refund in the second quarter of 2015.

Consolidated profit before taxes declined 29% to $12.1 million from $17.0 million in the same period in 2015 mainly due to the decline of Numismatics profits resulting from the lower sales of face value products and higher provision for slow moving inventories.

Lower liquidity in the second quarter of 2016 compared to December 31, 2015 was mainly due to the decrease in cash related to a dividend payment of $31.0 million to the Government of Canada.

Consolidated revenue for the 26 weeks to July 2, 2016 was $1,542.9 million, a 27% increase from $1,212.6 million in the same period in 2015. Consolidated profits before taxes for the year to date declined 23% to $25.3 million from $32.7 million compared to the same period in 2015.

Profits after taxes declined 22% to $19.0 million from $24.3 million. The increase in revenue was mainly driven by the bullion demand. The decrease in profit was mainly due to the decline of Numismatics revenues resulting from the lower sales of face value products and higher provision for slow moving inventories.

2016 Actual results versus 2016 budget

The Mint experienced significantly higher than planned consolidated revenues, for the 13 weeks and 26 weeks ended July 2, 2016, due to the significant strength in Bullion revenue. The Mint is tracking to budgeted consolidated profit.

CORPORATE DEVELOPMENTS

On May 20, 2016 the Mint received an Order in Council approval of the 2016-2020 Corporate Plan.

Revenue by Program and Business

(in CAD $ millions for the periods ended July 2, 2016 and June 27, 2015)

	13 weeks ended				26 weeks ended			
	2-Jul-16	27-Jun-15	$ Change	% Change	2-Jul-16	27-Jun-15	$ Change	% Change
Canadian Circulation Program	$25.6	$26.9	$(1.3)	(5)	$46.1	$48.0	$(1.9)	(4)
Circulation Products and Solutions	15.3	13.4	1.9	14	21.6	27.8	(6.2)	(22)
Bullion Products and Services	678.8	485.7	193.1	40	1,391.3	1,045.3	346.0	33
Numismatics	42.3	46.4	(4.1)	(9)	83.8	91.4	(7.6)	(8)

Operating Highlights and Analysis of Results

Canadian Circulation Program

The Mint's core mandate is the management of the Canadian circulation coinage system. It accomplishes this by continuously monitoring and forecasting supply and demand; collaborating with Canadian financial institutions, armoured car companies and other key stakeholders to manage the distribution of coins across the country; processing and recycling existing coins; and producing new coins when required. It is also responsible for safeguarding the integrity of Canada's coinage through ongoing research, development and implementation of increasingly sophisticated security features.

Explanation of results

During the 13 weeks ended July 2, 2016, net demand for Canadian circulation coins was slightly lower at 1,088.6 million coins compared to 1,135.2 million in the same period in 2015. The variance was due to higher demand in 2015 created by the Toronto Pan Am and Para Pan Am Games. Demand during the quarter was met through three main sources of supply:

- Inventories held by major financial institutions across Canada: During the quarter, these inventories declined to 759.8 million coins compared to 803.7 million during the same quarter in 2015. Fewer recycled coins are available, thus more surplus inventory has been consumed to meet demand.

- Recycled coins: The volume of coins recycled declined to 121.7 million pieces during the second quarter of 2016 compared to 139.0 million in the same quarter in 2015. One of the major financial institutions participating in the recycling program discontinued their recycling program in mid-May.

- New coins sold to major financial institutions: During the quarter, 122 million coins were sold to financial institutions compared to 91.2 million in the second quarter of 2015.

The efficient management of the coinage system which prevents the occurrence of any coin shortages is achieved within inventory limits, outlined in the 2016-2020 Corporate Plan. To replenish inventories held on behalf of the Department of Finance, the Mint produced 140.1 million coins in the quarter, compared to 126.9 million in the second quarter of 2015. During the 13 weeks ended April 2, 2016, the Mint released five million commemorative coins, including a one-dollar coin commemorating the 100th anniversary of women's right to vote in Canada. On July 1, 2016 the Mint issued a new Lucky Loonie one-dollar circulation coin for the Rio 2016 Summer Games. Several more commemorative circulation coin launches are planned for the remainder of the year.

During the 26 weeks ended July 2, 2016, net demand for Canadian circulation coins was relatively stable at 1,954.7 million coins compared to 2,007.8 million in the same period in 2015.

Circulation Products and Solutions

Circulation Products and Solutions (CP&S) produces and supplies finished coins, coin blanks and tokens to customers around the world, including central banks, mints, monetary authorities and finance ministries. These contracts leverage the infrastructure and expertise in our Winnipeg manufacturing facility. Domestically, CP&S is responsible for the ARP under which older-composition Canadian coins are removed from circulation and replaced by multi-ply plated steel (MPPS) coins, which are more durable and secure.

Explanation of results

Revenue in the CP&S business increased 14% to $15.3 million during the 13 weeks ended July 2, 2016 compared to $13.4 million in the same quarter in 2015. Revenue from foreign circulation sales increased 66% to $12.6 million from $7.6 million in the second quarter of 2015. Revenue from ARP declined 53% to $2.7 million from $5.7 million in the same period in 2015.

Foreign circulation revenue reflects the shipment of 338.7 million coins and blanks to five countries during the quarter compared to 226.2 million coins and blanks to seven countries during the same period in 2015. During the second quarter of 2016, the Mint secured five contracts to produce 191 million circulation coins and blanks for customers in the Caribbean, Africa and Asia.

ARP revenue reflects a 40% decline in recycling volumes and the impact of significantly lower nickel and copper prices compared to the same period last year.

In the 26 weeks ended July 2, 2016, the Mint produced and shipped 408.1 million coins and blanks to eight countries compared to 563.5 million coins and blanks to 12 countries in the same period in 2015. Revenue declined 9% to $16.4 million in the year to date compared to $18.0 million in the same period last year. The decline in revenue for the year to date is mainly due to the timing of shipments to a major Asia Pacific customer; the Mint expects to deliver these coins before the end of the fiscal year. During the 26-week period, the Mint secured five contracts to produce circulation coins and blanks for five countries compared to nine contracts with seven countries in the same period in 2015. Revenue from ARP during the first half of the year declined 45% to $5.3 million from $9.7 million in the same period in 2015.

Bullion Products and Services

The Bullion Products and Services business provides customers with market-leading precious metal investment coin and bar products supported by integrated precious metal refining and storage solutions. The Canadian Gold and Silver Reserves ETR products listed on the Toronto Stock Exchange allow retail and institutional investors to access precious metals stored at the Mint and reduce precious metal leasing costs.

Explanation of results

Bullion revenues for the 13 weeks ended July 2, 2016 increased 40% to $678.8 million from $485.7 million in the same period in 2015. Sales of gold coins, mostly Gold Maple Leaf (GML) coins, increased 53% to 251.4 thousand ounces from 163.8 thousand ounces in the same quarter in 2015. Sales of silver coins, mostly Silver Maple Leaf (SML) coins, increased 24% to 8.4 million ounces from 6.8 million ounces from the same quarter in 2015.

Sales were supported by the release in June of a world-first 1 oz. 99.99% pure silver bullion coin celebrating SUPERMAN™. A micro-engraved security mark consisting of a maple leaf containing the numeral “16” also makes this unique bullion coin a highly secure collectible.

During the 26 weeks ended July 2, 2016, Bullion Products and Services revenue rose 33% to $1,391.3 million from $1,045.3 million in the same period in 2015. Sales of gold coins increased 40% to 481.2 thousand ounces from 342.9 thousand ounces in 2015 while sales of silver coins increased 26% to 19.7 million ounces from 15.7 million ounces in the previous year.

Numismatics

The Numismatics business creates and sells collectible coins and medals to customers in Canada and around the world. Due to world-class designs, the Mint’s global leadership in the art and science of minting is consistently recognized with prestigious international awards. Mint.ca continues to rank among the top destinations for online numismatic coin purchases.

Explanation of results

Numismatics revenue declined 9% to $42.3 million during the 13 weeks ended July 2, 2016 compared to $46.4 million in the second quarter of 2015. During the quarter, the Mint issued 56 new products and achieved 26 sell-outs compared to 66 new products issued and 19 sell-outs in the same period of 2015, supporting the Mint’s focus on increasing performance of its product portfolio.

Demand for the Mint’s gold and silver numismatic coins had a significant impact on the Mint’s consolidated performance. During the second quarter of 2016, sales of numismatic gold products declined 28% to $6.4 million compared to $8.9 million in the same period in 2015. Sales of numismatic silver products declined 8% to $32.5 million compared to $35.4 million in 2015.

Numismatics revenue in the second quarter was significantly impacted by the lower sales of face value products partly impacted by management actions to mitigate risks associated with returned products. Management continues to monitor the performance of the face value program. For additional information on face value product returns, see Note 10 to the unaudited condensed consolidated financial statements.

Best-in-class craftsmanship, innovation and quality of the Mint’s products are the foundation of the success of the Numismatics business. Among the innovations in the Mint’s 2016 second quarter releases was a $20 fine silver coin featuring a three-dimensional impression of a water drop; another $20 fine silver coin combined diffused technology and vivid color to create the image of a rainbow emerging from a stormy landscape. The Mint also released three coins with innovative glass features, including a glow-in-the-dark coin with a bead of borosilicate glass and a silver swirl mimicking the pattern of a radio signal.

For the 26 weeks ended July 2, 2016, revenue for the business was $83.8 million compared to $91.4 million in the same period in 2015. The number of numismatic coins issued year to date was 113 in 2016 compared to 129 in 2015. The Mint achieved 40 sell-outs to date compared to 32 in the same period in 2015. Sales of numismatic gold products increased 20% to $20.6 million compared to $17.2 million in the same period in 2015. Sales of numismatic silver products declined 7% to $63.5 million compared to $68.3 million in 2015.

LIQUIDITY AND CAPITAL RESOURCES

The Mint's cash balance declined to $85.9 million at July 2, 2016 from $140.8 million at December 31, 2015. The decline was mainly due to a dividend payment of $31.0 million to the Government of Canada and the purchase of precious metals to meet the anticipated growth in demand in the coming quarters. Inventories increased to $96.2 million from $78.6 million at December 31, 2015. The increase is due to the purchase of precious metals and an increase in foreign circulation inventory for pending shipments. Working capital declined to $123.1 million from $129.9 million at December 31, 2015 mainly due to the decline in cash.

Consolidated total assets declined by 10% to $395.6 million at July 2, 2016 compared to $438.8 million at December 31, 2015.

Capital expenditures during the quarter declined to $2.5 million from $3.7 million during the same period in 2015. The variance is mainly due to the capitalization of licensing and sponsorship rights related to Toronto Pan Am and Para Pan Am Games in the second quarter of 2015.

RISKS TO PERFORMANCE

The Mint's performance is influenced by many factors, including competitive pressures, economic conditions and volatility in financial and commodity markets. A significant portion of the Mint's revenues and costs is denominated in foreign currencies, mainly US dollars, which exposes the Mint to foreign exchange risk. The Mint mitigates this risk through a variety of risk management strategies, including natural currency and financial instrument hedges of a portion of its US dollar denominated net cash flows.

The Mint continues to monitor the risk associated with numismatic face value product returns. There has not been any material change to other risks to performance discussed in the Management's Discussion and Analysis in the 2015 Annual Report.

OUTLOOK

The operating and financial results achieved during the 26 weeks ended July 2, 2016 indicate that the Mint is on track to achieve the financial goals established in the 2016-2020 Corporate Plan.

In the CP&S business, foreign circulation anticipates stronger demand for circulation coins over the next 12 months, with demand for coin blanks accelerating in the second half of 2017. The decline of the recycling volumes is being closely monitored to assess the impact on the supply of both Canadian circulation coins and ARP.

The result of the Brexit vote is expected to continue to cause uncertainty and increase volatility in the financial and precious metals markets. Both gold and silver metal prices jumped significantly after the vote, but have not yet translated into a material increase in bullion demand.

The Mint is reviewing the numismatic face value program and developing a plan to ensure the future growth of the Numismatics business.

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these condensed consolidated quarterly financial statements in accordance with *IAS 34 Interim Financial Reporting* and requirements in the Treasury Board of Canada *Standard on Quarterly Financial Reports for Crown Corporations* and for such internal controls as management determines is necessary to enable the preparation of condensed consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the condensed consolidated quarterly financial statements.

To the best of our knowledge, these unaudited condensed consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the condensed consolidated quarterly financial statements.

Sandra L. Hanington

President and Chief Executive Officer

Jennifer Camelon, CPA, CA

Chief Financial Officer and

Vice-President, Finance and Administration

Ottawa, Canada

August 17, 2016

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited

(CAD$ thousands)

	Notes	As at July 2, 2016	December 31, 2015
Assets			
Current Assets			
Cash	5	**$ 85,947**	$ 140,776
Accounts receivable	6	**17,969**	22,946
Prepaid expenses		**3,643**	4,821
Income taxes receivable		**6,191**	2,891
Inventories	7	**96,177**	78,570
Derivative financial assets	8	**2,468**	756
Total current assets		**212,395**	250,760
Non-current assets			
Derivative financial assets	8	**232**	-
Property, plant and equipment	9	**169,053**	172,597
Investment property		**236**	236
Intangible assets	9	**13,699**	15,211
Total non-current assets		**183,220**	188,044
Total assets		**$ 395,615**	$ 438,804
Curent Liabilities			
Accounts payable and accrued liabilities	10	**$ 58,433**	$ 85,771
Loans payable		**7,522**	7,526
Deferred revenue		**15,804**	8,656
Income taxes payable		**-**	4,828
Employee benefits	11	**2,881**	2,697
Derivative financial liabilities	8	**4,617**	11,414
Total current liabilities		**89,257**	120,892
Non-current liabilities			
Derivative financial liabilities	8	**612**	4,096
Loans payable		**26,985**	26,987
Deferred tax liabilities		**1,388**	564
Employee benefits		**10,439**	10,439
Total non-current liabilities		**39,424**	42,086
Total liabilities		**128,681**	162,978
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**230,604**	242,655
Accumulated other comprehensive (loss)		**(3,670)**	(6,829)
Total shareholder's equity		**266,934**	275,826
Total liabilities and shareholder's equity		**$ 395,615**	$ 438,804

Commitments, contingencies and guarantees (Note 17)

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited

(CAD$ thousands)

	Notes	13 weeks ended July 2, 2016	13 weeks ended June 27, 2015	26 weeks ended July 2, 2016	26 weeks ended June 27, 2015
Revenue	12	**$ 761,978**	$ 572,432	**$ 1,542,900**	$ 1,212,561
Cost of sales	13, 14	**714,384**	520,288	**1,452,852**	1,110,932
Gross profit		**47,594**	52,144	**90,048**	101,629
Operating expenses					
Marketing and sales expenses	13, 14	**22,409**	21,736	**39,797**	40,548
Administration expenses	13, 14	**14,927**	13,865	**29,621**	28,715
Operating expenses		**37,336**	35,601	**69,418**	69,263
Net foreign exchange gains		**1,665**	594	**4,508**	624
Operating profit		**11,923**	17,137	**25,138**	32,990
Finance income (costs), net					
Finance (costs)		**(75)**	(127)	**(93)**	(272)
Other Income		**220**	-	**220**	-
Profit before income tax		**12,068**	17,010	**25,265**	32,718
Income tax expense		**3,031**	4,421	**6,316**	8,463
Profit for the period		**9,037**	12,589	**18,949**	24,255
Other comprehensive income (loss)					
Items that will be reclassified subsequently to profit or loss:					
Net unrealized gains (losses) on cash flow hedges		**313**	1,227	**3,276**	(1,412)
Reclassification of net realized losses on cash flow hedges transferred from other comprehensive income		**(338)**	(655)	**(117)**	885
Other comprehensive income (loss), net of tax		**(25)**	572	**3,159**	(527)
Total comprehensive income		**$ 9,012**	$ 13,161	**$ 22,108**	$ 23,728

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

13 weeks ended July 2, 2016 (CAD$ thousands)

	Share Capital	**Retained earnings**	**Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)**	**Total**
Balance as at April 2, 2016	$ 40,000	$ 221,567	$ (3,645)	$ 257,922
Profit (loss) for the period	**-**	**9,037**	**-**	**9,037**
Other comprehensive income (loss), net of tax	**-**	**-**	**(25)**	**(25)**
Balance as at July 2, 2016	**$ 40,000**	**$ 230,604**	**$ (3,670)**	**$ 266,934**

13 weeks ended June 27, 2015 (CAD$ thousands)

	Share Capital	Retained earnings	Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)	Total
Balance as at March 28, 2015	$ 40,000	$ 307,087	$ (2,703)	$ 344,384
Profit (loss) for the period	-	12,589	-	12,589
Other comprehensive income (loss), net of tax	-	-	572	572
Dividends paid	-	(10,000)	-	(10,000)
Balance as at June 27, 2015	$ 40,000	$ 309,676	$ (2,131)	347,545

26 weeks ended July 2, 2016 (CAD$ thousands)

	Share Capital	**Retained earnings**	**Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)**	**Total**
Balance as at December 31, 2015	$ 40,000	$ 242,655	$ (6,829)	$ 275,826
Profit (loss) for the period	**-**	**18,949**	**-**	**18,949**
Other comprehensive income (loss), net of tax	**-**	**-**	**3,159**	**3,159**
Dividends paid	**-**	**(31,000)**	**-**	**(31,000)**
Balance as at July 2, 2016	**$ 40,000**	**$ 230,604**	**$ (3,670)**	**$ 266,934**

26 weeks ended June 27, 2015 (CAD$ thousands)

	Share Capital	Retained earnings	Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)	Total
Balance as at December 31, 2014	$ 40,000	$ 295,421	$ (1,604)	$ 333,817
Profit (loss) for the period	-	24,255	-	24,255
Other comprehensive income (loss), net of tax	-	-	(527)	(527)
Dividends paid	-	(10,000)	-	(10,000)
Balance as at June 27, 2015	$ 40,000	$ 309,676	$ (2,131)	347,545

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

(CAD$ thousands)	13 weeks ended		26 weeks ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Cash flows from operating activities				
Receipts from customers	**$ 669,738**	$ 448,430	**$ 1,252,701**	$ 943,106
Cash receipts on disposal of MintChip	**220**	-	**220**	-
Payments to suppliers and employees	**(689,512)**	(458,376)	**(1,294,388)**	(943,148)
Interest paid	**(429)**	(378)	**(579)**	(531)
Cash receipts on derivative contracts	**205,954**	129,310	**486,351**	241,199
Cash payments on derivative contracts	**(181,466)**	(100,506)	**(448,120)**	(195,925)
Income taxes paid	**(8,583)**	(3,352)	**(14,178)**	(6,547)
Net cash (used) generated by operating activities	**(4,078)**	15,128	**(17,993)**	38,154
Cash flows from investing activities				
Interest received	**84**	163	**555**	574
Cash receipts on derivative contracts to acquire property, plant and equipment and intangible assets	**1,877**	-	**2,906**	-
Cash payments on derivative contracts to acquire property, plant and equipment and intangible assets	**(2,030)**	-	**(3,218)**	-
Payments to acquire property, plant and equipment and intangible assets	**(2,369)**	(3,797)	**(5,607)**	(11,546)
Net cash used in investing activities	**(2,438)**	(3,634)	**(5,364)**	(10,972)
Cash flows from financing activities				
Dividend paid	**-**	(10,000)	**(31,000)**	(10,000)
Repayment of loans and other payables	**(3)**	-	**(2)**	4
Net cash used in financing activities	**(3)**	(10,000)	**(31,002)**	(9,996)
Net (decrease) increase in cash	**(6,519)**	1,494	**(54,359)**	17,186
Cash at the beginning of the period	**92,529**	120,466	**140,776**	104,153
Effects of exchange rate changes on cash held in foreign currencies	**(63)**	(180)	**(470)**	441
Cash at the end of the period	**$ 85,947**	$ 121,780	**$ 85,947**	$ 121,780

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

1. NATURE AND DESCRIPTION OF THE CORPORATION

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

In December, 2014, the Royal *Canadian Mint Act* was amended to specify that although the object of the Mint is to operate in the expectation of profit, it shall no longer anticipate profit with respect to the provision of any goods or services to Her Majesty in right of Canada, including the minting of circulation coins.

In July 2015, the Corporation was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation has fulfilled this directive and implemented a new integrated Corporate Travel, Hospitality, Conference and Event policy effective February 29, 2016.

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

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

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

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting ("IAS 34")* of the *International Financial Reporting Standards ("IFRS")* and the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada. As permitted under this standard, these interim condensed consolidated financial statements do not include all of the disclosure requirements for annual consolidated financial statements, and should be read in conjunction with the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2015.

These interim condensed consolidated financial statements have not been audited or reviewed by an external auditor.

These interim condensed consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on August 17, 2016.

2.2 Basis of presentation

The interim condensed consolidated financial statements were prepared in accordance with IFRS.

Although the Corporation's year end of December 31 matches the calendar year end, the Corporation's quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Corporation's quarters contains 13 weeks.

2.3 Consolidation

The interim condensed consolidated financial statements incorporate the interim financial statements of the Corporation and its wholly-owned subsidiary. The subsidiary's accounting policies are in line with those used by the Corporation. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

2.4 Functional and presentation currency

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

2.5 Significant accounting policies

Significant accounting policies applied in these interim condensed consolidated financial statements are disclosed in note 2 of the Corporation's annual consolidated financial statements for the year ended December 31, 2015. The accounting policies have been applied consistently in the current and comparative periods.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

The preparation of these interim condensed consolidated financial statements requires management to make critical judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period.

In making critical judgements, estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. The judgements, 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.

As noted in the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2015, revenue is presented net of customer returns, rebates and other similar allowances. As a result, management is required to make judgments with respect to the expected return rate and the net realizable value of those returned items. Details of the provision for estimated sales returns and allowances are included in note 10.

4. APPLICATION OF NEW AND REVISED IFRS

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

There were no new or revised IFRS issued by the International Accounting Standards Board (IASB) that became effective during the 26 weeks ended July 2, 2016 that affected amounts reported or disclosed in the interim condensed consolidated financial statements.

4.2 New and revised IFRS pronouncements issued but not yet effective

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

IAS 12 Income Taxes

An amendment was released in January 2016 to IAS12 regarding the recognition of deferred tax assets for unrealised losses. The amendment is effective for annual periods beginning on or after January 1, 2017.

IAS 7 Statement of Cash Flows

An amendment was released in January 2016 to IAS 7 Statement of Cash Flows which clarified that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is effective for annual periods beginning on or after January 1, 2017.

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

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

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

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")
IFRS 15 was issued in May 2014 and specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. In July 2015, the IASB deferred the effective date of IFRS 15 to January 1, 2018. Early adoption is permitted.

IFRS 16 Leases
IFRS 16 Leases was issued on January 13, 2016 to replace IAS 17 Leases. The new standard requires that leases be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee-the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) will have an optional exemption from the requirements. The new standard is effective January 1, 2019. Early adoption is permitted (as long as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also adopted).

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

5. CASH

	As at	
	July 2, 2016	December 31, 2015
Canadian dollars	**$ 79,221**	$ 128,676
US dollars	**6,258**	11,146
Euros	**468**	954
Total cash	**$ 85,947**	$ 140,776

6. ACCOUNTS RECEIVABLE

	As at	
	July 2, 2016	December 31, 2015
Trade receivables and accruals	**$ 16,328**	$ 20,632
Allowance for doubtful accounts	**(81)**	(81)
Net trade receivables	**16,247**	20,551
Other receivables	**1,722**	2,395
Total accounts receivable	**$ 17,969**	$ 22,946

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

7. INVENTORIES

	As at	
	July 2, 2016	December 31, 2015
Raw materials and supplies	**$ 23,216**	$ 10,976
Work in process	**23,812**	20,287
Finished goods	**49,149**	47,307
Total inventories	**$ 96,177**	$ 78,570

The amount of inventories recognized as cost of sales for the 26 weeks ended July 2, 2016 was approximately $1.5 billion (26 weeks ended June 27, 2015 - $1.1 billion).

The cost of inventories recognized as cost of sales for the 26 weeks ended July 2, 2016 included $2.9 million of write-downs of inventory to net realisable value (26 weeks ended June 27, 2015 - $1.2 million).

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

8.1 Classification and fair value measurements of financial instruments

8.1.1 Classification and fair value techniques of financial instruments

The Corporation holds financial instruments in the form of cash, accounts receivable, derivative assets, accounts payable and accrued liabilities, loans payable and derivative liabilities.

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

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

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

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

The table below details the types of derivative financial instruments carried at fair value:

	As at	
	July 2, 2016	December 31, 2015
Derivative financial assets		
Foreign currency forwards	**$ 2,700**	$ 756
	$ 2,700	$ 756
Derivative financial liabilities		
Foreign currency forwards	**$ 4,475**	$ 14,826
Interest rate swaps	**754**	684
	$ 5,229	$ 15,510

8.1.2 Fair value hierarchy

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

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

The fair value measurement of cash is classified as Level 1 of the fair value hierarchy as at July 2, 2016 and December 31, 2015. The fair value measurements of all other financial instruments held by the Corporation are classified as Level 2 of the fair value hierarchy as at July 2, 2016 and December 31, 2015. There were no transfers of financial instruments between levels for the 26 weeks ended July 2, 2016.

8.2 Financial risk management objectives and framework
The Corporation is exposed to credit risk, liquidity risk and market risk from its use of financial instruments.

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

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

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

8.2.2 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.

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

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

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

The impact of foreign exchange risk fluctuation on the consolidated financial statements is not significant because the Corporation's un-hedged net foreign exchange exposure is not significant.

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

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation does not account for its fixed rate debt instruments as held for trading; therefore, a change in interest rates at the reporting date would not affect profit or loss with respect to these fixed rate instruments. The Corporation's interest rate swaps expose the Corporation to fair value interest rate risk.

Commodity price risk
The Corporation purchases precious metals for use in bullion and numismatic coins, as well as base metals and alloys in the production of domestic and foreign circulation coins. Exposure to volatility in metal prices is mitigated by matching the timing of purchase and sales, contractually transferring price risk to suppliers, hedging strategies and/or natural hedges inherent in business activities. The impact of commodity price risk fluctuation on the consolidated financial statements is not material.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

9. CAPITAL ASSETS

9.1 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	
	July 2, 2016	December 31, 2015
Cost	**$ 411,076**	$ 407,413
Accumulated depreciation	**(242,023)**	(234,816)
Net book value	**$ 169,053**	$ 172,597

Net book value by asset class		
Land and land improvements	**$ 2,921**	$ 2,922
Buildings and improvements	**90,966**	93,302
Equipment	**71,997**	73,215
Capital projects in process	**3,169**	3,158
Net book value	**$ 169,053**	$ 172,597

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

Reconciliation of the opening and closing balances of property, plant and equipment for July 2, 2016:

	Land and land improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance at December 31, 2014	$ 4,094	$ 150,240	$ 244,968	$ 9,733	$ 409,035
Additions	-	3,451	7,899	2,890	14,240
Transfers	-	2,003	7,462	(9,465)	-
Derecognition	-	-	(11,398)	-	(11,398)
Disposals	-	-	(4,464)	-	(4,464)
Balance at December 31, 2015	4,094	155,694	244,467	3,158	407,413
Additions	**-**	**145**	**1,472**	**2,146**	**3,763**
Transfers	**-**	**149**	**1,986**	**(2,135)**	**-**
Disposals	**-**	**(64)**	**(36)**	**-**	**(100)**
Balance at Jul 2, 2016	**$ 4,094**	**$ 155,924**	**$ 247,889**	**$ 3,169**	**$ 411,076**
Accumulated depreciation					
Balance at December 31, 2014	$ 955	$ 17,480	$ 148,950	$ -	$ 167,385
Depreciation	(8)	5,622	11,519	-	17,133
Derecognition	-	-	(11,398)	-	(11,398)
Disposals	-	-	(3,213)	-	(3,213)
Impairment	225	39,290	25,394	-	64,909
Balance at December 31, 2015	1,172	62,392	171,252	-	234,816
Depreciation	**1**	**2,600**	**4,666**	**-**	**7,267**
Disposals	**-**	**(34)**	**(26)**	**-**	**(60)**
Balance at Jul 2, 2016	**$ 1,173**	**$ 64,958**	**$ 175,892**	**$ -**	**$ 242,023**
Net book value at July 2, 2016	**$ 2,921**	**$ 90,966**	**$ 71,997**	**$ 3,169**	**$ 169,053**

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

No asset is pledged as security for borrowings as at July 2, 2016.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

9.2 Intangible assets

	As at July 2, 2016	As at December 31, 2015
Cost	**$ 30,449**	$ 29,589
Accumulated depreciation	**(16,750)**	(14,378)
Net book value	**$ 13,699**	$ 15,211

Reconciliation of the opening and closing balances of intangibles for July 2, 2016:

	Software	Value-in-Kind	Capital projects in process	Total
Cost				
Balance at December 31, 2014	$ 40,546	-	$ 1,019	$ 41,565
Additions	758	1,362	1,046	3,166
Transfers	584	-	(584)	-
Derecognition	(13,780)	(1,362)	-	(15,142)
Balance at December 31, 2015	28,108	-	1,481	29,589
Additions	**569**	**-**	**291**	**860**
Transfers	**1,286**	**-**	**(1,286)**	**-**
Balance at July 2, 2016	**$ 29,963**	**$ -**	**$ 486**	**$ 30,449**
Accumulated amortization				
Balance at December 31, 2014	$ 24,115	-	$ -	$ 24,115
Amortization	3,440	1,362	-	4,802
Derecognition	(13,780)	(1,362)	-	(15,142)
Impairment	603	-	-	603
Balance at December 31, 2015	14,378	-	-	14,378
Amortization	**2,372**	**-**	**-**	**2,372**
Balance at July 2, 2016	**$ 16,750**	**$ -**	**$ -**	**$ 16,750**
Net book value at April 2, 2016	**$ 13,213**	**$ -**	**$ 486**	**$ 13,699**

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

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at	
	July 2, 2016	December 31, 2015
Accounts payable and accrued liabilities	**$ 58,433**	$ 85,771

Included in accrued liabilities at July 2, 2016 was a $6.8 million (December 31, 2015 - $2.0 million) provision for estimated sales returns and allowances. During the 26 weeks ended July 2, 2016 the provision was reduced by $2.1 million for actual sales returns and increased by $6.9 million for estimated future sales returns.

11. EMPLOYEE COMPENSATION AND BENEFITS

11.1 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The Corporation made total contributions of $6.3 million in the 26 weeks ended July 2, 2016 (26 weeks ended June 27, 2015 - $6.4 million).

11.2 Other post-employment benefits

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

11.3 Other long-term employee benefits

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

12. REVENUE

	13 weeks ended		26 weeks ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Revenue from the sale of goods	**$ 758,896**	$ 568,631	**$ 1,536,984**	$ 1,204,959
Revenue from the rendering of services	**3,082**	3,801	**5,916**	7,602
Total Revenue	**$ 761,978**	$ 572,432	**$ 1,542,900**	$ 1,212,561

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

13. DEPRECIATION AND AMORTIZATION EXPENSE

	13 weeks ended		26 weeks ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Depreciation of property, plant and equipment	**$ 3,360**	$ 4,532	**$ 7,267**	$ 8,948
Amortization of intangible assets	**1,511**	1,392	**2,372**	2,503
Total depreciation and amortization expense	**$ 4,871**	$ 5,924	**$ 9,639**	$ 11,451

Depreciation and amortization expense were reclassified to operating expense as follows:

	13 weeks ended		26 weeks ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Cost of sales	**$ 2,433**	$ 3,782	**$ 5,348**	$ 7,474
Marketing and sales expenses	**878**	1,029	**1,526**	1,763
Administration expenses	**1,560**	1,113	**2,765**	2,214
Total depreciation and amortization expense	**$ 4,871**	$ 5,924	**$ 9,639**	$ 11,451

14. EMPLOYEE COMPENSATION EXPENSES

	13 weeks ended		26 weeks ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Included in cost of sales:				
Salaries and wages including short term employee benefits	**$ 12,361**	$ 12,959	**$ 26,425**	$ 26,374
Pension costs	**1,683**	1,740	**2,960**	2,964
Long term employee benefits and Post-employment benefits other than pensions	**400**	444	**552**	982
Included in marketing and sale expenses:				
Salaries and wages including short term employee benefits	**4,637**	4,404	**9,773**	9,150
Pension costs	**609**	724	**988**	1,096
Long term employee benefits and Post-employment benefits other than pensions	**107**	101	**166**	227
Included in cost of administration:				
Salaries and wages including short term employee benefits	**7,033**	6,983	**15,224**	14,877
Pension costs	**1,569**	1,669	**2,344**	2,374
Long term employee benefits and Post-employment benefits other than pensions	**369**	226	**767**	544
Termination benefits	**433**	1,221	**382**	1,758
Total employee compensation and benefits expense	**$ 29,201**	$ 30,471	**$ 59,581**	$ 60,346

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

15. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

	13 weeks ended		26 weeks ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Research and development expenses	**$ 1,023**	$ 1,549	**$ 2,428**	$ 3,135
Scientific research and development investment tax credit	**(200)**	(552)	**(400)**	(752)
Research and development expenses, net	**$ 823**	$ 997	**$ 2,028**	$ 2,383

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

16. RELATED PARTY TRANSACTIONS

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

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

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

The majority of transactions with the Government of Canada were with the Department of Finance (“DOF”) related to the production, management and delivery of Canadian circulation coins which are negotiated and measured at fair value under a three year Memorandum of Understanding, where pricing is agreed to annually in the normal course of operations.

The transactions with Department of Finance are as follows:

	13 weeks ended		26 weeks ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Revenue from DOF	**$ 25,625**	$ 26,309	**$ 46,133**	$ 47,431

	As at	
	July 2, 2016	December 31, 2015
Receivable from DOF	**$ 773**	$ 8,110

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

The majority of transactions with Crown corporations were for the sales of numismatic product.

Due to the retrospective application of IAS 16 at the date of transition to IFRS on January 1, 2010, depreciation expenses that have been charged under Canadian GAAP to the Department of Finance at a rate in excess of actual depreciation expenses incurred under IAS 16 have been adjusted by the amount of $8.2 million at that time. This amount was included in accounts payable and accrued liabilities on the consolidated statement of financial position since it was payable on demand by DOF. Starting in 2011, the Corporation began reducing its billing to the DOF by $0.5 million annually and the remainder of $5.7 million as at July 2, 2016 (December 31, 2015 - $5.7 million) will be deducted in future billings over the next 11 years.

17. COMMITMENTS, CONTINGENCIES AND GUARANTEES

17.1 Precious metal leases

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments, as well as precious metals leases. As at July 2, 2016, the Corporation had $21.7 million outstanding precious metal purchase commitments (December 31, 2015 – $47.0 million).

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

	As at	
Ounces	**July 2, 2016**	December 31, 2015
Gold	**261,614**	321,747
Silver	**13,361,238**	6,746,665
Palladium	**6,944**	8,594
Platinum	**25,387**	13,042

The fees for these leases are based on market value. The precious metal lease payment expensed for the 26 weeks ended July 2, 2016 was $3.6 million (26 weeks ended June 27, 2015 - $1.9 million). The value of the metals under these leases has not been reflected in the Corporation's consolidated financial statements since the Corporation intends to settle these commitments through receipt or delivery of the underlying metal.

17.2 Base metal commitments

In order to facilitate the production of circulation and non-circulation coins (for Canada and other countries) and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments. As at July 2, 2016, the Corporation had $18.7 million (December 31, 2015 - $22.5 million) in purchase commitments outstanding.

17.3 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As of July 2, 2016, under the guarantees and bid bonds, the maximum potential amount of future payments was $7.5 million (December 31, 2015 - $14.4 million).

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

17.4 Other commitments and guarantees

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. As of July 2, 2016 the approved short-term borrowings for working capital within this limit were not to exceed CAD$25 million or its US Dollar equivalent.

To support such short-term borrowings as may be required from time to time, the Corporation has various commercial borrowing lines of credit, made available to it by Canadian financial institutions. These lines are unsecured and provide for borrowings up to 364 days in term based on negotiated rates. No amounts were borrowed under these lines of credit as at July 2, 2016 or June 27, 2015.

The Corporation has committed as at July 2, 2016 to spend approximately $4.7 million (December 31, 2015- $4.3 million) on capital projects.

Total estimated minimum remaining future commitments are as follows:

	2016	2017	2018	2019	2020	2021 and Therafter	Total
Operating Leases	$ 4,137	$ 4,396	$ 4,337	$ 2,230	$ 1,998	$ 7,592	24,690
Other Commitments (no leases)	30,695	1,382	1,067	771	33	606	34,554
Total	**$ 34,832**	**$ 5,778**	**$ 5,404**	**$ 3,001**	**$ 2,031**	**$ 8,198**	**$ 59,244**

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 provision of $0.6 million for a potential legal obligation was included in accounts payable and accrued liabilities as at July 2, 2016 (December 31, 2015 - $0.7 million). The amount and timing of the settlement of the provision is uncertain.

18. RECLASSIFICATION

During the current year the Corporation modified the consolidated statement of comprehensive income classification of certain expenses from administration expenses to cost of sales to more appropriately reflect the nature of the expenditures. Comparative amounts provided for the prior period were reclassified for consistency.

Since the amounts are reclassifications within operating activities in the consolidated statement of comprehensive income, this reclassification did not have any effect on the consolidated statement of financial position.