THIRD QUARTER FINANCIAL REPORT

FISCAL 2019

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

The Royal Canadian Mint (the "Mint") 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 prepared these unaudited condensed consolidated financial statements for the 13 and 39 weeks ended September 28, 2019 and September 29, 2018 in compliance with International Financial Reporting Standards (IFRS). Although the Mint's year end of December 31 matches the calendar year end, the Mint's quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Mint's quarters contains 13 weeks. Financial results reported in this narrative are presented in Canadian dollars and rounded to the nearest million, unless otherwise noted. The information in this narrative is current to November 20, 2019, unless otherwise noted.

FORWARD LOOKING STATEMENTS

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

OVERVIEW OF THE CORE MANDATE AND THE BUSINESS

The Royal Canadian Mint is Canada's national mint. Its core mandate to produce circulation coins for Canada is focused on providing high quality, durable and secure coins manufactured at its Winnipeg plant to meet the needs of Canadian trade and commerce. The Mint provides a full coin lifecycle management service for the Government of Canada with the Mint's forecasting, world-class production, logistics, recycling and distribution operations, circulation, and monitoring services.

In addition to its core mandate, the Mint is also responsible for the Alloy Recovery Program (ARP) where older-composition Canadian coins are removed from circulation and replaced by multi-ply

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

plated steel (MPPS) coins, which are more durable and secure. This program also involves the systematic replacement or removal of old alloy coins and international coins ensuring that there is consistency in the market and helping to streamline automated coin acceptance transactions. The Mint's activities also include the provision of minting services to foreign countries, the production and marketing of bullion and related refinery products and services, numismatic coins and medals.

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, which allows 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 its customers with 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, silver, palladium and platinum 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 purity and unprecedented security, the Mint is well positioned to capture a leading share of any increase in demand while sustaining volumes during soft markets. The Canadian Gold and Silver Reserves ETR products listed on the Toronto Stock Exchange allow retail and institutional investors to hold title to precious metals covered under ETRs and stored at the Mint while reducing Mint lease costs.

The Numismatics business designs, manufactures and sells collectible coins and medals to a loyal customer base in Canada and around the world. The Mint's global leadership in the art and science of minting is consistently recognized with prestigious international awards. This recognition is largely earned by innovative technology enhancements such as glow in the dark, selective plating and vibrant colour that allow the Mint to create unique and compelling products. The Mint sells numismatic products through its e-commerce platform and its Ottawa and Winnipeg boutiques, as well as dealers and partners both domestically and internationally.

SIGNIFICANT CORPORATE EVENTS

Corporate Plan

On September 24, 2019, the Mint's Board of Directors approved the 2020-2024 Corporate Plan, which was submitted to the Minister of Finance on October 4, 2019.

Public Service Alliance of Canada (PSAC) union agreement

On September 27, 2019, the Mint and its PSAC locals in Ottawa and Winnipeg reached a four year collective agreement renewal that expires on December 31, 2021.

Tri-Metal Token Wins International Association of Currency Affairs' 2019 Excellence In Currency Award For Best New Coin Product, Feature Or Distribution Innovation

On October 15, 2019, the Mint's advanced tri-metal coin technology won global currency industry recognition by being crowned the *Best new coin product, feature or distribution innovation* of the International Association of Currency Affairs' (IACA) 2019 Excellence in Currency Awards for Coins which was held in Rome, Italy.

Organizational update

The Mint is pleased to announce the appointment of Jean-Laurent Rousset as the Mint's Vice-President of Operations. Mr. Rousset's first day at the Mint was October 28, 2019.

OPERATING HIGHLIGHTS AND ANALYSIS OF RESULTS

To achieve its objectives, the Mint strives to continually improve profitability through prudent financial management and efficient operations. The Mint measures its performance as an integrated business and overhead costs are allocated to each program and business. The metrics below are meaningful to customers, business partners and employees and allow the Mint to monitor its capacity to improve performance and create value for its shareholder and for Canada.

	13 weeks ended				39 weeks ended			
	September 28, 2019	September 29, 2018	$ Change	% Change	**September 28, 2019**	September 29, 2018	$ Change	% Change
Revenue	**$ 370.1**	370.9	$ (0.8)	-	**$ 999.2**	$ 972.5	$ 26.7	3
Profit before income tax and other items[1]	**6.7**	10.5	(3.8)	(36)	**25.8**	23.7	2.1	9
Profit before income tax and other items margin	**2%**	3%			**3%**	2%		
Profit for the period	**9.5**	2.8	6.7	239	**22.0**	13.5	8.5	63

[1]A reconciliation from profit for the period to profit before income tax and other items is included on page 11.

Profit before income tax and other items for the 13 weeks ended September 28, 2019 decreased $3.8 million, to $6.7 million, but was $2.1 million higher, at $25.8 million, year to date, as compared to the same periods in 2018. Profit before income tax and other items margin decreased 1% in the third quarter, but increased 1% year to date. The decrease in the margin during the third quarter was primarily driven by a higher cost of sales in the quarter for Canadian and Foreign Circulation, while the increase year to date was driven by the strong performance of the Bullion products and ancillary services business, as well as the improved performance of the Numismatics business.

	As at			
	September 28, 2019	December 31, 2018	$ Change	% Change
Cash and cash equivalents	$ **103.1**	$ 66.4	$ 36.7	55
Inventories	**40.4**	62.2	(21.8)	(35)
Capital assets	**174.0**	172.8	1.2	1
Total assets	**407.4**	397.8	9.6	2
Working capital	**131.7**	107.5	24.2	23

Working capital remained strong having increased 23% from December 31, 2018. Cash and cash equivalents increased 55% from December 31, 2018 due to higher revenue and the favorable timing of cash collected from customers and payments made to suppliers. Offsetting these increases, inventories decreased 35% compared to December 31 2018 due to higher sales and lower precious metal purchases for production.

Revenue by program and business

	13 weeks ended				39 weeks ended			
	September 28, 2019	September 29, 2018	$ Change	% Change	**September 28, 2019**	September 29, 2018	$ Change	% Change
Canadian Circulation program	$ **25.4**	$ 24.6	$ 0.8	3	$ **72.4**	$ 70.0	$ 2.4	3
Foreign Circulation business	**19.2**	18.1	1.1	6	**42.3**	51.9	(9.6)	18
Bullion Products and Services business	**299.5**	303.7	(4.2)	(1)	**799.2**	769.3	29.9	4
Numismatics business	**26.0**	24.5	1.5	6	**85.3**	81.3	4.0	5

Canadian Circulation

During the 13 and 39 weeks ended September 28, 2019, revenues from the Canadian Circulation program increased by $0.8 million and $2.4 million, respectively, over the same periods in 2018 mainly due to an increase in the volume of coins, mainly commemorative circulation coins issued and sold to the Department of Finance (DOF), partially offset by lower fixed costs billed under the memorandum of understanding (MOU) with the DOF which was signed in June 2018.

Coin supply

	13 weeks ended				39 weeks ended			
(in millions of coins)	**September 28, 2019**	September 29, 2018	Change	% Change	**September 28, 2019**	September 29, 2018	Change	% Change
Financial institutions deposits	**650**	701	(51)	(7)	**1,944**	2,097	(153)	(7)
Recycled coins	**47**	46	1	2	**126**	123	3	2
Net new coins sold to financial institutions and others	**182**	189	(7)	(4)	**299**	336	(37)	(11)
Total coin supply	**879**	936	(57)	(6)	**2,369**	2,556	(187)	(7)

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. The net supply for Canadian circulation coins decreased 6% and 7%, respectively, for the 13 and 39 weeks ended September 28, 2019, when compared to the same periods in 2018. Sales of net new coins to financial institutions were slightly lower compared to the same period last year as more financial institution inventory was available to meet the demand.

Department of Finance (DOF) Inventory

	As at			
(in millions of dollars)	**September 28, 2019**	September 29, 2018	$ Change	% Change
Opening inventory	**$ 98**	$ 101	$ (3)	3
Net new coins produced	**74**	103	(29)	(28)
Net new coins sold to financial institutions and others	**(102)**	(121)	19	(16)
Ending inventory	**$ 70**	83	(13)	(16)

The Mint actively manages inventory levels in response to changes in demand, financial institution deposits and recycling volumes to ensure coinage demand is met throughout the year. The face value of the DOF-owned inventory at September 28, 2019 was $70 million, which was within the inventory limit outlined in the Mint's MOU with the DOF, with zero coin shortages during the first three quarters of 2019. To replenish inventories held on behalf of the DOF, the Mint produced 344 million net new coins in the first 39 weeks of 2019 compared to 304 million for the same period in 2018. The efficient management of the coinage system is achieved hand-in-hand with the celebration of Canada's history, culture and values.

Foreign Circulation

Revenue for the Foreign Circulation business increased 6% for the 13 weeks ended September 28, 2019 to $19.2 million compared to $18.1 million in the same period in 2018. The increase in Foreign Circulation revenue for the 13 weeks ended September 28, 2019 reflected changes in the mix of contracts which consisted of shipments of 350 million (2018 – 346 million) coins and blanks to 5 (2018 – 6) countries compared to 2018.

For the 39 weeks ended September 28, 2019, revenue decreased 18% to $42.3 million compared to $51.9 million in the same period in 2018 as production and/or shipments returned to more normal levels compared to the exceptional levels in the early part of 2018. The decrease for the 39 weeks ended September 28, 2019 reflected the shipment of 830 million (2018 – 1,108 million) coins and blanks to 10 (2018 – 11) countries. During the first 39 weeks of 2019, the Mint secured nine new production contracts for an aggregate of 953 million coins.

Bullion Products and Services

	13 weeks ended				39 weeks ended			
	September 28, 2019	September 29, 2018	$ Change	% Change	**September 28, 2019**	September 29, 2018	$ Change	% Change
Gross revenue	**$ 410.5**	$ 407.2	$ 3.3	1	**$ 1,086.9**	$ 1,025.3	$ 61.6	6
Less: customer inventory deals	**(111.0)**	(103.5)	(7.5)	7	**(287.7)**	(256.0)	(31.7)	12
Net revenue	**$ 299.5**	$ 303.7	$ (4.2)	(1)	**$ 799.2**	$ 769.3	$ 29.9	4

	13 weeks ended				39 weeks ended			
(thousands of ounces)	**September 28, 2019**	September 29, 2018	Change	% Change	**September 28, 2019**	September 29, 2018	Change	% Change
Gold	**96.3**	156.1	(59.8)	(38)	**304.7**	363.6	(58.9)	(16)
Silver	**6,615.7**	4,659.7	1,956.0	42	**16,446.6**	12,747.5	3,699.1	29
Gross ounces	**6,712.0**	4,815.8	1,896.2	39	**16,751.3**	13,111.1	3,640.2	28
Less: ounces from customer inventory deals	**(481.4)**	(1,561.5)	1,080.1	(69)	**(971.2)**	(2,425.3)	1,454.1	(60)
Net ounces	**6,230.6**	3,254.3	2,976.3	91	**15,780.1**	10,685.8	5,094.3	48

Bullion Products and Services net revenue for the 13 weeks ended September 28, 2019 decreased 1% compared to the same period in 2018. The slight decrease in revenue was mainly attributable to a decrease in demand for gold bullion products and a decrease in storage redemptions that were partially offset by higher demand for silver bullion products and higher pricing for both gold and silver in the quarter.

Bullion Products and Services net revenue increased 4% for the 39 weeks ended September 28, 2019 as compared to the same period in 2018. This increase was mainly due to improved global market demand for silver bullion products, sales of which increased 29% year over year. During the 39 weeks ended September 28, 2019, revenue from the Mint's refinery and storage services also increased 36% due to one-time storage customer redemptions and an increase in refinery vendors purchasing precious metals from the Mint.

Numismatics

Numismatics revenue increased 6% and 5%, respectively, to $26.0 million and $85.3 million during the 13 and 39 weeks ended September 28, 2019 as compared to the same periods of 2018. The increase in revenue for the 13 weeks was mainly due to the improved performance of gold Numismatic products in the quarter. The increase in revenue for the 39 weeks was also attributable to a one-time unique silver coin set produced in collaboration with the US Mint, as well as custom coins sold to an international customer during the period.

	13 weeks ended				39 weeks ended			
	September 28, 2019	September 29, 2018	$ Change	% Change	**September 28, 2019**	September 29, 2018	$ Change	% Change
Gold	**$ 7.6**	$ 5.8	$ 1.8	31	**$ 20.5**	$ 18.1	$ 2.4	13
Silver	**15.9**	16.4	(0.5)	(3)	**58.1**	56.1	2.0	4
Non Gold or Silver	**2.5**	2.3	0.2	9	**6.7**	7.1	(0.4)	(6)
Total revenue	**$ 26.0**	$ 24.5	$ 1.5	6	**$ 85.3**	$ 81.3	$ 4.0	5

Expenses, other income and income tax

	13 weeks ended				39 weeks ended			
	September 28, 2019	September 29, 2018	$ Change	% Change	**September 28, 2019**	September 29, 2018	$ Change	% Change
Cost of sales	**$335.1**	$343.6	$(8.5)	(2)	**$900.1**	$888.8	$11.3	1
Operating expenses: Marketing and sales	**7.1**	8.0	(0.9)	(11)	**22.7**	25.3	(2.6)	(10)
Administration	**15.1**	13.1	2.0	15	**46.0**	41.1	4.9	12
Net foreign exchange (gains) losses	**(0.7)**	1.5	(2.2)		**0.8**	(1.3)	2.1	
Finance (income) costs, net	**0.2**	(0.1)	0.3		**(0.5)**	-	(0.5)	
Other income	**-**	(0.1)	0.1		**(0.2)**	(0.3)	0.1	
Income tax expense	**3.7**	2.0	1.7		**8.3**	5.3	3.0	

[1]Prior year figures have been revised to conform to the current year presentation

Cost of sales for the 13 weeks ended September 28, 2019 decreased 2% to $335.1 million, but it increased 1% for the 39 weeks ended September 28, 2019 to $900.1 million, as compared to the same periods in 2018.

The decrease in cost of sales for the 13 weeks ended September 28, 2019 was primarily driven by the positive impact of the reduction in the Face Value liability from the increase in the price of silver during the quarter partially offset by higher fixed cost allocations from the Canadian Circulation and Numismatic products due mainly to the timing of production. The increase in cost of sales for the 39 weeks ended September 28, 2019 was mainly due to higher material and labour costs for Bullion Products and Services and Numismatic products due, respectively, to higher sales volumes for gross gold and silver bullion products and newly launched Numismatic products, including custom products. The increases year over year were partially offset by a decrease in Foreign Circulation costs due to the changes in the production schedule and lower volumes during the period, as well as the positive impact of the reduction in the Face Value liability from the increase in the price of silver in 2019.

Overall, operating expenses for the 13 and 39 weeks ended September 28, 2019 increased 5% and 3% compared to the same periods in 2018 to $22.2 million and $68.7 million, respectively. Administration expenses increased 15% and 12%, respectively, due to higher employee costs and facilities expenses, as well as and higher IT and consulting expenses related to the progression of the numismatics technology platforms review and other strategic initiatives. Marketing and sales expenses decreased 11% and 10% respectively, due to reduced headcount and lower distribution costs for marketing campaigns year over year in line with the updated Numismatics strategy.

For the 13 weeks ended September 28, 2019, the net foreign exchange gain increased $2.2 million when compared to the same period in 2018. This can be attributed to a weaker Canadian dollar compared to the US dollar, resulting in a positive impact on the translation of the Mint's US dollar balances. The net foreign exchange loss increased $2.1 million for the 39 weeks ended September 28, 2019 when compared to the same period in 2018 mainly due to an overall stronger Canadian dollar in relation the US dollar during this period and the resulting in a negative impact on the translation of the Mint's US dollar balances.

Income tax expense for the 13 and 39 weeks ended September 28, 2019 increased $1.7 million and $3.0 million, respectively, when compared to the same periods in 2018, mainly due to an increase in taxable income as a result of higher profit and temporary differences between income for accounting and tax purposes, as well as one-time adjustments recorded in 2019 related to prior years as a result of the filing of the annual tax returns.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

	13 weeks ended			39 weeks ended		
	September 28, 2019	September 29, 2018	$ Change	**September 28, 2019**	September 29, 2018	$ Change
Cash and cash equivalents, at the end of the period	**$ 103.1**	$ 48.5	$ 54.6	**$ 103.1**	$ 48.5	$ 54.6
Cash flow from operating activities	**15.4**	15.1	0.3	**46.9**	0.9	46.0
Cash flow used in investing activities	**(3.2)**	(3.4)	0.2	**(7.6)**	(9.1)	1.5
Cash flow used in financing activities	**(0.7)**	-	(0.7)	**(2.2)**	-	(2.2)

Cash from operating activities for the 13 and 39 weeks ended September 28, 2019 increased $0.3 million and $46 million, respectively, compared to the same periods in 2018 primarily due to higher revenue, as well as the timing of cash collected from customers, payments to vendors and lower precious metal purchases for production.

Cash used in investing activities decreased $0.2 million and $1.5 million respectively, for the 13 and 39 weeks ended September 28, 2019 mainly due to lower investment in information technology projects and fewer building and leasehold improvements compared to the same periods in 2018.

Cash used in financing activities increased $0.7 million and $2.2 million respectively, for the 13 and 39 weeks ended September 28, 2019 due to the principal payments for leases recognized on the consolidated statement of financial position on January 1, 2019 as a result of the implementation of IFRS 16 – *Leases*.

Borrowing facilities

See note 18 in the December 31, 2018 audited consolidated financial statements for details on the Mint's borrowing facilities. The Mint entered and closed the 39 week period ended September 28, 2019 with total outstanding long-term loans of $11.9 million. The Mint entered this 39 week period with a total lease liability of $12.0 million and closed this period with a total lease liability of $10.1 million. The Mint's total outstanding debt is within the Mint's approved borrowing limit as prescribed by the *Royal Canadian Mint Act*. The Mint entered and closed this 39 week period with a long-term debt-to-equity ratio of 1:8.

RECONCILIATION FROM PROFIT FOR THE PERIOD TO PROFIT BEFORE INCOME TAX AND OTHER ITEMS

A reconciliation from profit for the period to profit before income tax and other items is as follows:

	13 weeks ended			39 weeks ended		
	September 28, 2019	September 29, 2018	$ Change	**September 28, 2019**	September 29, 2018	$ Change
Profit for the period	**$ 9.5**	$ 2.8	$ 6.7	**$ 22.0**	$ 13.5	$ 8.5
Add (deduct):						
Income tax expense	**3.7**	2.0	1.7	**8.3**	5.3	3.0
Other income	**-**	(0.1)	0.1	**(0.2)**	(0.3)	0.1
Net foreign exchange (gain) loss	**(0.7)**	1.5	(2.2)	**0.8**	(1.3)	2.1
FV Revaluation[1]	**(5.8)**	4.3	(10.1)	**(5.1)**	6.5	(11.6)
Profit before income tax and other items	**$ 6.7**	$ 10.5	$ (3.8)	**$ 25.8**	$ 23.7	$ 2.1

[1] Face Value revaluation is the non-cash impact of the change in the valuation of the precious metal component of the liability for Face Value redemptions.

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 Mint's Board of Directors, the Mint's enterprise risk management process is undertaken by the Leadership Team. It focuses on the identification and management of the key risks, which could impact the achievement of the Mint's strategic objectives. As part of its oversight process, the Board reviews the Mint's corporate risk profile on a quarterly basis and has input into the broader risk management approach.

The Mint's enterprise risk management framework and practice is consistent with guidance issued by the Treasury Board and is subject to periodic review by the Mint's 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 businesses/support areas. These registers are updated regularly and evolve as new risks are identified and existing ones are mitigated.

The key corporate level risks that could materially impact the Mint's ability to achieve its strategy are identified in the Mint's 2018 Annual Report. There have been no material changes to the substance of key corporate level risks since the filing of the 2018 Annual Report. During the third quarter of 2019, through the preparation of the 2020-2024 Corporate Plan, the Mint articulated the physical security of its locations as a separate risk factor from the existing resilience and recovery operational risk in the Mint's 2018 Annual Report.

CRITICAL ACCOUNTING ESTIMATES, ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING POLICY DEVELOPMENTS

See note 3 in the audited consolidated financial statements for the year ended December 31, 2018 for a discussion of critical accounting estimates, as well as notes 3 and 5 in the accompanying unaudited condensed consolidated financial statements for the 13 and 39 weeks ended September 28, 2019 for a discussion of changes to accounting policies and adoption of new accounting standards.

OUTLOOK

The financial goal for 2019, as approved in the Mint's 2019-2023 Corporate Plan, is $25.9 million. The Mint currently expects to meet or exceed its financial goal for 2019.

Demand for Canadian circulation coins continues to experience modest declines, in line with the latest Canadian economic forecast that calls for modest economic growth this year. While the trend towards e-payments continues, there remains a number of systemic reasons for coin demand to not decrease in a more accelerated way such as: gaps in a seamless e-payment experience; the security, anonymity, and convenience of cash – particularly for low value transactions; and demographics of people with access to different methods of electronic payment will continue to make coins relevant into the foreseeable future with modest declines anticipated over the next twelve months.

The Mint has solid contracted backlog for its Foreign Circulation business in 2019 and into mid-2020. Over the next 12 months, central banks are expected to issue tenders for over 4 billion nickel-plated steel coins and coin blanks. The Mint anticipates continued profitable utilization of its Winnipeg assets through mid-2020.

The Mint continues to monitor bullion market conditions closely and has capitalized on the recent improvement in market conditions for silver bullion, while remaining prepared to capitalize should demand conditions improve for gold bullion coins. The Mint also continues to focus on customer/market strategies and product differentiation in support of its strong market share, while carefully managing operating costs to mitigate the impact of uncertainty in the bullion coin market. The Mint's Storage and Refinery businesses remain solid.

In 2019 and into 2020, the Mint is focused on the implementation of its updated numismatics strategy and returning the Numismatics business to profitability. The Mint intends to continue leveraging its world-class product development, manufacturing and distribution capabilities to enhance the customer experience and improve the performance of the Numismatics business, while becoming more targeted with marketing and sales activities and identifying other areas to reduce cost in the business in support of sustainable profitability.

FORWARD LOOKING STATEMENTS

The unaudited condensed consolidated financial statements and the narrative, 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 estimates regarding expected growth, results of operations, performance, business prospects and opportunities (assumptions). While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results 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, as well as in Note 9 – Financial Instruments and Financial Risk Management to the Mint's unaudited condensed 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 the unaudited condensed consolidated financial statements and narrative are made only as of November 20, 2019, 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.

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these unaudited condensed consolidated 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 are necessary to enable the preparation of condensed consolidated 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 unaudited condensed consolidated financial statements.

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

Marie Lemay

President and Chief Executive Officer

Jennifer Camelon, CPA, CA

Senior Vice-President, Finance and
Administration and Chief Financial Officer

Ottawa, Canada
November 20, 2019

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited (CAD$ thousands)

	Notes	As at September 28, 2019	As at December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		**$ 103,099**	$ 66,364
Trade receivables, net and other receivables	6	**30,386**	38,764
Income tax receivable		**4,883**	-
Prepaid expenses		**5,235**	3,395
Inventories	7	**40,378**	62,239
Contract assets	8	**14,155**	17,304
Derivative financial assets	9	**50**	50
Total current assets		**198,186**	188,116
Non-current assets			
Trade receivables, net and other receivables	6	**583**	-
Prepaid expenses		**757**	612
Derivative financial assets	9	**12**	92
Deferred income tax assets		**33,873**	36,196
Property, plant and equipment	10	**158,753**	164,170
Investment property		**236**	236
Intangible assets	10	**6,620**	8,390
Right-of-use assets	11	**8,382**	-
Total non-current assets		**209,216**	209,696
Total assets		**$ 407,402**	$ 397,812
Liabilities			
Current liabilities			
Trade payables, other payables and accrued liabilities	12	**$ 35,604**	$ 48,999
Provisions	13	**5,724**	5,784
Income taxes payable		**782**	2,388
Face Value redemptions	14	**1,248**	1,292
Contract liabilities	8	**14,951**	14,590
Loan payable		**3,000**	3,000
Lease liabilities	15	**2,430**	-
Employee benefits		**2,624**	2,540
Derivative financial liabilities	9	**166**	2,064
Total current liabilities		**66,529**	80,657
Non-current liabilities			
Trade payables, other payables and accrued liabilities	12	**230**	274
Provisions	13	**1,378**	2,136
Face Value redemptions	14	**133,546**	138,527
Loan payable		**8,992**	8,989
Lease liabilities	15	**7,631**	-
Employee benefits		**10,756**	10,756
Derivative financial liabilities	9	**-**	23
Total non-current liabilities		**162,533**	160,705
Total liabilities		**229,062**	241,362
Shareholder's equity			
Share capital (authorized and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**138,338**	116,358
Accumulated other comprehensive (loss) income		**2**	92
Total shareholder's equity		**178,340**	156,450
Total liabilities and shareholder's equity		**$ 407,402**	$ 397,812

Commitments, contingencies and guarantees (Note 24)

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		39 weeks ended	
		September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Revenue	17	**$ 370,054**	$ 370,852	**$ 999,159**	$ 972,465
Cost of sales	18,19	**335,120**	343,629	**900,097**	888,761
Gross profit		**34,934**	27,223	**99,062**	83,704
Marketing and sales expenses	18,19	**7,108**	7,994	**22,739**	25,333
Administration expenses	18,19, 20	**15,116**	13,107	**46,009**	41,141
Operating expenses		**22,224**	21,101	**68,748**	66,474
Net foreign exchange gain (loss)		**696**	(1,457)	**(769)**	1,266
Operating profit		**13,406**	4,665	**29,545**	18,496
Finance (costs) income, net		**(211)**	63	**479**	(32)
Other income		**-**	51	**222**	278
Profit before income tax		**13,195**	4,779	**30,246**	18,742
Income tax expense	21	**(3,704)**	(2,014)	**(8,266)**	(5,291)
Profit for the period		**9,491**	2,765	**21,980**	13,451
Net unrealized gain (loss) on cash flow hedges		**9**	49	**(90)**	87
Other comprehensive income (loss), net of tax		**9**	49	**(90)**	87
Total comprehensive income		**$ 9,500**	$ 2,814	**$ 21,890**	$ 13,538

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited (CAD$ thousands)

13 weeks ended September 28, 2019

	Notes	Share Capital		Retained earnings		Accumulated other comprehensive income(loss) (Net gains on cash flow hedges)		Total
Balance as at June 29, 2019		$ 40,000	$	128,847	$	(7)	$	168,840
Profit for the period		**-**		**9,491**		**-**		**9,491**
Other comprehensive income, net[1]		**-**		**-**		**9**		**9**
Balance as at September 28, 2019		**$ 40,000**	**$**	**138,338**	**$**	**2**	**$**	**178,340**

[1]Amounts are net of income tax

13 weeks ended September 29, 2018

	Notes	Share Capital		Retained earnings		Accumulated other comprehensive income (Net gains on cash flow hedges)		Total
Balance as at June 30, 2018		$ 40,000	$	100,837	$	137	$	140,974
Profit for the period		-		2,765		-		2,765
Other comprehensive income, net[1]		-		-		49		49
Balance as at September 29, 2018		$ 40,000	$	103,602	$	186	$	143,788

[1]Amounts are net of income tax

39 weeks ended September 28, 2019

	Notes	Share Capital		Retained earnings		Accumulated other comprehensive income(loss) (Net gains on cash flow hedges)		Total
Balance as at December 31, 2018		$ 40,000	$	116,358	$	92	$	156,450
Profit for the period		**-**		**21,980**		**-**		**21,980**
Other comprehensive loss, net[1]		**-**		**-**		**(90)**		**(90)**
Balance as at September 28, 2019		**$ 40,000**	**$**	**138,338**	**$**	**2**	**$**	**178,340**

[1]Amounts are net of income tax

39 weeks ended September 29, 2018

	Notes	Share Capital		Retained earnings		Accumulated other comprehensive income (Net gains on cash flow hedges)		Total
Balance as at December 31, 2017		$ 40,000	$	88,127	$	99	$	128,226
Balance as at January 1, 2018, as previously reported		40,000		88,127		99		128,226
Impact of change in accounting policy[1]	3.1	-		2,024		-		2,024
Adjusted balance as at January 1, 2018		40,000		90,151		99		130,250
Profit for the period		-		13,451		-		13,451
Other comprehensive income, net[1]		-		-		87		87
Balance as at September 29, 2018		$ 40,000	$	103,602	$	186	$	143,788

[1]Amounts are net of income tax

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		39 weeks ended	
	Notes	**September 28, 2019**	September 29, 2018 (Note 22.1)	**September 28, 2019**	September 29, 2018 (Note 22.1)
Cash flows from (used in) operating activities					
Profit for the period		**$ 9,491**	$ 2,765	**$ 21,980**	$ 13,451
Adjustments to reconcile profit to cash flows from operating activities:					
Depreciation and amortization	18	**5,047**	4,328	**15,123**	13,045
Income tax expense	21	**3,704**	2,014	**8,266**	5,291
Finance cost (income), net		**211**	(63)	**(479)**	32
Other income		**-**	(51)	**(222)**	(278)
Net foreign exchange (gain) loss		**(688)**	1,865	**(422)**	(1,521)
Adjustments to other revenues, net	22	**(6,783)**	(3,891)	**(19,689)**	(6,941)
Changes in liability for Face Value redemptions		**(6,105)**	4,056	**(6,114)**	5,433
Net changes in operating assets and liabilities	22	**15,006**	4,312	**39,987**	(21,024)
Cash from operating activities before interest and income tax		**19,883**	15,335	**58,430**	7,488
Income tax paid, net of income tax received	22	**(4,565)**	(271)	**(12,230)**	(7,083)
Interest received, net of interest paid	22	**69**	60	**702**	521
Net cash from operating activities		**15,387**	15,124	**46,902**	926
Cash flows used in investing activities					
Acquisition of property, plant and equipment		**(2,757)**	(2,449)	**(6,487)**	(7,823)
Acquisition of intangible assets		**(436)**	(976)	**(1,088)**	(1,314)
Net cash used in investing activities		**(3,193)**	(3,425)	**(7,575)**	(9,137)
Cash flows used in financing activities					
Lease principal payments	15	**(681)**	-	**(2,168)**	-
Net cash used in financing activities		**(681)**	-	**(2,168)**	-
Effect of changes in exchange rates on cash and cash equivalents		**161**	(309)	**(424)**	417
Increase (decrease) in cash and cash equivalents		**11,674**	11,390	**36,735**	(7,794)
Cash at the beginning of the period		**91,425**	37,084	**66,364**	56,268
Cash and cash equivalents at the end of the period		**$ 103,099**	$ 48,474	**$ 103,099**	$ 48,474

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 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 support distribution system for the Government of Canada.

The Corporation 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.

The Corporation is a prescribed federal Crown corporation for 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. BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed consolidated financial statements were 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 these standards, these 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, 2018.

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

2.2 Basis of presentation

These 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.

These condensed consolidated financial statements were approved for public release by the Board of Directors of the Corporation on November 20, 2019.

2.3 Consolidation

These condensed 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.

2.4 Foreign currency translation

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

3. CHANGES IN ACCOUNTING POLICIES

The Corporation consistently applied the accounting policies disclosed in note 2 of its audited consolidated financial statements for the year ended December 31, 2018 to all periods presented in these condensed consolidated financial statements, except as outlined below.

3.1 Revenue from contracts with customers

On January 1, 2018, the Corporation implemented IFRS 15 – *Revenue from Contracts with Customers* which resulted in a net adjustment to opening retained earnings on January 1, 2018 of $2.0 million. Refer to note 3.1 of the Corporation's audited consolidated financial statements for the year ended December 31, 2018 for more information.

3.2 Leases

The Corporation adopted IFRS 16 – *Leases* (IFRS 16) with a date of initial application of January 1, 2019 using the modified retrospective approach. Under this method, the Corporation applied the standard retrospectively only to the most current period presented in the condensed consolidated financial statements and recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening statement of financial position on January 1, 2019. Therefore, the comparative information for 2018 presented in the Corporation's condensed consolidated financial statements for the 39 weeks ended September 28, 2019 has not been restated and continued to be reported under the accounting policies disclosed in Note 2.12 of the Corporation's annual audited consolidated financial statements for the year ended December 31, 2018.

The Corporation's leasing activities mainly relate to office space and production equipment.

3.2.1 Leases where the Corporation is a lessee

As a lessee, the Corporation previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Under IFRS 16, the Corporation recognized right-of-use assets and lease liabilities for most of its leases.

At transition, the Corporation did not have any leases classified as finance leases under the previous lease standard, IAS 17, where it was the lessee. The lease liabilities for existing operating leases, other than short-term or low value leases, were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, any lease incentives, any initial direct costs incurred and any estimated costs to be incurred in restoring the site or dismantling and removing the underlying asset.

By electing to use the modified retrospective method, the Corporation calculated the lease liability using its incremental borrowing rate of between approximately 3.3% to 3.4% as at January 1, 2019.

The Corporation used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exception not to recognize right-of-use assets and liabilities with less than 12 months of lease term.
- Applied the exception not to recognize right-of-use assets and liabilities for low value leases with individual asset values under $5,000 USD.

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

- Used hindsight when determining the lease term if the contract contained options to extend or terminate the lease.

3.2.2 Leases where the Corporation is the lessor

The Corporation was not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor, except for where there is a sub-lease.

Under IFRS 16, an intermediate lessor classifies a sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset, unless the head lease is short-term in nature or the underlying asset is of low value. Having considered the requirements in IFRS 16, the Corporation classified its subleases as finance leases. The Corporation applied the practical expedients where the right-of-use assets were adjusted by the amount of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* (IAS 37) onerous contract provision immediately before the date of initial application, as an alternative to performing an impairment review.

As at January 1, 2019, the Corporation had two sublease arrangements, which were both previously assessed as onerous leases under IAS 37, and a liability was recorded in 2016 and 2017. As at January 1, 2019, the onerous lease liability of $1.0 million was reclassified against the respective right-of-use asset under IFRS 16.

3.2.3 Impacts on financial statements

The following tables summarize the expected impacts of adopting IFRS 16 on the Corporation's condensed consolidated financial statements as at January 1, 2019, and as at and for the 39 weeks ended September 28, 2019:

a) Consolidated statement of financial position

As at January 1, 2019		Balance with adoption of IFRS 16		Adjustments		Balances without adoption of IFRS 16
Trade receivables, net and other receivables	$	39,768	$	(1,004)	$	38,764
Right-of-use assets		9,972		(9,972)		-
Total assets	**$**	**408,788**	**$**	**(10,976)**	**$**	**397,812**
Provisions		6,945		975		7,920
Lease liabilities	$	11,951	$	(11,951)	$	-
Total liabilities	**$**	**252,338**	**$**	**(10,976)**	**$**	**241,362**
Total liabilities and shareholder's equity	**$**	**408,788**	**$**	**(10,976)**	**$**	**397,812**

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

The table below shows the operating lease commitments at December 31, 2018 that are included in the lease liabilities at January 1, 2019:

	January 1, 2019
Operating lease commitment as at December 31, 2018	13,343
Discounted using the incremental borrowing rate as at January 1, 2019	10,538
Add: Onerous lease provision	975
Other commitments not considered operating leases	681
Less: Leases of low-value assets	(243)
Lease liabilities as at January 1, 2019	11,951

As at September 28, 2019		**As reported**		**Adjustments**		**Balances without adoption of IFRS 16**
Trade receivables, net and other receivables	$	30,969	$	(830)	$	30,139
Income tax receivable		4,883		(32)		4,851
Prepaid expenses		5,992		127		6,119
Deferred income tax assets		33,873		32		33,905
Right-of-use assets		8,382		(8,382)		-
Total assets	**$**	**407,402**	**$**	**(9,085)**	**$**	**398,317**
Provisions		7,102		772		7,874
Lease liabilities		10,061		(10,061)		-
Total liabilities	**$**	**229,062**	**$**	**(9,289)**	**$**	**219,773**
Retained earnings		138,338		204		139,542
Total shareholder's equity		**178,340**		**204**		**178,544**
Total liabilities and shareholder's equity	**$**	**407,402**	**$**	**(9,085)**	**$**	**398,317**

b) Consolidated statement of comprehensive income

For the 13 weeks ended September 28, 2019		**As reported**		**Adjustments**		**Balances without adoption of IFRS 16**
Cost of sales	$	335,120	$	18	$	335,138
Administration expenses		15,116		1		15,117
Finance (costs) income, net		(211)		83		(128)
Profit for the period	**$**	**9,491**	**$**	**64**	**$**	**9,555**
Total comprehensive income	**$**	**9,500**	**$**	**64**	**$**	**9,564**

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

For the 39 weeks ended September 28, 2019		**As reported**		**Adjustments**		**Balances without adoption of IFRS 16**
Cost of sales	$	900,097	$	53	$	900,150
Administration expenses		46,009		5		46,014
Finance income (costs), net		479		262		741
Profit for the period	**$**	**21,980**	**$**	**204**	**$**	**22,184**
Total comprehensive income	**$**	**21,890**	**$**	**204**	**$**	**22,094**

c) Consolidated statement of cash flows

For the 13 weeks ended September 28, 2019		**As reported**		**Adjustments**		**Balances without adoption of IFRS 16**
Profit for the period	$	9,491	$	64	$	9,555
Adjustments to reconcile profit to cash flows from operating activities:						
Depreciation and amortization		5,047		(528)		4,519
Finance cost (income), net		211		(83)		128
Adjustments to other revenues, net		(6,783)		(68)		(6,851)
Net changes in operating assets and liabilities		15,006		(149)		14,857
Cash from (used in) operating activities before interest and income tax		19,883		(764)		19,119
Interest received, net of interest paid		69		83		152
Net cash from (used in) operating activities	**$**	**15,387**	**$**	**(681)**	**$**	**14,706**
Lease principal payments		(681)		681		-
Cash used in financing activities	**$**	**(681)**	**$**	**681**	**$**	**-**

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

For the 39 weeks ended September 28, 2019		As reported		Adjustments		Balances without adoption of IFRS 16
Profit for the period	$	21,980	$	204	$	22,184
Adjustments to reconcile profit to cash flows from operating activities:						
Depreciation and amortization		15,123		(1,582)		13,541
Finance (income) cost, net		(479)		(262)		(741)
Adjustments to other revenues, net		(19,689)		(204)		(19,893)
Net changes in operating assets and liabilities		39,987		(586)		39,401
Cash from (used in) operating activities before interest and income tax		58,430		(2,430)		56,000
Interest received, net of interest paid		702		262		964
Net cash from (used in) operating activities	**$**	**46,902**	**$**	**(2,168)**	**$**	**44,734**
Lease principal payments		(2,168)		2,168		-
Cash used in financing activities	**$**	**(2,168)**	**$**	**2,168**	**$**	**-**

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

The preparation of these 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.

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. Significant judgements and estimates as at September 28, 2019 were consistent with those disclosed in Note 4 of the Corporation's audited consolidated financial statements for the year ended December 31, 2018.

5. APPLICATION OF NEW AND REVISED IFRS

5.1 New and revised IFRS pronouncements affecting amounts reported and/or disclosed in the condensed consolidated financial statements for the 39 weeks ended September 28, 2019.

The Corporation has reviewed the new and revised accounting pronouncements that have been issued which had mandatory effective dates of annual periods beginning on or after January 1, 2019.

a) The Corporation adopted IFRS 16 – *Leases* on January 1, 2019. The disclosure of the impact of the application of the new pronouncement on the Corporation's consolidated financial statements is included in Note 3.

b) The following amendment was adopted by the Corporation on January 1, 2019 and did not have a significant impact on the consolidated financial statements.

   Annual improvements to IFRSs 2015-2017

   In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle. The standards covered by the amendments are: IFRS 3 - Business Combinations which clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. IFRS 11 - Joint Arrangements which clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. IAS 12 - Income Taxes which clarifies that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises. IAS 23 - Borrowing Costs which clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

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

The Corporation has reviewed the revised accounting pronouncements that have been issued, but are not yet effective and has made the following assessments of their impact on the consolidated financial statements.

a) The adoption of the following IFRS pronouncement has been assessed as having a possible impact on the Corporation's consolidated financial statements in the future.

   Conceptual Framework for Financial Reporting

   In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting, which provides a set of concepts to assist the IASB in developing standards and to help preparers consistently apply accounting policies where specific accounting standards do not exist. The Revised Conceptual Framework describes that financial information must be relevant and faithfully represented to be useful; provides revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure. The framework is not an accounting standard and does not override the requirements that exist in other IFRS standards. The revised Conceptual Framework is effective for annual periods beginning on or after January 1, 2020.

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

6. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	As at			
	September 28, 2019		December 31, 2018	
Receivables and accruals from contracts with customers	**$**	**28,408**	$	37,918
Receivables from contracts with related parties (Note 23)		**1,319**		443
Allowance for estimated credit losses		**(365)**		(274)
Net trade receivables		**29,362**		38,087
Lease receivables		**247**		-
Other current financial receivables		**596**		384
Other receivables		**181**		293
Total current trade receivables, net and other receivables	**$**	**30,386**	$	38,764
Non-current lease receivables		**583**		-
Total non-current trade receivables, net and other receivables	**$**	**583**	$	-
Trade receivables, net and other receivables	**$**	**30,969**	$	38,764

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

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

	Lease Receivable	
Balance as at January 1, 2019	**$**	**1,004**
Interest income		**24**
Sublease payments received		**(198)**
Balance as at September 28, 2019	**$**	**830**

Total cash inflow for leases included in lease receivables for the 13 weeks and 39 weeks ended September 28, 2019 was $0.1 million and $0.2 million, respectively.

7. INVENTORIES

	As at	
	September 28, 2019	December 31, 2018
Total inventories	**$ 40,378**	$ 62,239

The Corporation recognized write-downs of inventory to net realizable value of $3.7 million for the 39 weeks ended September 28, 2019 (39 weeks ended September 29, 2018 - $3.2 million).

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

8. CONTRACT ASSETS AND LIABILITIES

The contract assets relate to the Corporation’s rights to consideration for work completed, but not billed as at September 28, 2019. The Corporation reviewed its credit risk exposure related to contract assets as at September 28, 2019 and evaluated the risk to be minimal as each related contract is subject to a contract specific risk assessment process. The contract liabilities relate to the consideration received in advance from customers for which revenue has not yet been recognized and accrued expenses related to contract assets.

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

	As at September 28, 2019	
	Contract Assets	**Contract Liabilities**
Opening balance, January 1, 2019	**$ 17,304**	**$ 14,590**
Revenue recognized	**-**	**(6,842)**
Cash received, excluding amounts recognized during the period	**-**	**6,301**
Transfers from contract liabilities to payables	**-**	**(1,739)**
Foreign exchange revaluation	**(341)**	**(76)**
Transfers from contract assets to receivables	**(33,921)**	**-**
Increases resulting from changes in the measure of progress[1]	**31,113**	**2,717**
Closing balance	**$ 14,155**	**$ 14,951**

[1] Increases resulting from changes in the measure of progress in contract liabilities include $0.8 million related to the Corporation’s Memorandum of Understanding with the Department of Finance (Note 23)

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

9.1 Capital risk management

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 period and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the 39 weeks ended September 28, 2019, approved short-term borrowings for working capital needs within this limit were not to exceed $25 million (39 weeks ended September 29, 2018 - $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 September 28, 2019 or December 31, 2018.

The Corporation employs a dividend framework to calculate dividends payable to its shareholder. The calculated dividend amount represents the projected excess year end cash over a pre-determined cash reserve requirement and is expected to be paid in the fourth quarter of each year. On November 20, 2019, the Corporation's Board of Directors approved a dividend ranging from $25 million to $40 million. The dividend amount will be finalized and paid before December 31, 2019.

(Unaudited) (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 classification, as well as the carrying amount and fair value of the Corporation's financial assets and financial liabilities are presented in the following table:

	As at			
	September 28, 2019		December 31, 2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Amortized cost				
Cash and cash equivalents	**$ 103,099**	**$ 103,099**	$ 66,364	$ 66,364
Trade receivables, net and other receivables	**29,958**	**29,958**	38,471	38,471
Derivatives at FVTPL				
Derivative financial assets:				
Foreign currency forwards	**60**	**60**	19	19
Derivatives at FVOCI				
Derivative assets:				
Interest rate swap	**2**	**2**	123	123
Financial Liabilities				
Amortized cost				
Trade payables, other payables and accrued liabilities	**35,336**	**35,336**	45,109	45,109
Loan payable	**11,992**	**11,993**	11,989	11,995
Derivatives at FVTPL				
Derivative financial liabilities:				
Foreign currency forwards	**166**	**166**	2,087	2,087

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

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 condensed 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 are classified as Level 1 of the fair value hierarchy as at September 28, 2019 and December 31, 2018. 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 September 28, 2019 and December 31, 2018. There were no transfers of financial instruments between levels for the 39 weeks ended September 28, 2019.

9.2.3 Classification and fair value techniques of financial instruments

The Corporation holds financial instruments in the form of cash and cash equivalents, 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 and cash equivalents, 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 value of loans payable 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.

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

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

	As at	
	September 28, 2019	December 31, 2018
Derivative financial assets		
Foreign currency forwards	**$ 60**	$ 19
Interest rate swaps	**2**	123
	$ 62	$ 142
Derivative financial liabilities		
Foreign currency forwards	**$ 166**	$ 2,087
	$ 166	$ 2,087

9.3 Financial risk management objectives and framework

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

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's financial risk management framework. The Audit Committee assists the Board of Directors and is responsible for 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 condensed consolidated financial statements as at September 28, 2019 and December 31, 2018 represents the maximum credit exposure.

9.3.1.1 Credit risk management of receivables from customers

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

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

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

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

	As at	
	September 28, 2019	December 31, 2018
Asia and Australia	**$ 10,556**	$ 18,671
Latin America and Caribbean	**9,270**	7,765
Canada	**8,507**	11,295
Europe, Middle East and Africa	**1,368**	427
United States	**1,268**	606
Total trade receivables, net and other receivables	**$ 30,969**	$ 38,764

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

	As at	
	September 28, 2019	December 31, 2018
Central and institutional banks	**$ 20,463**	$ 26,160
Consumers, dealers and others	**8,780**	10,704
Governments (including governmental departments and agencies)	**1,726**	1,900
Total trade receivables, net and other receivables	**$ 30,969**	$ 38,764

The Corporation established an allowance for ECLs based on a provision matrix that reflected the estimated impairment of trade receivables and other receivables. 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, which results in an average of 30 day payment terms. As at September 28, 2019, the Corporation's rate of credit losses was 1% of total trade receivables and other receivables.

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.

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

Foreign exchange risk

The Corporation is exposed to foreign exchange risk on sales and purchase transactions and short term cash management requirements that are denominated in foreign currencies, primarily in 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. The Corporation also uses such contracts in managing its overall cash requirements.

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. 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.

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

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 its 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 purchase commitments for precious and base metals to mitigate the commodity price risk (Note 24).

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 condensed consolidated financial statements is not significant because the Corporation's un-hedged commodity volume is not significant.

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	
	September 28, 2019	December 31, 2018
Cost	**$ 434,291**	$ 429,019
Accumulated depreciation	**(275,538)**	(264,849)
Net book value	**$ 158,753**	$ 164,170

Net book value by asset class

	As at	
	September 28, 2019	December 31, 2018
Land and land improvements	**$ 3,064**	$ 3,068
Buildings and building improvements	**87,170**	89,573
Equipment	**66,746**	69,172
Capital projects in process	**1,773**	2,357
Net book value	**$ 158,753**	$ 164,170

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

During the 39 weeks ended September 28, 2019, the Corporation acquired $5.2 million (39 weeks ended September 29, 2018 - $8.6 million) worth of building and leasehold improvements and equipment. No capital assets have been transferred to different categories within property, plant and equipment.

Included in property, plant and equipment additions for the 39 weeks ended September 28, 2019 is a total accrual of $1.1 million (December 31, 2018 - $2.4 million).

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 September 28, 2019.

Intangible assets

	As at	
	September 28, 2019	December 31, 2018
Cost	**$ 35,299**	$ 34,217
Accumulated amortization and impairment	**(28,679)**	(25,827)
Net book value	**$ 6,620**	$ 8,390

During the 39 weeks ended September 28, 2019, the Corporation acquired $1.1 million (39 weeks ended September 29, 2018 - $1.8 million) worth of software. No capital assets have been transferred to different categories within intangible assets.

Included in intangible asset additions for the 39 weeks ended September 28, 2019 is a total accrual of $0.1 million (December 31, 2018 - $0.1 million).

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

11. RIGHT-OF-USE ASSETS

Right-of-use assets represent leases which were previously classified as operating leases under IAS 17 and other contracts assessed as containing a lease under IFRS 16.

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

	Right-of-use Assets		
	Building and building improvements	**Equipment**	**Total**
Cost as at January 1, 2019	**$ 6,219**	**$ 3,753**	**$ 9,972**
Disposal	**-**	**(8)**	**(8)**
Accumulated depreciation	**(722)**	**(860)**	**(1,582)**
Net book value as at September 28, 2019	**$ 5,497**	**$ 2,885**	**$ 8,382**

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

	As at	
	September 28, 2019	December 31, 2018
Trade payables	**$ 2,783**	$ 4,007
Other current financial liabilities[1]	**32,323**	40,828
Other accounts payable and accrued liabilities	**498**	4,164
Total current trade payable, other payables and accrued liabilities	**$ 35,604**	$ 48,999
Other non-current financial liabilities	**230**	274
Total non-current trade payables, other payables and accrued liabilities	**$ 230**	$ 274
Trade payables, other payables and accrued liabilities	**$ 35,834**	$ 49,273

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

13. PROVISIONS

The following table presents the changes in the provisions:

	As at	
	September 28, 2019	December 31, 2018
Carrying amount at the beginning of the period	**$ 7,920**	$ 6,749
Additional provisions recognized	**2,057**	4,043
Payments	**(1,529)**	(1,092)
Derecognition of provisions[1]	**(1,338)**	(1,780)
Foreign exchange loss	**(8)**	-
Carrying amount at the end of the period	**$ 7,102**	$ 7,920

[1] Derecognition of provisions includes $1.0 million of onerous lease provisions which were reclassified against right-of-use assets on January 1, 2019 as disclosed in note 3.2 to these condensed consolidated financial statements.

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

Provisions include the following**:**

	As at	
	September 28, 2019	December 31, 2018
Sales returns and warranty	**$ 2,443**	$ 2,264
Employee compensation and restructuring	**3,202**	3,374
Other provisions	**1,457**	2,282
Total provisions	**$ 7,102**	$ 7,920

	As at	
	September 28, 2019	December 31, 2018
Current portion	**$ 5,724**	$ 5,784
Non-current portion	**1,378**	2,136
Total provisions	**$ 7,102**	$ 7,920

14. FACE VALUE REDEMPTIONS

	As at	
	September 28, 2019	December 31, 2018
Face Value redemptions	**$ 178,946**	$ 180,224
Precious metal recovery	**(44,152)**	(40,405)
Face Value redemptions, net	**134,794**	139,819
Less: Current portion	**(1,248)**	(1,292)
Non-current Face Value redemptions, net	**$ 133,546**	$ 138,527

	As at	
	September 28, 2019	December 31,2018
Opening balance	**$ 139,819**	$ 141,135
Redemptions, net	**(1,004)**	(1,455)
Revaluation	**(4,021)**	139
Ending balance	**$ 134,794**	$ 139,819

As at September 28, 2019, the Corporation determined that it continues to be unable to reliably estimate the redemptions of Face Value coins.

Face Value redemptions represent 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 each financial statement reporting date. The impact of the revaluation of the precious metal component of the liability, including the impact of the foreign currency balance sheet revaluation, was a decrease of $6.3 million and $4.0 million, respectively, for the 13 and 39 weeks ended September 28, 2019 (13 and 39 weeks ended September 29, 2018 – an increase of $5.0 million and $5.1 million).

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

The current portion of the liability for Face Value redemptions is based on the redemptions for the last 12 months, as the Corporation continues to determine that it is 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.

15. LEASE LIABILITIES

Lease liabilities represent the Corporation's obligations that arise from lease contracts under IFRS 16 and are calculated based on the present value of lease liabilities as of January 1, 2019.

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

		Lease Liabilities				
		Building and building improvements		**Equipment**		**Total**
Balance as at January 1, 2019	$	8,198	$	3,753	$	11,951
Interest expense		200		86		286
Lease payments		(1,257)		(911)		(2,168)
Derecognition		-		(8)		(8)
Balance as at September 28, 2019	$	7,141	$	2,920	$	10,061

		Lease Liabilities				
		Building and building improvements		**Equipment**		**Total**
Current	$	1,331	$	1,099	$	2,430
Non-current		5,810		1,821		7,631
Balance as at September 28, 2019	$	7,141	$	2,920	$	10,061

Total cash outflow for leases included in lease liabilities for the 13 weeks and 39 weeks ended September 28, 2019 is $0.7 million and $2.2 million, respectively.

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

16. EMPLOYEE COMPENSATION AND BENEFITS

Pension benefits

The Corporation made total contributions of $7.9 million in the 39 weeks ended September 28, 2019 (39 weeks ended September 29, 2018 - $8.0 million).

See Note 19 in the audited consolidated financial statements for the year ended December 31, 2018 for details on the Corporation's pension and other post-employment benefit plans.

17. REVENUE

17.1 Revenue by performance obligation

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018[1]	**September 28, 2019**	September 29, 2018[1]
Performance obligation satisfied at a point in time				
Sale of goods	**$ 331,074**	$ 332,524	**$ 884,765**	$ 859,010
Rendering of services	**3,519**	4,629	**11,877**	10,736
Total revenue recognized at a point in time	**$ 334,593**	$ 337,153	**$ 896,642**	$ 869,746
Performance obligations satisfied over time				
Sale of goods	**9,808**	9,054	**26,218**	30,132
Rendering of services	**25,653**	24,645	**76,299**	72,587
Total revenue recognized over time	**$ 35,461**	$ 33,699	**$ 102,517**	$ 102,719
Total revenue	**$ 370,054**	$ 370,852	**$ 999,159**	$ 972,465

[1] Prior year figures have been reclassified to align with this year's presentation and to move $19.5 million and $58.3 million for the 13 weeks and 39 weeks ended September 29, 2018, respectively, of Canadian Circulation services from sale of goods to rendering of services.

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

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:

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018[1]	**September 28, 2019**	September 29, 2018[1]
Gross revenue from the sale of goods	**$ 451,838**	$ 445,078	**$ 1,198,651**	$ 1,145,147
Less: Customer inventory deals	**(110,956)**	(103,500)	**(287,668)**	(256,005)
Net revenue from the sale of goods	**$ 340,882**	$ 341,578	**$ 910,983**	$ 889,142

[1] Prior year figures have been reclassified to align with this year's presentation and to move $19.5 million and $58.3 million for the 13 weeks and 39 weeks ended September 29, 2018, respectively, of Canadian Circulation services from sale of goods to rendering of services.

17.2 Disaggregation of Revenue

The following table shows revenue disaggregated by primary geographical region, business and timing of revenue recognition:

	13 weeks ended		39 weeks ended	
Primary Geographic Regions	**September 28, 2019**	September 29, 2018	**September 28, 2019**	September 29, 2018
North America[1]	**$ 210,402**	$ 205,808	**$ 624,547**	$ 565,784
Europe, Middle East & Africa[1]	**100,100**	113,277	**260,349**	301,418
Asia & Australia	**52,627**	42,661	**99,159**	82,474
Latin America & Caribbean	**6,925**	9,106	**15,104**	22,789
Total revenue	**$ 370,054**	$ 370,852	**$ 999,159**	$ 972,465

[1] Prior year figures have been reclassified for the 13 weeks and 39 weeks ended September 29, 2018 to move $8.6 million and $24.4 million, respectively, of revenue related to Bullion compensation arrangements from Asia & Australia and Europe, Middle East & Africa to North America.

	13 weeks ended		39 weeks ended	
Business	**September 28, 2019**	September 29, 2018	**September 28, 2019**	September 29, 2018
Canadian Circulation	**$ 25,393**	$ 24,554	**$ 72,347**	$ 69,974
Foreign Circulation	**19,142**	18,154	**42,310**	51,933
Bullion Products and Services	**299,524**	303,684	**799,240**	769,265
Numismatics	**25,995**	24,460	**85,262**	81,293
Total revenue	**$ 370,054**	370,852	**$ 999,159**	$ 972,465

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

17.3 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 are unsatisfied (or partially unsatisfied) as at September 28, 2019:

	2019	2020	2021	Total
Total revenue	**$ 40,552**	**$ 96,584**	**$ 71,433**	**$ 208,569**

The Corporation has other contracts with terms longer than 12 months that include unsatisfied performance obligations that are dependent on volumes. These 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.

18. DEPRECIATION AND AMORTIZATION EXPENSE

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Depreciation of property, plant and equipment	**$ 3,548**	$ 3,398	**$ 10,689**	$ 10,286
Amortization of intangible assets	**972**	930	**2,852**	2,759
Depreciation of right-of-use assets	**527**	-	**1,582**	-
Total depreciation and amortization expense	**$ 5,047**	$ 4,328	**$ 15,123**	$ 13,045

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

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Cost of sales	**$ 3,039**	$ 2,684	**$ 9,112**	$ 7,928
Marketing and sales expenses	**718**	664	**2,148**	2,064
Administration expenses	**1,290**	980	**3,863**	3,053
Total depreciation and amortization expense	**$ 5,047**	$ 4,328	**$ 15,123**	$ 13,045

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

19. EMPLOYEE COMPENSATION EXPENSES

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Included in cost of sales:				
Short term employee benefits including salaries and wages	**$ 8,485**	$ 8,603	**$ 25,691**	$ 24,775
Pension costs	**1,211**	1,277	**3,964**	4,193
Long term employee and post-employment benefits other than pension	**644**	712	**1,806**	2,065
Termination benefits	**-**	1	**(26)**	41
Included in marketing and sales expenses:				
Short term employee benefits including salaries and wages	**3,289**	4,100	**10,385**	12,320
Pension costs	**337**	354	**1,179**	1,266
Long term employee and post-employment benefits other than pension	**131**	162	**325**	471
Termination benefits	**-**	106	**(16)**	73
Included in administration expenses:				
Short term employee benefits including salaries and wages	**8,517**	7,213	**25,571**	22,323
Pension costs	**735**	684	**2,672**	2,424
Long term employee and post-employment benefits other than pension	**367**	292	**1,001**	902
Termination benefits	**88**	5	**155**	66
Total employee compensation and benefits expense	**$ 23,804**	$ 23,509	**$ 72,707**	$ 70,919

20. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SRED) EXPENSES, NET

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
SRED expenses	**$ 1,224**	$ 1,003	**$ 3,925**	$ 2,962
SRED investment tax credit	**(26)**	(183)	**(356)**	(595)
SRED expenses, net	**$ 1,198**	$ 820	**$ 3,569**	$ 2,367

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

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

21. INCOME TAXES

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Current income tax expense	**$ 1,231**	$ 3,911	**$ 5,914**	$ 9,131
Deferred income tax expense (recovery)	**2,473**	(1,897)	**2,352**	(3,840)
Income tax expense	**$ 3,704**	$ 2,014	**$ 8,266**	$ 5,291

The Corporation's effective income tax expense on profit before income tax differs from the amount that would be computed by applying the federal statutory income tax rate of 25% (2018 – 25%). The Corporation's effective income tax rate was 28.07% for the 13 weeks and 27.33% for the 39 weeks ended September 28, 2019 due to an increase in taxable income as a result of higher profit, temporary differences between income for accounting and tax purposes, and adjustments reported in 2019 related to the filing of the annual income tax returns for prior years.

22. SUPPLEMENTAL CASH FLOW INFORMATION

22.1 Reclassification

The Corporation modified its consolidated statement of cash flows for the year ended December 31, 2018 to better represent the movements in provisions, prepaid expenses and foreign exchange that were reclassified within operating activities. For more information on this reclassification refer to note 29 in the Corporation's audited consolidated financial statements for the year ended December 31, 2018.

The following table shows the combined impact of these reclassifications:

	13 weeks ended		
	September 29, 2018		
Increase (decrease)	As previously reported	Reclassification	As reclassified
Adjustments to other (revenues) expenses, net	$ (4,417)	$ 526	$ (3,891)
Net changes in operating assets and liabilities	4,838	(526)	4,312

	39 weeks ended		
	September 29, 2018		
Increase (decrease)	As previously reported	Reclassification	As reclassified
Adjustments to other (revenues) expenses, net	$ (8,099)	$ 1,158	$ (6,941)
Net changes in operating assets and liabilities	(19,866)	(1,158)	(21,024)

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

22.2 Supplemental cash flow information

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

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018[1]	**September 28, 2019**	September 29, 2018[1]
Expenses				
Employee benefits expenses	**$ 1,877**	$ 2,305	**$ 7,388**	$ 7,844
Employee benefits paid	**(2,432)**	(2,470)	**(7,958)**	(8,019)
Inventory write-downs	**(1,928)**	686	**(2,809)**	196
Gain on disposal of assets	**-**	44	**-**	-
Prepaid expenses[1]	**456**	455	**1,334**	1,364
Provisions[1]	**149**	71	**1,070**	(206)
Other non-cash expenses, net[1]	**(231)**	(589)	**91**	(132)
Revenue				
Foreign circulation revenue	**(2,969)**	(3,156)	**(8,439)**	(4,408)
Bullion service revenue	**(1,705)**	(1,237)	**(10,366)**	(3,580)
	$ (6,783)	$ (3,891)	**$ (19,689)**	$ (6,941)

[1] Prior year figures have been reclassified to conform to current year presentation.

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

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018[1]	**September 28, 2019**	September 29, 2018[1]
Trade receivables, net and other receivables	**$ 1,815**	$ 2,069	**$ 39,972**	$ (2,308)
Inventories	**8,082**	(7,044)	**8,198**	(7,031)
Prepaid expenses	**531**	352	**(3,193)**	(1,895)
Trade payables, other payables and accrued liabilities	**1,116**	1,549	**(9,844)**	(15,835)
Contract liabilities	**3,665**	7,386	**6,301**	6,045
Provisions	**(203)**	-	**(1,447)**	-
	$ 15,006	$ 4,312	**$ 39,987**	$ (21,024)

[1] Prior year figures have been reclassified to conform to current year presentation.

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

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

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Income tax paid	**$ (4,595)**	$ (3,229)	**$ (12,281)**	$ (10,041)
Income tax received	**30**	2,958	**51**	2,958
	$ (4,565)	$ (271)	**$ (12,230)**	$ (7,083)

Interest received, net, was comprised of the following:

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Interest received	**$ 217**	$ 152	**$ 1,167**	$ 826
Interest paid	**(148)**	(92)	**(465)**	(305)
	$ 69	$ 60	**$ 702**	$ 521

23. 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 the 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 Memorandum of Understanding, where pricing is agreed annually in the normal course of operations.

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

The transactions with DOF were as follows:

	13 weeks ended		39 weeks ended	
	September 28, 2019	September 29, 2018	**September 28, 2019**	September 29, 2018
Revenue from DOF	**$ 23,465**	$ 22,038	**$ 66,439**	$ 63,555

	As at	
	September 28, 2019	December 31, 2018
Receivable from DOF	**$ 1,319**	$ 443
Contract liability	**755**	509

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

24. COMMITMENTS, CONTINGENCIES AND GUARANTEES

24.1 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. As at September 28, 2019, the Corporation had $22.9 million in outstanding precious metal purchase commitments (December 31, 2018 – $16.1 million).

As at September 28, 2019, the Corporation had entered into precious metal leases as follows:

	As at	
Ounces	**September 28, 2019**	December 31, 2018
Gold	**278,295**	262,843
Silver	**5,629,955**	5,785,450
Platinum	**15,484**	18,781

The fees for these leases are based on market value. The precious metal lease payments expensed for the 39 weeks ended September 28, 2019 were $1.9 million (39 weeks ended September 29, 2018 - $2.0 million). The value of the metals under these leases has not been reflected in the Corporation's condensed consolidated financial statements since these agreements do not meet the definition of a lease under IFRS 16 as the Corporation intends to settle these commitments through receipt or delivery of the underlying metal, but not a specific asset.

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

24.2 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 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 at September 28, 2019, under the guarantees and bid bonds, the maximum potential amount of future payments is $15.7 million (December 31, 2018 - $16.1 million).

24.3 Other commitments and contingencies

As at September 28, 2019, the total estimated minimum remaining future commitments were as follows:

	2019	2020	2021	2022	2023	2024 and thereafter	Total
Operating leases[1]	$ 182	$ 107	$ -	$ -	$ -	$ -	$ 289
Other commitments	18,127	9,274	1,210	39	36	44	28,730
Base metal commitments	8,505	7,744	-	-	-	-	16,249
Capital commitments	2,830	-	-	-	-	-	2,830
Total	**$ 29,644**	**$ 17,125**	**$ 1,210**	**$ 39**	**$ 36**	**$ 44**	**$ 48,098**

[1] Operating leases include low value leases and leases with a term of 12 months or less.

Other commitments include firm contracts with suppliers for goods and services, excluding precious metals commitments and operating leases.

Base metal commitments are firm fixed-price purchase commitments which are entered into 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 has committed as at September 28, 2019 to spend approximately $2.8 million (December 31, 2018 - $2.2 million) in 2019 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 condensed consolidated financial statements. A $1.2

million provision for potential legal obligations is included in other provisions (Note 13) as at September 28, 2019 (December 31, 2018 - $0.9 million). The amount and timing of the settlement of the provision is uncertain.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2018.