THIRD QUARTER REPORT FISCAL 2015

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

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

The Mint has prepared these unaudited condensed consolidated financial statements for the 13 and 39 weeks ended September 26, 2015, and September 27, 2014, in compliance with International Financial Reporting Standards (IFRS).

This report contains forward-looking statements about the Mint's strategy and expected financial and operational results. Forward-looking statements are based on the following broad assumptions: Government of Canada approval of the Mint's 2015-2019 Corporate Plan and no change to the Mint's current mandate. Key risks and uncertainties are described in Outlook and Risk Update section of this report. However, some risks and uncertainties are by definition difficult to predict and beyond our control. They include, but are not limited to, economic, competition, financial, foreign exchange, precious metals and base metals, technology and regulatory conditions. These factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

HIGHLIGHTS

- The Mint achieved record bullion sales as it capitalized on a recovery in market demand and the weak Canadian dollar;
- The Numismatics business line continues to exhibit growth with a strong quarter driven by sales from our Canadian and international dealers;
- The Mint ensured sufficient supply of coins to support the FIFA Women's World Cup Canada 2015™, the Toronto™ 2015 Pan Am / ParaPan Am Games and efficient commerce across the country;
- The Mint released a distinctive collection of numismatic coins marking the 50th anniversary of Canada's iconic red and white national flag;
- Following a detailed strategic review, the Mint completed an impairment test that resulted in an adjustment to the Mint's results for the quarter and the year-to-date.

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

PERFORMANCE

Consolidated results and financial performance

(in CAD $ millions for the periods ended September 26, 2015, and September 27, 2014)

	13 weeks ended				39 weeks ended			
	26-Sep-15	27-Sep-14	$ Change	% Change	26-Sep-15	27-Sep-14	$ Change	% Change
Revenue	$ 931.0	$ 500.5	$ 430.5	86.0%	$ 2,143.7	$ 1,739.6	$ 404.1	23.2%
Pre-Impairment profit	20.2	8.2	12.0	146.3%	53.0	43.1	9.9	23.0%
Impairment	(65.5)	-	(65.5)	-	(65.5)	-	(65.5)	-
Profit (Loss) before taxes	(45.3)	8.2	(53.5)	(652.4)%	(12.6)	43.1	(55.7)	(129.2)%
Profit (Loss) after taxes	(34.0)	6.1	(40.1)	(657.4)%	(9.8)	32.3	(42.1)	(130.3)%

	As at			
	26-Sep-15	31-Dec-14	$ Change	% Change
Cash	$ 154.6	$ 104.2	$ 50.4	48.4%
Inventories	102.3	89.0	13.3	14.9%
Capital assets	187.7	259.2	(71.5)	(27.6)%
Total assets	477.7	491.1	(13.4)	(2.7)%
Working capital	173.6	139.7	33.9	24.3%

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

CONSOLIDATED OVERVIEW

Consolidated revenue for the 13 weeks ended September 26, 2015, increased 86.0% to $931.0 million from $500.5 million in the same period in 2014. The increase was driven primarily by a rebound in demand for bullion products during the quarter combined with a weak Canadian dollar pushing revenue from gold and silver up $430.5 million. Third quarter revenues from sales of numismatic coins increased 13.9% over the same period in 2014. These increases were offset by a 24.6% decline in Canadian Circulation revenue as a result of the change in the new Memorandum of Understanding (MOU) with the Government of Canada.

During the third quarter, the Mint's senior leadership team completed its review of the Mint's strategy and operations. The review revealed indications of impairment of the Circulation Cash Generating Unit arising from recent changes in the Mint's MOU and the impact of the global macroeconomic environment on the Foreign Business Line and Alloy Recovery Program. After further study, it was concluded this asset was impaired and the Mint recorded a $65.5 million non-cash impairment charge in the current quarter.

Pre-impairment operating expenses for the quarter increased 7.3% to $33.9 million from $31.6 million in the prior year primarily due to increased administration expenses of $1.3 million coupled with a $1.0 million increase in marketing and sales expenses. The increase of administration expenses was driven mainly by professional services and the provision for a potential contract dispute. The increase of marketing and sales expenses was mainly due to the Mint's value in kind sponsorship expenditures for the Toronto™ Pan Am/ParaPan Am Games.

The impairment loss increased the operating expenses for the quarter to $99.4 million from $31.6 million in the prior year.

Pre-impairment consolidated profit before taxes increased 146.3% to $20.2 million from $8.2 million in the same period in 2014. The increase was driven by strong bullion and numismatic results. The $65.5 million impairment loss drove the consolidated profit before taxes to a loss of $45.3 million from a profit of $8.2 million in the same period in 2014.

Cash increased to $154.6 million from $104.2 million at December 31, 2014, mainly generated from the strong operating results. Inventory rose to $102.3 million from $89.0 million at December 31, 2014, mainly due to the increase in inventory to support the foreign circulation contracts and strong bullion sales. The impairment loss on tangible and intangible fixed assets decreased the consolidated total assets by 2.7% to $477.7 million at September 26, 2015, compared to $491.1 million at December 31, 2014. Working capital increased to $173.6 from $139.7 million at December 31, 2014. The increase reflects the Mint's operating performance and income during the 39-week period.

Consolidated revenue for the 39 weeks to September 26, 2015 was $2,143.7 million, a 23.2% increase over revenue in the same period in 2014. Pre-impairment consolidated profits before taxes for the year to date have increased 23.0% to $53.0 million from $43.1 million in the same period in 2014. The increase was driven by the performance in the bullion and numismatic businesses offset by the negative impact of the MOU on performance in the Canadian Circulation business line. The impairment loss caused consolidated profits before taxes for the year to date to decline 129.2% to a loss of $12.6 million from a profit of $43.1 million in the same period in 2014. Profits after taxes decreased 130.3% to a loss of $9.8 million from a profit of $32.3 million in the same period in 2014.

CORPORATE DEVELOPMENTS

An Order in Council (OIC) was issued on July 16, 2015 pursuant to section 89 of the *Financial Administration Act* to direct the Mint to comply with Treasury Board Secretariat (TBS) guidelines on travel and hospitality expenditures and to report on the implementation of the guidelines in the next corporate plan. The Mint had implemented significant changes to its travel and hospitality policies in February and May 2015 to align many primary provisions with TBS guidelines and will have a further update implemented in early 2016. The Mint is reporting on its travel and hospitality expenses this quarter as recommended by the new OIC.

As a result of the strategy and operational review, Management presented its new strategic direction to and received approval from the Mint's Board of Directors in August 2015 to form the basis for completion of its 2016-2020 Corporate Plan. Management highlighted a number of key findings:

- Markets have become increasingly competitive and price sensitive on a global basis given the decline in base metal prices and increase in global competition. These factors combined with the removal of profit from its arrangement with the Government of Canada provided key indicators of potential impairment with two of its three Cash Generating Units (CGU) which required detailed analysis to determine if an impairment charge was warranted;

- Management identified the source of our future profitable growth to be in our Numismatics business and is realigning its investments and resources accordingly;

- Management confirmed its strategy for Bullion Products and Services and identified operational efficiencies to best position itself for cyclical market conditions;

- Management identified strategies and operational efficiencies to best position the Mint's Circulation businesses for long term success;

- Management completed a review of its dividend framework to determine a more structured approach to determining its dividend to the Government of Canada going forward;

- Management reviewed the Mint's vision and values and determined a refinement to its vision was appropriate. The Mint's new vision is: *"Delivering excellence... through our customer-driven businesses, our talented people and the value we add to Canada and Canadians."*

Management reviewed these findings with senior officials from the Department of Finance in September 2015 to obtain support for its new strategic direction in advance of finalizing its 2016-2020 Corporate Plan Submission.

Subsequent events

The Mint continued to demonstrate market leadership as it received a prestigious award during the recent International Association of Currency Affairs (IACA) 2015 Excellence in Currency Awards in Madrid, Spain on October 21. The 50-cent 100th anniversary of Anzac coin featuring advanced pad-printed colouring technology produced by the Mint for the Reserve Bank of New Zealand and NZ Post was selected as the Best New Commemorative or Test Circulating Coin award.

In follow up to the strategy review:

- The Mint declared a special dividend of $43 million to the Government of Canada. The dividend was determined after a review of its cash requirements and the implementation of its new dividend framework. The dividend will be paid by the end of 2015. This brings the total dividends declared this year to $53 million as a result of continued strong financial performance by the Mint.

- Management completed its review on operational efficiencies and completed a related reorganization in late October.

- The Mint submitted its 2016-2020 Corporate Plan to the Minister of Finance in early November for approval.

PERFORMANCE BY BUSINESS LINE

Revenue by Business Line

(in CAD $ millions for the periods ended September 26, 2015, and September 27, 2014)

	13 weeks Ended				39 weeks Ended			
	26-Sep-15	27-Sep-14	$ Change	Change	26-Sep-15	27-Sep-14	$ Change	Change
Canadian Circulation	$ 20.6	$ 27.3	$ (6.7)	(24.5)%	$ 68.1	$ 78.5	$ (10.4)	(13.2)%
Numismatic and Collectibles	51.5	45.2	6.3	13.9%	142.9	135.1	7.8	5.8%
Circulation Products and Solutions	18.5	18.1	0.4	2.2%	46.9	68.8	(21.9)	(31.8)%
Bullion Products and Services	840.4	409.8	430.6	105.1%	1,885.8	1,457.3	428.5	29.4%

Operating Highlights and Analysis of Results

Canadian Circulation[2]

Overall demand for coins of the quarter and year-to-date were slightly down to 1,150 million and 3,160 million respectively compared to 1,190 million and 3,280 million the same period last year. To meet the demand, the overall supply of the coins were slightly down to 1,162 million and 3,164 million respectively compared to 1,208 million and 3,311 million the same period in 2014. The supply of the coins is sourced from three channels: Financial Institution Deposits, Coin Recycling and New Coin Sales to the Financial Institutions. The Financial Institution Deposits of the quarter and year-to-date were slightly lower than the same period last year to 827 million and 2,436 million respectively from 875 million and 2,593 million. The supply of the recycling coins of the quarter and year-to-date have increased to 157 million and 428 million respectively from 148 million and 410 million the same period in 2014. The New Coin Sales to the Financial Institutions of the quarter and year-to-date were slightly lower than the same period of last year to 178 million and 300 million respectively from 185 million and 308 million. As a result of the shipments to offset lower financial institution deposits, and the fact the opening inventory for the year was 269 million compared to 486 million same period last year, the year-to-date production of the new coins increased to 246 million from 79 million same period in 2014. This brought the ending coin inventory to 214 million compared to 257 million the same period last year. The Mint is working diligently to return inventory to a more normal level over the balance of 2015.

During the quarter the Mint recovered 183 million pennies compared to 267 million the same quarter in 2014. Year-to-date the Mint recovered 555 million pennies compared to 1,321 million the same period of last year.

The Mint takes pride in celebrating Canada's history, culture and values. During the quarter, the Mint issued coloured and uncoloured versions of the 25-cent coin commemorating the 50th anniversary of the Canadian flag.

[2] The Mint's businesses have been realigned to better reflect our Memorandum of Understanding (MOU) with the Department of Finance. The former Foreign Business line has been amalgamated with the Alloy Recovery Program to form the Circulation Products and Solutions business line. The former Bullion, Refinery and ETR business line has been renamed Bullion Products and Services.

The *My Canada, My Inspiration* national contest entered its final phase with the conclusion of voting on October 9, 2015. Earlier this year, the Mint invited Canadians to submit designs for the 5-cent, 10-cent, 25-cent, one-dollar and two-dollar coins that will circulate in 2017 during Canada's 150th birthday. Over the summer, it received over 10,000 entries from which five finalists were selected by a distinguished panel of experts, employees and prominent Canadians. Thousands of Canadians from coast to coast then voted online for their favourite design for each denomination. The winning designs will be revealed in 2017.

The Mint anticipates its revenue from Canadian Circulation program to be below target for the year due to efforts to reduce costs of the program on behalf of the Government of Canada.

Numismatics and Collectibles

During the quarter, revenue increased 13.9% to $51.5 million from $45.2 million in the third quarter of 2014. Revenues were driven by strong sales achieved by the Mint's network of dealers and distributors in Canada and internationally.

The Mint issued 63 new products during the quarter compared to 77 new products in Q3 2014. The Mint achieved 22 sellouts during the quarter compared to 29 in the third quarter of 2014; five coins sold out in less than a week. During the quarter the Mint issued numerous notable coins:

- The world's first maple leaf-shaped coin, a $20 Fine Silver coin;
- The first fine silver and pure gold one-kilo coins to feature both enamel colouring and a scalloped edge. The coins were issued in anticipation of the Year of the Monkey;
- A pair of pure gold coins celebrating Diwali, the Mint's first tribute to the Indian Festival of Lights;

Revenue for the business line was $142.9 million during the 39 weeks ended September 26, 2015 compared to $135.1 million in the same period in 2014. The number of numismatic coins issued during the year-to-date was stable at 193 in 2015 and 2014.

The business line expects to exceed prior year revenues and is expected to meet its 2015 revenue target.

Circulation Products and Solutions

The Mint shipped 336.6 million coins and blanks to 12 countries in the third quarter of 2015. During the same period last year, the Mint shipped 402.0 million coins and blanks to nine countries. Revenue from foreign circulation sales declined by 9.2% to $11.9 million from $13.1 million in Q3 2014 as a result of lower shipments in the quarter. During the current quarter, the Mint secured large volume contracts to produce coins and blanks for two countries.

Some of the coins collected through the recycling program are retrieved and their metal content recovered through the Alloy Recovery Program (ARP). Revenue from ARP increased 32.0% to $6.6 million from $5.0 million in the third quarter of 2014 along with a comparable increase (30.4%) in tonnage sold. The slight variance between the increase in tonnage and revenue reflects the increased cost to process and sell the metal content of one-dollar coins.

In the 39 weeks ended September 26, 2015, the Mint produced and shipped 932.1 million coins and blanks to 16 countries compared to 1.8 billion coins and blanks to 13 countries in the same period in 2014. Revenue declined 44.5% to $29.9 million in the year to date compared to $53.9 million in the same period last year. The decline in volume and revenue is due mainly to a major contract in 2014 that did not repeat in 2015. During the 39-week period, the Mint secured 11 contracts to produce circulation and numismatic coins for eight countries compared to five contracts with four countries in the same period in 2014.

For the 39 weeks to September 26, 2015, revenue from the Alloy Recovery Program increased 14.1% to $17.0 million from $14.9 million in the same period in 2014. During this period, it recovered and sold 558.8 metric tonnes of nickel and 143.0 metric tonnes of cupronickel compared to 506.0 metric tonnes of nickel and 171.1 metric tonnes of cupronickel in the same period in 2014.

Although despite challenges in achieving its revenue targets for the year, the Circulation Products and Solutions business is expected to break even for 2015.

Bullion Products and Services

Bullion revenues increased 105.1% to $840.4 million in the third quarter of 2015 from $409.8 million in the same period in 2014 with demand for both gold and silver products exceeding expectations. Sales of Gold, mostly as Maple Leaf (GML) coins increased 135.5% to 323.4 thousand ounces compared to 137.3 thousand ounces in the third quarter of 2014. Sales of silver, mostly as Silver Maple Leaf (SML) coins, increased 75.9% to 9.5 million ounces from 5.4 million ounces from the same quarter in 2014. Demand for the Mint’s Bullion products remained strong during the third quarter due to continued uncertainty over global currencies and economies. Because bullion is sold in US dollars, revenue from these products is also positively affected by the lower value of the Canadian dollar relative to the US dollar. After successful field trials of a novel device that helps protect buyers and sellers of GML and SML coins from counterfeiting, the Mint announced the commercial launch of its Bullion DNA Anti-Counterfeiting Technology. The Bullion DNA counter-top device that allows genuine GML and SML bullion coins to be identified in-store was unveiled before a gathering of North American bullion dealers and distributors attending the American Numismatic Association's 2015 World's Fair of Money in Chicago, Illinois. North American dealers and distributors can now purchase this anti-counterfeiting technology by registering for the Mint’s Bullion DNA program.

During the 39 weeks ended September 26, 2015, Bullion Products and Services revenue rose 29.4% to $1,885.8 million from $1,457.3 million in the same period in 2014. Sales of GML coins rose 40.5% to 666.3 thousand ounces from 474.3 thousand ounces in 2014 while sales of SML coins rose 20.6% to 25.2 million ounces from 20.9 million ounces in the previous year.

Bullion Products and Services revenues are on track to exceed targets for 2015.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures were $4.7 million during the third quarter of 2015 compared to $6.0 million during the same period in 2014. These expenditures included investment in manufacturing improvements and equipment as well as the refurbishment of infrastructure in Ottawa.

During the 39 weeks ended September 26, 2015, capital expenditures were $16.2 million compared to $18.7 million in the same period in 2014.

The Corporation anticipates the actual expenditure in 2015 to be lower than its Corporate Plan targets following the recent strategic and operational reviews.

The Corporation recorded an impairment of $65.5 million against its Capital resources in the third quarter of 2015. The impairment was recorded against the Corporation's Circulation CGU as a result of an analysis using the value in use method.

RISKS TO PERFORMANCE

The Mint's performance is influenced by many factors, including competitive pressures, economic conditions and volatility in financial and commodity markets. A significant portion of Mint's revenues and costs is denominated in foreign currencies, mainly US dollars, which expose the Mint to foreign exchange risk. The Mint mitigates this risk through a variety of risk management strategies, including natural currency and financial instrument hedges of a portion of its US dollar denominated net cash flows. This program has been enhanced to adopt an increasingly structured approach to manage the risks inherent in sales of bullion in US dollars.

The Mint recently conducted a review of its existing Internal Control over Financial Reporting (ICFR) program. The review generated recommendations for enhancements that the Mint is assessing and will prioritize for implementation.

OUTLOOK

The pre-impairment operating and financial results achieved during the 39 weeks ended September 26, 2015, indicate the Corporation is on track to exceed the annual targets established in the 2014-2018 Corporate Plan approved by the Government of Canada in November 2013 as well as the 2015-2019 Corporate Plan pending approval from the Government of Canada.

Statement of Management Responsibility by Senior Officials

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

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

Sandra L. Hanington	Jennifer Camelon, CPA, CA
President and Chief Executive Officer	*Chief Financial Officer and Vice-President, Finance and Administration*

Ottawa, Canada
November 25, 2015

ROYAL CANADIAN MINT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited

		As at	
(CAD$ thousands)	Notes	**September 26, 2015**	December 31, 2014
Assets			
Cash	5	**$ 154,586**	$ 104,153
Accounts receivable	6	**25,810**	27,455
Prepaid expenses	7	**5,251**	1,525
Income taxes receivable		**-**	7,633
Inventories	8	**102,296**	89,023
Derivative financial assets	9	**1,895**	1,941
Current assets		**289,838**	231,730
Derivative financial assets	9	**-**	16
Property, plant and equipment	10, 19	**172,266**	241,650
Investment property		**236**	236
Intangible assets	10	**15,384**	17,450
Total assets		**$ 477,724**	$ 491,082
Liabilities			
Accounts payable and accrued liabilities	11	**$ 61,837**	$ 74,778
Loans payable		**7,593**	7,522
Deferred revenue		**28,861**	1,209
Income taxes payable		**7,428**	3,971
Employee benefits	12	**1,924**	2,088
Derivative financial liabilities	9	**8,594**	2,447
Current liabilities		**116,237**	92,015
Derivative financial liabilities	9	**3,899**	1,946
Loans payable		**34,481**	34,475
Deferred tax liabilities		**351**	18,218
Employee benefits	12	**10,611**	10,611
Total liabilities		**165,579**	157,265
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**275,650**	295,421
Accumulated other comprehensive income (losses)		**(3,505)**	(1,604)
Total shareholder's equity		**312,145**	333,817
Total liabilities and shareholder's equity		**$ 477,724**	$ 491,082

Commitments, contingencies and guarantees (note 18).

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 **September 26, 2015**	13 weeks ended September 27, 2014	39 weeks ended **September 26, 2015**	39 weeks ended September 27, 2014
Revenues	13, 16	**$ 930,982**	$ 500,499	**$ 2,143,668**	$ 1,739,601
Cost of sales		**875,421**	459,784	**1,987,063**	1,596,186
Gross profit		**55,561**	40,715	**156,605**	143,415
Operating expenses					
Marketing and sales expenses		**18,766**	17,779	**59,314**	56,215
Administration expenses	14	**15,130**	13,810	**43,259**	42,915
Impairment Losses	19	**65,512**	-	**65,512**	-
Operating expenses		**99,408**	31,589	**168,085**	99,130
Operating profit (losses)		**(43,847)**	9,126	**(11,480)**	44,285
Net foreign exchange gains (losses)		**(1,348)**	(738)	**(724)**	(633)
Finance income (costs), net					
Finance income		**159**	124	**420**	301
Finance costs		**(236)**	(272)	**(769)**	(807)
Finance income (costs), net		**(77)**	(148)	**(349)**	(506)
Profit (losses) before income tax		**(45,272)**	8,240	**(12,553)**	43,146
Income tax expense		**(11,246)**	2,139	**(2,782)**	10,865
Profit (losses) for the period		**(34,026)**	6,101	**(9,771)**	32,281
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Net unrealized gains (losses) on cash flow hedges		**(2,103)**	(610)	**(3,515)**	(2,343)
Reclassification of net realized gains (losses) on cash flow hedges transferred from other comprehensive income		**729**	937	**1,614**	2,395
Other comprehensive income (losses), net of tax		**(1,374)**	327	**(1,901)**	52
Total comprehensive income (losses)		**$ (35,400)**	$ 6,428	**$ (11,672)**	$ 32,333

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

ROYAL CANADIAN MINT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

13 weeks ended September 26, 2015

(CAD$ thousands)	**Share Capital**	**Retained earnings**	**Accumulated other comprehensive income (“AOCI”) (Net losses on cash flow hedges)**	**Total**
Balance as at June 27, 2015	**$ 40,000**	**$ 309,676**	**$ (2,131)**	**$ 347,545**
Profit for the period	**-**	**(34,026)**	**-**	**(34,026)**
Other comprehensive income	**-**	**-**	**(1,374)**	**(1,374)**
Balance as at September 26, 2015	**$ 40,000**	**$ 275,650**	**$ (3,505)**	**$ 312,145**

13 weeks ended September 27, 2014

(CAD$ thousands)	Share Capital	Retained earnings	Accumulated other comprehensive income (“AOCI”) (Net losses on cash flow hedges)	Total
Balance as at June 28, 2014	$ 40,000	$ 281,158	$ (2,067)	$ 319,091
Profit for the period	-	6,101	-	6,101
Other comprehensive losses	-	-	327	327
Balance as at September 27, 2014	$ 40,000	$ 287,260	$ (1,740)	$ 325,520

39 weeks ended September 26, 2015

(CAD$ thousands)	**Share Capital**	**Retained earnings**	**Accumulated other comprehensive income (“AOCI”) (Net losses on cash flow hedges)**	**Total**
Balance as at December 31, 2014	**$ 40,000**	**$ 295,421**	**$ (1,604)**	**$ 333,817**
Profit for the period	**-**	**(9,771)**	**-**	**(9,771)**
Other comprehensive losses	**-**	**-**	**(1,901)**	**(1,901)**
Dividend paid	**-**	**(10,000)**	**-**	**(10,000)**
Balance as at September 26, 2015	**$ 40,000**	**$ 275,650**	**$ (3,505)**	**$ 312,145**

39 weeks ended September 27, 2014

(CAD$ thousands)	Share Capital	Retained earnings	Accumulated other comprehensive income (“AOCI”) (Net losses on cash flow hedges)	Total
Balance as at December 31, 2013	$ 40,000	$ 264,979	$ (1,792)	$ 303,187
Profit for the period	-	32,281	-	32,281
Other comprehensive losses	-	-	52	52
Dividend paid	-	(10,000)	-	(10,000)
Balance as at September 27, 2014	$ 40,000	$ 287,260	$ (1,740)	$ 325,520

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

ROYAL CANADIAN MINT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014 restated (note3)	**September 26, 2015**	September 27, 2014 restated (note3)
Cash flows from operating activities				
Receipts from customers	**$ 799,025**	$ 353,117	**$ 1,742,130**	$ 1,222,112
Payments to suppliers and employees	**(767,681)**	(316,858)	**(1,710,905)**	(1,211,239)
Interest paid	**(164)**	(188)	**(693)**	(739)
Cash receipts on derivative contracts	**150,880**	152,752	**392,079**	512,603
Cash payments on derivative contracts	**(147,381)**	(150,343)	**(343,305)**	(450,098)
Income taxes paid	**3,304**	(3,336)	**(3,243)**	(9,423)
Net cash generated (used) by operating activities	**37,983**	35,144	**76,063**	63,216
Cash flows from investing activities				
Interest received	**159**	124	**733**	301
Cash payments on derivative contracts to acquire property, plant and equipment and intangible assets	**(1,420)**	(704)	**(1,420)**	(3,793)
Payments to acquire property, plant and equipment and intangible assets	**(4,653)**	(5,972)	**(16,199)**	(18,712)
Net cash used by investing activities	**(5,914)**	(6,552)	**(16,886)**	(22,204)
Cash flows from financing activities				
Dividend paid	**-**	-	**(10,000)**	(10,000)
Repayment of loans and other payables	**2**	(2)	**4**	(4)
Net cash generated (used) by financing activities	**2**	(2)	**(9,996)**	(10,004)
Net increase/(decrease) in cash	**32,071**	28,590	**49,181**	31,008
Cash at the beginning of the period	**121,780**	65,655	**104,153**	63,228
Effects of exchange rate changes on cash held in foreign currencies	**735**	362	**1,252**	371
Cash at the end of the period	**$ 154,586**	$ 94,607	**$ 154,586**	$ 94,607

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

1. NATURE AND DESCRIPTION OF THE CORPORATION

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

On December 16, 2014, the *Royal Canadian Mint Act* was amended to specify that although the object of the Mint is to operate in the expectation of profit, it shall no longer anticipate profit with respect to the provision of any goods or services to Her Majesty in right of Canada, including the minting of circulation coins. The impact of this change is reflected in the 2014 Mint's results from the effective date of the legislation.

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

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

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

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting ("IAS 34")* of the *International Financial Reporting Standards ("IFRS")* and the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada. As permitted under this standard, these interim condensed consolidated financial statements do not include all of the disclosure requirements for annual consolidated financial statements, and should be read in conjunction with the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2014.

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

These interim condensed consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on November 25, 2015.

2.2 Basis of presentation

The interim condensed consolidated financial statements were prepared on the historical cost basis, except for derivative instruments which were measured at fair value and the defined benefit plan and other long-term benefits which were measured at the actuarial valuation amount. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

2.3 Consolidation

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

2.4 Functional and presentation currency

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

2.5 Significant accounting policies

Significant accounting policies applied in these interim condensed consolidated financial statements are disclosed in note 2 of the Corporation's annual consolidated financial statements for the year ended December 31, 2014. The accounting policies have been applied consistently in the current and comparative periods.

Impairment of tangible and intangible assets

The Corporation is required to evaluate its Cash Generating Units (CGUs) on each reporting period under IFRs for signs of potential impairment in the carrying value of the CGUs' assets. Please refer to the accounting policy in note 2.14 of the Corporation's annual consolidated financial statements for the year ended December 31, 2014 and note 19 for the $65.5 million impairment losses recognized as of September 26, 2015.

2.6 Key sources of estimation uncertainty and critical accounting judgments

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

In making critical judgements, estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis.

3. Restatement of the consolidated cash flow statement for the quarter ended September 27, 2014

The Corporation reviewed the presentation and classification of its cash flows at the end of 2014. As a result, certain derivative cash flows were reclassified between operating and investing activities to better reflect the underlying items being hedged. Also, certain receipts from customers and payments to suppliers related to bullion transactions were revised to more accurately reflect the nature of the net settlements for those transactions. The Corporation has restated the 2014 consolidated statement of cash flows to conform to current year presentation and the changes are summarized in the following tables:

For the 13 weeks ended September 27, 2014 *(CAD$ thousands)*

	As previously reported	Reclassification	Revised amount
Cash flows from operating activities			
Receipts from customers	$ 501,294	$ (148,178)	$ 353,116
Payments to suppliers and employees	(466,746)	149,889	(316,857)
Interest paid	(188)	-	(188)
Cash receipts on derivative contracts	152,752	-	152,752
Cash payments on derivative contracts	(150,453)	110	(150,343)
Income taxes paid	(3,227)	(109)	(3,336)
Net cash generated by operating activities	33,432	1,712	35,144
Cash flows from investing activities			
Interest received	124	-	124
Cash payments on derivative contracts to acquire property, plant and equipment and intangible assets	-	(704)	(704)
Payments to acquire property, plant and equipment and intangible assets	(4,964)	(1,008)	(5,972)
Net cash (used) by investing activities	(4,840)	(1,712)	(6,552)
Cash flows from financing activities			
Repayment of loans and other payables	(2)	-	(2)
Net cash generated (used in) by financing activities	(2)	-	(2)
Net increase (decrease) in cash	28,590	-	28,590
Cash at the beginning of the period	65,655	-	65,655
Effects of exchange rate changes on cash held in foreign currencies	362	-	362
Cash at the end of the period	$ 94,607	$ -	$ 94,607

For the 39 weeks ended September 27, 2014 *(CAD$ thousands)*

	As previously reported	Reclassification	Revised amount
Cash flows from operating activities			
Receipts from customers	$ 1,756,878	$ (534,764)	$1,222,111
Payments to suppliers and employees	(1,749,427)	538,187	(1,211,238)
Interest paid	(739)	-	(739)
Cash receipts on derivative contracts	512,400	204	512,603
Cash payments on derivative contracts	(453,064)	2,966	(450,098)
Income taxes paid	(9,406)	(17)	(9,423)
Net cash generated by operating activities	56,642	6,575	63,216
Cash flows from investing activities			
Interest received	301	-	301
Cash payments on derivative contracts to acquire property, plant and equipment and intangible assets	-	(3,793)	(3,793)
Payments to acquire property, plant and equipment and intangible assets	(15,930)	(2,783)	(18,712)
Net cash (used) by investing activities	(15,629)	(6,576)	(22,204)
Cash flows from financing activities			
Dividend paid	(10,000)	-	(10,000)
Repayment of loans and other payables	(4)	-	(4)
Net cash generated (used in) by financing activities	(10,004)	-	(10,004)
Net increase (decrease) in cash	31,009	-	31,009
Cash at the beginning of the period	63,227	-	63,227
Effects of exchange rate changes on cash held in foreign currencies	371	-	371
Cash at the end of the period	$ 94,607	$ -	$ 94,607

4. APPLICATION OF NEW AND REVISED IFRS

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

There were no new or revised IFRS issued by the International Accounting Standards Board (IASB) that became effective during the 39 weeks ended September 26, 2015 that affected amounts reported or disclosed in the interim condensed consolidated financial statements.

4.2 New and revised IFRS issued but not yet effective

a) The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The adoption of the following amendments is not expected to have a material impact on the Corporation's consolidated financial statements.

IAS 38 Intangible Assets ("IAS 38")

IAS 38 was amended in May 2014 for the clarification of acceptable methods of amortisation; it introduces a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16 with limited circumstances when the presumption can be overcome. The amendment is effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

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

Annual improvements to IFRSs 2012-2014

In September 2014, the IASB issued annual improvements during the 2012-2014 cycle. The standards covered by the amendments are: IFRS 5 "Non-current assets held for sale and discontinued operations" which provides guidance on the methods of disposal; IFRS 7 "Financial Instruments: Disclosures" which provides guidance on servicing contracts and the applicability of the amendments to IFRS 7 to condensed interim financial statements. IFRS 19 "Employee benefits" which clarifies how the discount rate is to be determined in a regional market using the same currency; and IAS 34 "Interim Financial Reporting" which discusses disclosures of information elsewhere in the interim financial report. These annual improvements are to be applied for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 1 Presentation of Financial Statements ("IAS 1")

In December 2014, IASB issued amendments to IAS 1 which clarified the existing presentation and disclosure requirements including the presentation of line items, subtotals and notes and provided guidance to assist in applying judgement in determining what information to disclose and how that information is presented in financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 7 Financial Instruments: Disclosures (“IFRS 7”)

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

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

IFRS 9 Financial Instruments (“IFRS 9”)

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

IFRS 15 Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15 was issued in May 2014 and applies to annual reporting period beginning on or after January 1, 2018. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 “Revenue'', IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. Early adoption is permitted.

5. CASH

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Canadian dollars	**$ 144,801**	$ 97,789
US dollars	**9,674**	4,746
Euros	**111**	1,618
Total cash	**$ 154,586**	$ 104,153

6. ACCOUNTS RECEIVABLE

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Trade receivables and accruals	**$ 21,794**	$ 21,078
Allowance for doubtful accounts	**(125)**	(133)
Net trade receivables	**21,668**	20,945
Other receivables	**4,142**	6,510
Total accounts receivable	**$ 25,810**	$ 27,455

Accounts receivable by type of customer was as follows:

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Governments (including governmental departments and agencies)	**$ 733**	$ 8,040
Consumers, dealers and others	**20,167**	6,076
Central and institutional banks	**4,910**	13,339
Total accounts receivable	**$ 25,810**	$ 27,455

Accounts receivables are classified as loans and receivables and are measured at amortized cost.

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

7. PREPAID EXPENSES

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Total prepaid expenses	**$ 5,251**	$ 1,525

Included in prepaid expenses for the 39 week period ending September 26, 2015 are $2.5 million in expenses relating to marketing costs for Canadian special circulation coins which will be expensed in 2016. There are also $499 thousand for Ottawa and Winnipeg property taxes and $607 thousand for insurance among other various prepaid expenses.

8. INVENTORIES

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Raw materials and supplies	**$ 28,481**	$ 21,797
Work in process	**22,664**	22,540
Finished goods	**51,151**	44,686
Total inventories	**$ 102,296**	$ 89,023

The amount of inventories recognized as cost of sales for the 13 week and 39 weeks ended September 26, 2015 are $0.9 billion and $2.0 billion respectively (13 weeks and 39 weeks ended – September 27, 2014 $0.5 billion and $1.6 billion).

The cost of inventories recognized as cost of sales for the 13 weeks and 39 weeks ended September 26, 2015 include $1.6 million and $2.4 million of write-downs of inventory to net realisable value respectively (13 weeks and 39 weeks ended September 27, 2014 - $0.9 million and $3.4 million).

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

9.1 Classification and fair value measurements of financial instruments

9.1.1 Classification and fair value techniques of financial instruments

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

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

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

ii) The fair values of loans payables have been 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, commodity swap and forward contracts and other derivative instruments are based on estimated credit-adjusted forward market prices. The Corporation takes counterparty risk and its own risk into consideration for the fair value of financial instruments.

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

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Derivative financial assets		
Foreign currency forwards	**$ 376**	$ 265
Commodity swaps	**1,519**	1,692
	$ 1,895	$ 1,957
Derivative financial liabilities		
Foreign currency forwards	**$ 11,794**	$ 4,252
Interest rate swaps	**699**	141
	$ 12,493	$ 4,393

9.1.2 Fair value hierarchy

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

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

The fair value measurement of cash and equivalents is classified as level 1 of the fair value hierarchy as at September 26, 2015 and December 31, 2014 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 26, 2015 and December 31, 2014. There were no transfers of financial instruments between levels for the 39 weeks ended September 26, 2015.

9.2 Financial risk management objectives and framework

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

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

9.2.1 Credit risk management

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

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

9.2.2 Liquidity risk

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

9.2.3 Market risk

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

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

Foreign exchange risk

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

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

Interest rate risk

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. There is no interest rate risk related to cash as there are no short-term investments as at the dates presented. The Corporation's Bankers Acceptance interest rate swap loan instruments expose the Corporation to cash flow interest rate risk. The Corporation has hedged 100% of the exposure to fluctuations in interest rates related to these instruments by entering into corresponding interest rate swaps, where the Corporation pays a fixed interest rate in exchange for receiving a floating interest rate. The interest rate swaps are designated as hedging instruments under the cash flow hedge accounting model.

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

Commodity price risk

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

The Corporation is not exposed to precious metal price risk related to the bullion sales program because the purchase and sale of precious metals used in this program are completed on the same date, using the same price basis in the same currency.

The Corporation manages its exposure to commodity price fluctuations by entering into sales or purchase commitments or by entering into commodity swap and forward contracts that fix the future commodity price.

Hedge accounting may be applied to the derivative contracts to minimize the volatility to profit or loss. For contracts that are entered into for the purpose of procuring commodities to be used in production the Corporation applies the normal purchases classification.

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

10. CAPITAL ASSETS

10.1 Property, plant and equipment

The composition of the net book value of the Corporation's property, plant and equipment, is presented in the following tables:

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Cost	**$ 417,122**	$ 409,035
Accumulated depreciation	**(244,856)**	(167,385)
Net book value	**$ 172,266**	$ 241,650

Net book value by asset class		
Land and land improvements	**$ 2,910**	$ 3,139
Buildings and improvements	**93,504**	132,760
Equipment	**68,176**	96,018
In process capital projects	**7,676**	9,733
Net book value	**$ 172,266**	$ 241,650

Reconciliation of the opening and closing balances of property, plant and equipment for September 26, 2015:

(CAD$ thousands)	Land and land improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance at December 31, 2013	$ 4,094	$ 141,120	$ 233,542	$ 11,041	$ 389,797
Additions	-	6,574	6,892	8,091	21,557
Transfers	-	2,968	6,431	(9,399)	-
Disposals	-	(422)	(1,897)	-	(2,319)
Balance at December 31, 2014	4,094	150,240	244,968	9,733	409,035
Additions	**-**	**2,401**	**3,668**	**3,288**	**9,357**
Transfers	**-**	**1,977**	**3,368**	**(5,345)**	**-**
Disposals	**-**	**-**	**(1,270)**	**-**	**(1,270)**
Balance at September 26, 2015	**$ 4,094**	**$ 154,618**	**$ 250,734**	**$ 7,676**	**$ 417,122**
Accumulated depreciation					
Balance at December 31, 2013	$ 951	$ 12,087	$ 138,544	$ -	$ 151,582
Depreciation	4	5,428	12,074	-	17,506
Disposals	-	(35)	(1,668)	-	(1,703)
Balance at December 31, 2014	955	17,480	148,950	-	167,385
Depreciation	**4**	**4,344**	**9,105**	**-**	**13,453**
Disposals	**-**	**-**	**(891)**	**-**	**(891)**
Impairment (Note 19)	**225**	**39,290**	**25,394**	**-**	**64,909**
Balance at September 26, 2015	**$ 1,184**	**$ 61,114**	**$ 182,559**	**$ -**	**$ 244,856**
Net book value at September 26, 2015	**$ 2,910**	**$ 93,504**	**$ 68,176**	**$ 7,676**	**$ 172,266**

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

As at September 26, 2015, the Corporation noted certain indicators of impairment relating to property, plant and equipment (Note 19).

10.2 Intangible assets

The Corporation's intangible assets are primarily software used internally or for providing services to customers.

Reconciliation of the opening and closing balances of intangibles for September 26, 2015:

(CAD$ thousands)	**Software**	**Capital projects in process**	**Total**
Cost			
Balance at December 31, 2013	$ 24,495	$ 13,256	$ 37,751
Additions	2,923	891	3,814
Transfers	13,128	(13,128)	-
Balance at December 31, 2014	40,546	1,019	41,565
Additions	**1,962**	**553**	**2,515**
Transfers	**475**	**(475)**	**-**
Derecognition	**(1,362)**	-	**(1,362)**
Balance at September 26, 2015	**$ 41,621**	**$ 1,097**	**$ 42,718**
Accumulated amortization			
Balance at December 31, 2013	$ 20,565	$ -	$ 20,565
Depreciation	3,550	-	3,550
Balance at December 31, 2014	24,115	-	24,115
Amortization	**3,978**	**-**	**3,978**
Derecognition	**(1,362)**	-	**(1,362)**
Impairment (Note 19)	**603**	-	**603**
Balance at September 26, 2015	**$ 27,334**	**$ -**	**$ 27,334**
Net book value at September 26, 2015	**$ 14,287**	**$ 1,097**	**$ 15,384**

As at September 26, 2015, the Corporation noted certain indicators of impairment relating to intangible assets (Note 19).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at	
(CAD$ thousands)	**September 26, 2015**	December 31, 2014
Accounts payable and accrued liabilities	**$ 61,837**	$ 74,778

A new provision in the amount of $0.5 million for a potential legal obligation due to the breach of contract was included in accrued liabilities at September 26, 2015. The amount and timing of the settlement of the provision is uncertain.

12. EMPLOYEE COMPENSATION AND BENEFITS

12.1 Employee compensation and benefits expense

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014	**September 26, 2015**	September 27, 2014
Included in cost of sales:				
Salaries and wages including short term employee benefits	**$ 9,529**	$ 10,875	**$ 27,160**	$ 28,290
Pension costs	**1,187**	1,255	**4,050**	4,063
Long term employee benefits and Post-employment benefits other than pensions	**490**	470	**1,507**	1,463
Included in marketing and sale expenses:				
Salaries and wages including short term employee benefits	**4,887**	4,488	**14,036**	13,693
Pension costs	**428**	452	**1,524**	1,398
Long term employee benefits and Post-employment benefits other than pensions	**115**	126	**342**	364
Included in cost of administration:				
Salaries and wages including short term employee benefits	**7,207**	7,022	**21,109**	21,630
Pension costs	**885**	834	**3,360**	2,630
Long term employee benefits and Post-employment benefits other than pensions	**227**	295	**736**	871
Termination benefits	**85**	46	**1,843**	869
Total employee compensation and benefits expense	**$ 25,040**	$ 25,863	**$ 75,667**	$ 75,271

12.2 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. Total contributions of $8.8 million were recognized as an expense in the 39 weeks ended September 26, 2015 (39 weeks ended September 27, 2014 - $8.7 million).

12.3 Other post-employment benefits

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

There was no settlement losses recognized in the 39 weeks ended September 26, 2015 or September 27, 2014. There were no past service costs or curtailments in the 39 weeks ended September 26, 2015 or September 27, 2014.

12.4 Other long-term employee benefits

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

13. REVENUE

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014	**September 26, 2015**	September 27, 2014
Revenue from the sale of goods	**$ 927,044**	$ 496,350	**$ 2,132,128**	$ 1,727,053
Revenue from the rendering of services	**3,938**	4,149	**11,540**	12,548
Total Revenue	**$ 930,982**	$ 500,499	**$ 2,143,668**	$ 1,739,601

14. DEPRECIATION AND AMORTIZATION EXPENSE

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014	**September 26, 2015**	September 27, 2014
Depreciation of property, plant and equipment	**$ 4,504**	$ 4,462	**$ 13,453**	$ 13,071
Amortization of intangible assets	**1,477**	1,088	**3,978**	2,456
Total depreciation and amortization expense	**$ 5,981**	$ 5,550	**$ 17,431**	$ 15,527

Depreciation and amortization expense is classified to operating expense as follows:

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014	**September 26, 2015**	September 27, 2014
Cost of sales	**$ 3,777**	$ 3,789	**$ 11,251**	$ 10,973
Marketing and sales expenses	**1,534**	704	**3,297**	2,174
Administration expenses	**670**	1,057	**2,884**	2,380
Total depreciation and amortization expenses	**$ 5,981**	$ 5,550	**$ 17,431**	$ 15,527

Included in the amortization of the intangible assets for the 13 weeks ended September 26, 2015, is a $0.8 million reduction of amortization as a result of a change in the useful life, from 5 years to 7 years, of the Corporation's major software applications.

15. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014	**September 26, 2015**	September 27, 2014
Research and development expenses	**$ 1,568**	$ 1,518	**$ 4,703**	$ 6,382
Scientific research and development investment tax credit	**(200)**	(122)	**(952)**	(522)
Research and development expenses, net	**$ 1,368**	$ 1,396	**$ 3,751**	$ 5,860

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

16. TRAVEL AND HOSPITALITY

Significant changes have been made to the Mint's rules and policies governing travel and hospitality to reflect current Treasury Board guidelines, including the *Directive on Travel, Hospitality, Conference and Event Expenditures*. Pursuant to the request to increase transparency on Travel, Hospitality, Conference and Event expenditures, the Mint will be reporting on expenditures on a go forward basis. For 2015, travel and hospitality expenses will be reported and changes in systems and processes will be put in place such that in 2016, conference expenditures will also be reported.

Total travel and hospitality expenses are as follows:

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014	**September 26, 2015**	September 27, 2014
Travel	**$ 578**	$ 658	**$ 1,967**	$ 2,065
Hospitality	**110**	188	**453**	588
Total Travel and Hospitality	**$ 688**	$ 846	**$ 2,420**	$ 2,653

17. RELATED PARTY TRANSACTIONS

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

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

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

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

The revenues related to the transactions with Department of Finance are as follows:

	13 weeks ended		39 weeks ended	
(CAD$ thousands)	**September 26, 2015**	September 27, 2014	**September 26, 2015**	September 27, 2014
Revenue from DOF	**$ 20,628**	$ 27,348	**$ 68,059**	$ 78,469

Due to the retrospective application of IAS 16 at the date of transition to IFRS on January 1st, 2010, depreciation expense was charged under Canadian GAAP to the Department of Finance at a rate in excess of depreciation expenses recorded under IAS 16 by an aggregate amount of $8.2 million at that time. This amount was included in accounts payable and accrued liabilities on the consolidated statement of financial position since it was payable on demand by DOF. Starting in 2011, the Corporation began reducing its billing to the DOF by $0.5 million annually and the remainder of $6.2 million as at September 26, 2015 (December 31, 2014 - $6.2 million) will reduce future billings over the next 12 years.

18. COMMITMENTS, CONTINGENCIES AND GUARANTEES

18.1 Precious metal leases

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments, as well as precious metals leases. As at September 26, 2015, the Corporation had $34.4 million outstanding precious metal purchase commitments (December 31, 2014 – $26.8 million). At the end of the period, the Corporation had entered into precious metal leases as follows:

	As at	
Ounces	**September 26, 2015**	December 31, 2014
Gold	**288,378**	31,564
Silver	**5,683,143**	6,640,171
Palladium	**9,194**	465
Platinum	**10,191**	6,763

The fees for these leases are based on market value. The precious metal lease payment expensed for the 39 weeks ended September 26, 2015 is $3.3 million (39 weeks ended September 27, 2014 - $1.8 million). The value of the metals under these leases has not been reflected in the Corporation’s consolidated financial statements since the Corporation intends to settle these commitments through receipt or delivery of the underlying metal.

18.2 Base metal commitments

In order to facilitate the production of circulation and non-circulation coins (for Canada and other countries) and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed price purchase commitments. As at September 26, 2015, the Corporation had $30.2 million (December 31, 2014 - $ 21.8 million) in purchase commitments outstanding.

18.3 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As of September 26, 2015, under the guarantees and bid bonds, the maximum potential amount of future payments is $10.1 million (December 31, 2014 - $10.0 million).

18.4 Other commitments and guarantees

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the 39 weeks ended September 26, 2015, approved short-term borrowings for working capital within this limit, were not to exceed USD$15.0 million (September 27, 2014 - CAD$25.0 million). The short term borrowing is restricted to USD overdraft coverage for clearing and settlement delays related to coinage and bullion sales.

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 26, 2015 or December 31, 2014.

The Corporation has committed as at September 26, 2015 to spend approximately $5.1 million (December 31, 2014 - $12.8 million) on capital projects.

As of September 26, 2015, the Corporation has future commitments of $17.6 million (December 31, 2014 - $24.0 million) related to lease obligations and $31.1 million (December 31, 2014 - $22.5 million) in other contractual purchase obligations for goods and services. These commitments will be completed by June 2027.

Total estimated remaining future commitments are as follows:

(CAD$ thousands)	2015	2016	2017	2018	2019	2021 and Therafter
Operating Leases	$ 939	$ 1,794	$ 1,922	$ 1,818	$ 1,803	$ 9,370
Other Commitments (no leases)	29,106	1,357	415	106	18	88
Total	**$ 30,045**	**$ 3,150**	**$ 2,337**	**$ 1,924**	**$ 1,821**	**$ 9,458**

There are various legal claims against the Corporation. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements.
A provision in the amount of $0.5 million for a potential legal obligation is included in accounts payable and accrued liabilities as at September 26, 2015. The amount and timing of the settlement of the provision are uncertain.

There is no contingent liability as of December 31, 2014.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2014.

19. IMPAIRMENT OF CAPITAL ASSETS

At the end of each reporting period, the Corporation assesses whether there are events or circumstances indicating that an asset may be impaired. According to *IAS36 Impairment of Assets,* such events or circumstances notably include material adverse changes which in the long-term impact the economic environment or the Corporation's assumptions or objectives.

As a result of the Corporation's strategic review, the Corporation performed tests of impairment on the two of its three Cash Generating Units (CGUs), Circulation and Refinery, as of September 26, 2015 after indicators of impairment were observed.

The Corporation used the value in use method to estimate the recoverable amount of the tangible and intangible assets for each CGU that displayed impairment indicators. The impairment review concluded that the Refinery CGU was not impaired however the Circulation CGU was impaired and, as a result, impairment losses in the amount of $65.5 million were recognized in the third quarter of 2015. The impairment losses are included in operating expenses on the Consolidated Statements of Comprehensive Income.

The $65.5 million impairment losses will increase the deductible temporary difference by the same amount, resulting in an increase in the deferred tax asset. This will result in a deferred tax recovery of approximately $16.4 million at the applicable tax rate of 25% which is offset by the deferred tax liability.

Impact to property, plant and equipment (*CAD $ millions*)

Impairment	
Land and land improvements	$ 0.2
Building and improvements	39.3
Equipment	25.4
Intangible	0.6
Total impairment	$65.5

The Discount Rate used to discount cash flows under the value in use method was calculated using the weighted average cost of capital of 12% determined to be the midpoint of range calculated using the build-up method.

The key assumptions in determining the discount rate under the build up model were:

- The cost of equity was calculated in the range of 18.9% to 19.9% as no publically traded companies exist that are in the coin circulation business similar to the Mint;
- The pre-tax cost of debt was calculated in the range of 4.7% to 5.7% using the Bank of Canada prime rate plus a company specific premium;
- A market debt to capital weighting in the range of 45% to 50% was used, which approximates notional debt of 2.0x to 2.5x 2015 EBITDA; and
- A 0% growth rate was considered when determining the terminal value (IAS 36:36).

20. SPECIAL DIVIDEND DECLARED

On October 8, 2015, after completion of its 2016-2020 Corporation Plan which included a review of its cash requirements, the Mint's Board of Directors approved the declaration of a special dividend in the amount of $43 million to be remitted to the Government of Canada by December 31, 2015.

21. REORGANIZATION

The Corporation recently conducted a strategy review to streamline and simplify its operation in order to identify opportunities to maximize profitable growth and adapt to the changing market. The review was completed in the third quarter. As a result, the Corporation reorganized its organizational structure in October 2015. Employees impacted as a result of these streamlining initiatives were offered severance or other internal job opportunities, as appropriate. The Corporation estimates the total cost related to involuntary terminations and other direct costs associated with implementing these initiatives is approximately $3.1 million. Other direct costs associated with the reorganization included, contract termination costs, and legal costs associated with the administration of these initiatives. The Corporation anticipates expensing the direct costs in the fourth quarter of 2015.