THIRD QUARTER FINANCIAL REPORT

FISCAL 2016

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

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

The Mint has prepared these unaudited condensed consolidated financial statements for the 13 and 39 weeks ended October 1, 2016, and September 26, 2015, in compliance with International Financial Reporting Standards (IFRS).

FORWARD LOOKING STATEMENT

Readers are advised to refer to the cautionary language included at the end of this Management Discussion & Analysis (MD&A) when reading any forward-looking statements.

FINANCIAL HIGHLIGHTS

- Consolidated profit after taxes increased to $2.4 million from a loss of $43.6 million in the same period of 2015. In 2015, the Mint recorded a pre-tax impairment loss of $65.5 million following a detailed strategic review and assessment of implications of the 2014 legislative changes to the *Royal Canadian Mint Act*. The consolidated profit before taxes and impairment decreased to $4.2 million versus $10.7 million in the same period for 2015. This decrease is due to lower margins in our Numismatics business and a slowdown in Bullion demand in the quarter.
- The shipment of coins and blanks to foreign countries increased 54% during the quarter reflecting a higher demand for the Mint's multi-ply products and its ability to meet customer requirements.

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

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

Consolidated results and financial performance

(in CAD $ millions for the periods ended October 1, 2016 and September 26, 2015)

	13 weeks ended				39 weeks ended			
	1-Oct-16	26-Sep-15 restated (note 3)	$ Change	% Change	1-Oct-16	26-Sep-15 restated (note 3)	$ Change	% Change
Revenue	$ 553.8	$ 762.1	$ (208.3)	(27)	$1,752.0	$ 1,686.5	$ 65.5	4
Pre-Impairment profit before taxes	4.2	10.7	(6.5)	(61)	33.1	27.0	6.1	23
Impairment	-	(65.5)	65.5	100	-	(65.5)	65.5	100
Profit before taxes	4.2	(54.9)	59.1	108	33.1	(38.5)	71.6	186
Profit (loss) after taxes	2.4	(43.6)	46.0	106	25.1	(35.8)	60.9	170

	As at			
	1-Oct-16	31-Dec-15 restated (note 3)	$ Change	% Change
Cash	$ 93.3	$ 140.8	$ (47.5)	(34)
Inventories	86.8	79.1	7.7	10
Capital assets	181.6	188.0	(6.4)	(3)
Total assets	395.6	439.3	(43.7)	(10)
Working capital	134.4	128.0	6.4	5

Note: The Mint's fiscal year end is December 31.

Consolidated revenue for the quarter ended October 1, 2016, declined 27% to $553.8 million from $762.1 million compared with the same period in fiscal year 2015. The decline in revenue is attributable primarily to softer demand for bullion products offset by an increase in Circulation Products and Solutions revenues. Operating expenses for the quarter declined 9% to $31.4 million from $34.5 million pre-impairment in the same period in fiscal year 2015. This is mainly due to a reduction in sales and marketing expenses for this quarter.

Consolidated profit before taxes for the quarter declined 61% to $4.2 million from $10.7 million pre-impairment compared to the same period in fiscal year 2015. This is due to lower margins in the Numismatics business and the softer market demand for bullion products.

Consolidated profit after taxes increased 106% to a profit of $2.4 million from a loss of $43.6 million after impairment of $65.5 million in the same period of fiscal year 2015.

Lower liquidity at October 1, 2016 compared to December 31, 2015 was mainly due to a dividend payment of $31.0 million to the Government of Canada, capital expenditures of $8.8 million and various net operating activities of $7.2 million.

Consolidated revenue for the 39 weeks to October 1, 2016 was $1,752.0 million, a 4% increase compared to the same period in fiscal year 2015 driven by increases in all for-profit businesses. Consolidated profit before taxes for the year to date increased 23% to $33.1 million from $27.0 million pre-impairment in the same period of fiscal year 2015. The increase in profit is being driven primarily by lower operating expenses. Profits after taxes increased 170% to $25.1 million compared to a loss of $35.8 million after impairment of $65.5 million in fiscal year 2015.

2016 actual results versus 2016 budget

The Mint experienced higher than planned consolidated revenues for the 13 weeks and 39 weeks ended October 1, 2016 due to the strength in Bullion revenues which was partly driven by higher precious metal prices. The Mint is tracking below the budgeted consolidated profit due to lower than expected revenues and margins from our Numismatics business.

CORPORATE DEVELOPMENTS

Restatement of Prior Periods – Numismatic revenue

In the course of the preparation of the interim condensed consolidated financial statements for the quarter ended October 1, 2016, the Mint identified an adjustment relating to prior periods requiring restatement, relating to the sale of numismatic Face Value products.

In the past, sales of numismatic Face Value products were recorded as revenue, along with a provision for expected redemptions and returns which was based on historical redemption and return patterns for other numismatic products. In 2016, the Mint conducted an extensive review of the Face Value program and redemptions and returns to date. Face Value products have different characteristics than other numismatic products as they have a Face Value equal to their purchase price which, combined with the unlimited redemption and return period permitted by the Mint's current redemption and return policies and practices, make Face Value products significantly more likely to be redeemed or returned than other numismatic products. Consequently, the historical redemption and return patterns for other numismatic products cannot be used to estimate the redemptions and returns for Face Value products and no reasonable, reliable alternative method exists. As a result of this review, it was determined that revenue should not be recognized until a reasonable estimate of redemptions and returns can be made.

The Mint believes the primary factors influencing its ability to develop a reliable estimate of redemptions and returns to be the market price of silver and the term over which redemptions and returns may be accepted. At October 1, 2016, the market price of silver was significantly less than the Face Value of these coins, and it is currently not the intention of the Mint to place an expiry date on the current redemption and return policies. As a result, a provision representing the cumulative value of unredeemed/unreturned Face Value products and the costs of redemptions and returns, net of the value of the corresponding silver content, was recorded in Q3 2016 with retrospective adjustment to the inception of the Face Value program. This net provision will increase each period with new sales and decrease or increase each period as the market price of silver (in U.S. dollars) increases or decreases and the Canadian dollar weakens or strengthens with respect to the U.S. dollar. These movements in the net provision will impact profit (loss) each period.

As a result of this change in accounting, the consolidated balance sheet at December 31, 2015 and the consolidated statements of operations and changes in equity and comprehensive income for the year ended December 31, 2015 and the 13 week and 39 week periods ended September 26, 2015 were restated.

The following table summarizes the impact of the restatement for the 13 and 39 weeks ended September 26, 2015:

(in $ millions)	13 weeks ended September 26, 2015			39 weeks ended September 26, 2015		
Increase (decrease)	As previously reported	Restatements	As restated	As previously reported	Restatements	As restated
Revenue	$ 931	$ (13)	$ 918	$ 2,143	$ (33)	$ 2,110
Cost of sales	875	-	875	1,987	(4)	1,983
Net foreign exchange gains	(1)	2	1	(1)	4	3
Profit for the period	(34)	(10)	(44)	(10)	(26)	(36)

Prior Period Reclassification – Bullion Products and Services

Historically, all of the revenue associated with bullion product sales was recorded on a gross basis; however there are several different sales streams for bullion products. In Q3 2016, the Mint initiated a review of the different bullion sales transaction types during which it was determined that it was more appropriate to recognize revenue from bullion sales on a net basis when the transaction involves inventory that a customer has on deposit with the Mint to create a product for them of a different format, for instance, a Gold Maple Leaf. As a result, the revenue and cost of precious metals from Bullion sale transactions involving customer inventory on deposit with the Mint (“Customer inventory deals”) are now recorded on a net basis, with only the commission and incremental value-added manufacturing services recognized as revenue. This change in presentation has no impact on profit (loss).

The consolidated statement of operations for the year ended December 31, 2015, for its interim periods and for the 2016 interim periods has been adjusted to reflect this change in the presentation of revenue and cost of sales.

The following table summarizes the impact of the reclassification for the 13 and 39 weeks ended September 26, 2015:

(in $ millions)	13 weeks ended September 26, 2015 [1]			39 weeks ended September 26, 2015 [1]		
Increase (decrease)	As restated	Reclassification	As restated and reclassified	As restated	Reclassification	As restated and reclassified
Revenue	$ 918	$ (156)	$ 762	$ 2,110	$ (424)	$ 1,686
Cost of sales	875	(156)	719	1,983	(424)	1,559
Net foreign exchange gains	1	-	1	3	-	3
Profit for the period	(44)	-	(44)	(36)	-	(36)

[1] Includes Numismatics restatement as per note 3 and excludes the other reclassification adjustment as per note 22 of these condensed consolidated financial statements

Customer Acquisition Program Transformation

After five years of acquiring new customers and growing its overall Numismatic business through its Face Value program, the Mint is changing the way it will attract future customers to coin collecting. Effective January 1, 2017 the Mint is no longer selling Face Value coins. Sales continued in Q4 2016 as the Mint prepared to wind down the program. Starting in 2017, the Mint will leverage the considerable appeal of Canada 150 as a prime opportunity to launch new products and programs including a new suite of affordable, entry-level collector coins which will continue to grow its customer base and its Numismatics business. The Mint introduced the first of these coins in the fall of 2016 and more will follow throughout 2017.

Canadian Circulation Operations Return to For-Profit Model

On October 25, 2016, the Minister of Finance tabled Bill C-29, *A* Second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 as well as other measures. In particular this Act amends the *Royal Canadian Mint Act* to enable the Mint to anticipate profit with respect to the provision of all goods or services, and removes the restriction that the Mint shall not anticipate profit with respect to the provision of any goods or services to Her Majesty in right of Canada.

Bill C-29 received Royal assent on December 15, 2016. Accordingly, the Mint will recognize profit from the provision of any goods or services to Her Majesty in right of Canada beginning December 15, 2016.

The Mint expects to come to an agreement with the Department of Finance on an updated Memorandum of Understanding that governs the provision of circulation products and services in mid 2017.

2017-2021 Corporate Plan and 2017 Capital Budget Submitted to Department of Finance

In October 2016, the Mint's Board of Directors approved RCM's 2017-2021 Corporate Plan and 2017 Capital Budget, which was subsequently submitted for the approval of the Governor in Council on the recommendation of the Minister of Finance. To reflect the recent impact of both

Bill C-29 and the Face Value program in its planning period, the RCM plans to submit an updated 2017-2021 Corporate Plan and 2017 Capital Budget to the Minister of Finance.

Circulation Coin Recycling Program

In the past few years, the Mint has been working closely with two service providers to support its recycling program. During Q2 and Q3, both suppliers lost the participation of one major financial institution. The Mint's senior management is meeting with executives from the main service provider to assess options to support this function. The goal is to re-establish a robust recycling program in Canada to support an efficient supply of coinage maximizing the amount that is recycled versus the amount that is newly produced.

Revenue by Program and Business

(in CAD $ millions for the periods ended October 1, 2016 and September 26, 2015)

	13 weeks ended				39 weeks ended			
	1-Oct-16	26-Sep-15 restated (note 3)	$ Change	*% Change*	1-Oct-16	26-Sep-15 restated (note 3)	$ Change	% Change
Canadian Circulation Program	$22.9	$21.0	$1.9	9	$69.0	$69.0	$-	-
Circulation Products and Solutions	29.2	18.1	11.1	61	50.9	46.0	4.9	11
Bullion Products and Services	465.4	684.1	(218.7)	(32)	1,521.1	1,461.8	59.3	4
Numismatics	36.3	38.9	(2.6)	(7)	111.0	109.7	1.3	1

Operating Highlights and Analysis of Results

Canadian Circulation Program

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

Explanation of results

During the 13 weeks ended October 1, 2016, net demand for Canadian circulation coins was lower at 1,032.6 million (2015 – 1,153.3 million) coins. Demand during the quarter was met through three main sources of supply:

- Surplus coin inventories held by major financial institutions across Canada: During the quarter, these inventories declined to 777.5 million (2015 – 815.7 million) coins.

- More coins are being retained by consumers due to a decline in the number of automated coin recycling kiosks across Canada.

- Recycled coins: The volume of coins recycled declined to 64.5 million (2015 – 217.4 million) pieces during the third quarter of 2016. One of the major financial institutions participating in the recycling program discontinued its recycling program in mid-May and the kiosks that had been placed throughout its branch network have not been relocated. The service provider is seeking alternate locations for the machines.

- New coins sold to major financial institutions: During the quarter, 203.9 million (2015 – 186.5 million) coins were sold to financial institutions due to the reduced ability to meet demand with surplus inventories at financial institutions and recycling.

The efficient management of the coinage system that prevents the occurrence of any coin shortages was achieved within inventory limits outlined in the 2016-2020 Corporate Plan. To replenish inventories held on behalf of the Department of Finance, the Mint produced 182.6 million (2015 – 58.2 million) coins during the quarter.

During the 39 weeks ended October 1, 2016, net demand for Canadian circulation coins was lower at 2,987.3 million (2015 – 3,161.4 million) coins.

Circulation Products and Solutions

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

Explanation of results

Revenue in the CP&S business increased 61% to $29.2 million during the 13 weeks ended October 1, 2016 compared to $18.1 million in the same period of fiscal year 2015. Revenue from foreign circulation sales increased 121% to $26.3 million from $11.8 million in the third quarter of 2015. Revenue from ARP declined 54% to $2.9 million from $6.3 million in the same period in 2015.

Foreign circulation revenue reflects the shipment of 517.7 million (2015 - 336.6 million) coins and blanks to six (2015 – 12) countries during the quarter. The increase reflects higher demand for the Mint's multi-ply products. During the third quarter of 2016, the Mint secured four contracts to produce 0.2 billion coins and blanks.

ARP revenue declined due to the decrease in recycling volumes, reduced numbers of alloy coins in the volumes that are recycled and the continued impact of lower nickel and copper prices compared to the same period last year.

In the 39 weeks ended October 1, 2016, the Mint produced and shipped 925.8 million (2015 – 900.1 million) coins and blanks to 11 (2015 – 16) countries. Revenue increased 11% to $50.9 million in the year to date compared to $46.0 million in the same period last year. During the 39-week period, the Mint secured 11 (2015 – 11) contracts to produce circulation and numismatic coins for 11 (2015 – 9) countries. Revenue from ARP declined 49% to $8.2 million from $16.0 million in the same period in fiscal year 2015. Reduced yields, fewer available coins to process, and lower metal prices accounted for the decline in revenue.

Bullion Products and Services

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

Beginning in Q3 2016, the Mint presents Bullion sale transactions involving customer inventory on deposit with the Mint ("Customer inventory deals") on a net basis. The impact of this presentation is shown in the tables below:

	13 weeks ended		39 weeks ended	
(CAD$ millions)	**October 1, 2016**	September 26, 2015	**October 1, 2016**	September 26, 2015
Gross revenue	**$ 584**	$ 840	**$ 1,975**	$ 1,886
Less: Customer inventory deals	**(119)**	(156)	**(454)**	(424)
Net revenue	**$ 465**	$ 684	**$ 1,521**	$ 1,462

	13 weeks ended		39 weeks ended	
(ounces thousands)	**October 1, 2016**	September 26, 2015	**October 1, 2016**	September 26, 2015
Gross ounces	**6,139**	9,529	**25,832**	25,236
Less: ounces from Customer inventory deals	**(1,160)**	(2,564)	**(5,844)**	(6,757)
Net ounces	**4,979**	6,965	**19,988**	18,479

Explanation of results

Bullion revenues for the 13 weeks ended October 1, 2016 decreased 32% to $465.4 million from $684.1 million in the same period in 2015. Sales of gold coins, mostly Gold Maple Leaf (GML) coins, declined 40% to 201.0 thousand (2015 – 336.5 thousand) ounces. Sales of silver coins, mostly Silver Maple Leaf (SML) coins, declined 36% to 6.1 million (2015 – 9.5 million) ounces. The recent decline in revenues and profits is attributed to less demand in Q3 compared to prior year's near-record level.

During the 39 weeks ended October 1, 2016, Bullion Products and Services revenue increased 4% to $1,521.1 million from $1,461.8 million in the same period in 2015. Sales of gold coins, held steady to 682.2 thousand (2015 – 679.4 thousand) ounces while sales of silver coins, increased 2% to 25.8 million (2015 – 25.2 million) ounces. Bullion results in 2016 remained strong as a result of the high demand during the first half of the year in North America for bullion core and custom products.

Numismatics

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

Explanation of results

Numismatics revenue declined 7% to $36.3 million during the 13 weeks ended October 1, 2016 compared to $38.9 million in the third quarter of 2015. During the quarter, the Mint issued 55 (2015 – 62) new products and achieved 21 (2015 – 22) sellouts.

Consumer demand and productivity of sales and marketing activities for the Mint's gold and silver numismatic coins have a significant impact on the Mint's performance. During the third quarter of 2016, sales of numismatic gold products increased 30% to $9.6 million compared to $7.4 million in the same period in 2015. Sales of numismatic silver products declined 13% to $25.9 million compared to $29.9 million in 2015.

For the 39 weeks ended October 1, 2016, revenue for the business was $111.0 million compared to $109.7 million in the same period in 2015. The number of numismatic products issued year to date was 168 (2015 – 193) in 2016 as part of a strategic decision to focus the portfolio. The Mint achieved 61 (2015 – 54) sell-outs to date. Sales of numismatic gold products increased 25% to $30.7 million compared to $24.5 million in the same period in 2015. Sales of numismatic silver products declined 6% to $72.9 million compared to $77.3 million in 2015.

The Mint is dedicating the necessary resources to further develop our marketing strategy by focusing on a customer-centric marketing, sales and operational plan to support future growth such as the Canada 150 initiative. This marketing strategy will also involve integrating product, price, promotion and placement strategies leveraging web, digital, social media and call centre capabilities.

LIQUIDITY AND CAPITAL RESOURCES

The Mint's cash balance declined to $93.3 million at October 1, 2016 from $140.8 million at December 31, 2015. The decline was mainly due to a dividend payment of $31.0 million to the Government of Canada, capital expenditures of $8.8 million and various net operating activities of $7.2 million. Inventories increased to $86.8 million from $79.1 million at December 31, 2015. The increase is due to the purchase of precious metals and the build-up of finished goods. Consolidated total assets declined by 10% to $395.6 million at October 1, 2016 compared to $439.3 million at December 31, 2015.

Capital expenditures during the quarter declined to $3.2 million from $4.7 million during the same period in 2015. The variance reflects management's realignment of key capital projects for 2016.

RISKS TO PERFORMANCE

Management considers risks and opportunities at all levels of decision making and is currently undergoing an assessment of its Enterprise Risk Management (ERM) program to ensure it is well designed to meet shareholder requirements. This will lead to continued improvements in the governance and management of risk for all key stakeholders including the shareholder, Board of Directors and the leadership team. This process will formalize plans to treat the organization's most significant risks, with leadership and accountability at the senior executive level. The conclusion of this process will result in changes to and further definition of the risks identified in the Risks to Performance section of the 2015 Annual Report.

As discussed in the Annual Report, the Mint's performance is influenced by many factors, including competitive pressures, economic conditions and volatility in financial and commodity markets. A significant portion of the Mint's revenues and costs are 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 instruments hedges for a portion of its US dollar denominated net cash flows.

OUTLOOK

The operating and financial results achieved during the 39 weeks ended October 1, 2016 indicate that the financial goals established in the 2016-2020 Corporate Plan are at risk, driven by changes in the Numismatics business.

In the CP&S business, global demand for circulation coins and blanks is anticipated to strengthen over the coming 18 months. The decline in recycling volumes is being closely monitored to assess the impact on the supply of both Canadian circulation coins and ARP revenues.

As for the Mint's Numismatics business, fiscal year 2016 has been challenging. The Mint is developing a plan to ensure the successful future growth of the business that includes a robust program to celebrate Canada's 150th anniversary.

Gold and Silver bullion demand rebounded in Q4 after softer demand during the summer. Demand for silver bullion coins has soften early into Q1 2017, demand for gold coins remains robust and overall outlook remains positive for fiscal 2017.

FORWARD LOOKING STATEMENTS

The unaudited condensed consolidated quarterly financial statements and the MD&A contain forward-looking statements that reflect management's expectations regarding the Mint's objectives, plans, strategies, future growth, results of operations, performance, and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as "plans", "anticipates", "expects", "believes", "estimates", "intends", and other similar expressions. These forward-looking statements are not facts, but only 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 10 – Financial Instruments and Financial Risk Management to our financial statements.

To the extent the Mint provide 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 future 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 quarterly financial statements and MD&A are made only as of February 22, 2017, 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 condensed consolidated quarterly financial statements in accordance with *IAS 34 Interim Financial Reporting* and requirements in the Treasury Board of Canada *Standard on Quarterly Financial Reports for Crown Corporations* and for such internal controls as management determines is necessary to enable the preparation of condensed consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the condensed consolidated quarterly financial statements.

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

Sandra L. Hanington
President and Chief Executive Officer

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

Ottawa, Canada

February 22, 2017

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited

(CAD$ thousands)

		As at	
	Notes	**October 1, 2016**	December 31, 2015 restated (note 3)
Current Assets			
Cash	6	**$ 93,328**	$ 140,776
Accounts receivable	7	**18,094**	22,946
Prepaid expenses	8	**6,468**	4,821
Income taxes receivable		**7,459**	2,891
Inventories	9	**86,769**	79,055
Derivative financial assets	10	**1,647**	756
Total current assets		**213,765**	251,245
Non-current assets			
Derivative financial assets	10	**196**	-
Property, plant and equipment	11	**168,577**	172,597
Investment property		**236**	236
Intangible assets	11	**12,827**	15,211
Total non-current assets		**181,836**	188,044
Total assets		**$ 395,601**	$ 439,289
Current Liabilities			
Accounts payable and accrued liabilities	13	**$ 48,868**	$ 84,516
Loans payable		**7,574**	7,526
Provision for Face Value redemptions and returns	12	**3,323**	3,583
Deferred revenue	14	**11,439**	8,656
Income taxes payable		**-**	4,828
Employee benefits	15	**2,942**	2,697
Derivative financial liabilities	10	**5,177**	11,414
Total current liabilities		**79,323**	123,220
Non-current liabilities			
Derivative financial liabilities	10	**627**	4,096
Loans payable		**26,987**	26,987
Provision for Face Value redemptions and returns	12	**124,796**	119,426
Deferred tax liabilities		**1,320**	564
Employee benefits		**10,439**	10,439
Total non-current liabilities		**164,169**	161,512
Total liabilities		**243,492**	284,732
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**115,449**	121,386
Accumulated other comprehensive loss		**(3,340)**	(6,829)
Total shareholder's equity		**152,109**	154,557
Total liabilities and shareholder's equity		**$ 395,601**	$ 439,289

Commitments, contingencies and guarantees (note 21)

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 October 1, 2016	13 weeks ended September 26, 2015 restated (note 3)	39 weeks ended October 1, 2016	39 weeks ended September 26, 2015 restated (note 3)
Revenue	16	**$ 553,803**	$ 762,087	**$ 1,751,958**	$ 1,686,452
Cost of sales	17, 18	**518,230**	717,819	**1,620,334**	1,558,133
Gross profit		**35,573**	44,268	**131,624**	128,319
Operating expenses					
Marketing and sales expenses	17, 18	**16,919**	18,766	**56,716**	59,314
Administration expenses	17, 18	**14,515**	15,706	**44,136**	44,546
Impairment losses		**-**	65,512	**-**	65,512
Operating expenses		**31,434**	99,984	**100,852**	169,372
Net foreign exchange gains		**313**	937	**2,486**	2,856
Operating profit (loss)		**4,452**	(54,779)	**33,258**	(38,197)
Finance costs, net		**(278)**	(77)	**(370)**	(349)
Other Income		**1**	-	**221**	-
Profit (loss) before income tax		**4,175**	(54,856)	**33,109**	(38,546)
Income tax expense (recovery)		**1,731**	(11,246)	**8,047**	(2,782)
Profit (loss) for the period		**2,444**	(43,610)	**25,062**	(35,764)
Other comprehensive income (loss)					
Items that will be reclassified subsequently to profit or loss:					
Net unrealized (losses) gains on cash flow hedges		**(302)**	(2,103)	**2,974**	(3,515)
Reclassification of net realized losses on cash flow hedges transferred from other comprehensive income		**632**	729	**515**	1,614
Other comprehensive income (loss), net of tax		**330**	(1,374)	**3,489**	(1,901)
Total comprehensive income (loss)		**$ 2,774**	$ (44,984)	**$ 28,551**	$ (37,665)

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 October 1, 2016 (CAD$ thousands)

	Share Capital	Retained earnings - restated (note 3)	Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)	Total
Balance as at July 2, 2016	$ 40,000	$ 113,005	$ (3,670)	$ 149,335
Profit for the period	**-**	**2,444**	**-**	**2,444**
Other comprehensive income, net of tax	**-**	**-**	**330**	**330**
Balance as at October 1, 2016	**$ 40,000**	**$ 115,449**	**$ (3,340)**	**$ 152,109**

13 weeks ended September 26, 2015 (CAD$ thousands)

	Share Capital	Retained earnings - restated (note 3)	Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)	Total
Balance as at June 27, 2015	$ 40,000	$ 209,886	$ (2,131)	$ 247,755
Loss for the period	-	(43,610)	-	(43,610)
Other comprehensive loss, net of tax	-	-	(1,374)	(1,374)
Balance as at September 26, 2015 restated (note 3)	$ 40,000	$ 166,276	$ (3,505)	202,771

39 weeks ended October 1, 2016 (CAD$ thousands)

	Share Capital	Retained earnings - restated (note 3)	Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)	Total
Balance as at December 31, 2015	$ 40,000	$ 121,387	$ (6,829)	$ 154,558
Profit for the period	**-**	**25,062**	**-**	**25,062**
Other comprehensive income, net of tax	**-**	**-**	**3,489**	**3,489**
Dividends paid	**-**	**(31,000)**	**-**	**(31,000)**
Balance as at October 1, 2016	**$ 40,000**	**$ 115,449**	**$ (3,340)**	**$ 152,109**

39 weeks ended September 26, 2015 (CAD$ thousands)

	Share Capital	Retained earnings - restated (note 3)	Accumulated other comprehensive (loss) (Net gains(losses) on cash flow hedges)	Total
Balance as at December 31, 2014	$ 40,000	$ 212,040	$ (1,604)	$ 250,436
Loss for the period	-	(35,764)	-	(35,764)
Other comprehensive loss, net of tax	-	-	(1,901)	(1,901)
Dividends paid	-	(10,000)	-	(10,000)
Balance as at September 26, 2015 restated (note 3)	$ 40,000	$ 166,276	$ (3,505)	202,771

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	
	October 1, 2016	September 26, 2015	**October 1, 2016**	September 26, 2015
Cash flows from operating activities				
Receipts from customers	**$ 438,270**	$ 642,707	**$ 1,354,934**	$ 1,318,144
Cash receipts on disposal of MintChip	**-**	-	**220**	-
Payments to suppliers and employees	**(433,452)**	(611,361)	**(1,392,124)**	(1,286,915)
Interest paid	**(348)**	(164)	**(925)**	(693)
Cash receipts on derivative contracts	**167,020**	150,880	**653,845**	392,079
Cash payments on derivative contracts	**(156,914)**	(147,381)	**(605,034)**	(343,305)
Income taxes paid	**(3,963)**	3,304	**(18,140)**	(3,243)
Net cash generated (used) by operating activities	**10,613**	37,985	**(7,224)**	76,067
Cash flows from investing activities				
Interest received	**142**	159	**696**	733
Cash receipts on derivative contracts to acquire property, plant and equipment and intangible assets	**584**	-	**3,491**	-
Cash payments on derivative contracts to acquire property, plant and equipment and intangible assets	**(878)**	(1,420)	**(4,096)**	(1,420)
Payments to acquire property, plant and equipment and intangible assets	**(3,226)**	(4,653)	**(8,833)**	(16,199)
Net cash used in investing activities	**(3,378)**	(5,914)	**(8,742)**	(16,886)
Cash flows from financing activities				
Dividend paid	**-**	**-**	**(31,000)**	(10,000)
Net cash used in financing activities	**-**	-	**(31,000)**	(10,000)
Net increase (decrease) in cash	**7,235**	32,071	**(46,966)**	49,181
Cash at the beginning of the period	**85,947**	121,780	**140,776**	104,153
Effects of exchange rate changes on cash held in foreign currencies	**146**	735	**(482)**	1,252
Cash at the end of the period	**$ 93,328**	$ 154,586	**$ 93,328**	$ 154,586

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

1. NATURE AND DESCRIPTION OF THE CORPORATION

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

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

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

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

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

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

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

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

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

These interim condensed consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on February 22, 2017.

2.2 Basis of presentation

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

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

2.3 Consolidation

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

2.4 Functional and presentation currency

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

2.5 Significant accounting policies

Significant accounting policies applied in these interim condensed consolidated financial statements are disclosed in note 2 of the Corporation's annual consolidated financial statements for the year ended December 31, 2015, except for the restatement and reclassification of prior periods described in note 3. The accounting policies have been applied consistently in the current and comparative periods.

3. Restatement and Reclassification of prior periods

3.1 Restatement of prior periods

In the course of the preparation of the interim condensed consolidated financial statements for the quarter ended October 1, 2016, the Mint identified an adjustment relating to prior periods requiring restatement, relating to the sale of numismatic Face Value products.

In the past, sales of numismatic Face Value products were recorded as revenue, along with a provision for expected redemptions and returns which was based on historical redemption and return patterns for other numismatic products. In 2016, the Mint conducted an extensive review of the Face Value program and redemptions and returns to date. Face Value products have different characteristics than other numismatic products as they have a Face Value equal to their purchase price which, combined with the unlimited redemption and return period permitted by the Mint's current redemption and return policies and practices, make Face Value products significantly more likely to be redeemed or returned than other numismatic products. Consequently, the historical redemption and return patterns for other numismatic products cannot be used to estimate the redemptions and returns for Face Value products and no reasonable, reliable alternative method exists. As a result of this review, it was determined that revenue should not be recognized until a reasonable estimate of redemptions and returns can be made.

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

The Mint believes the primary factors influencing its ability to develop a reliable estimate of redemptions and returns to be the market price of silver and the term over which redemptions and returns may be accepted. At October 1, 2016, the market price of silver was significantly less than the Face Value of these coins, and it is currently not the intention of the Mint to place an expiry date on the current redemption and return policies. As a result, a provision representing the cumulative value of unredeemed/unreturned Face Value products and the costs of redemptions and returns, net of the value of the corresponding silver content, was recorded in Q3 2016 with retrospective adjustment to the inception of the Face Value program. This net provision will increase each period with new sales and decrease or increase each period as the market price of silver (in U.S. dollars) increases or decreases and the Canadian dollar weakens or strengthens with respect to the U.S. dollar. These movements in the net provision will impact profit (loss) each period.

As a result of this change in accounting, the consolidated balance sheet at December 31, 2015, and the consolidated statements of operations and changes in equity and comprehensive income for the year ended December 31, 2015 and the 13 week and 39 week periods ended September 26, 2015 were restated.

This restatement had no effect on the operating, financing or investment activities as reported in the respective consolidated statements of cash flows.

The effect of the restatement is as follows:

Consolidated statements of financial position

Restatement of 2015 opening statement of financial position as at January 1, 2015

	As at January 1,2015		
Increase (decrease)	As previously reported	Restatements	As restated
Inventory	$ 89,023	$ (1,003)	$ 88,020
Provision for Face Value redemptions and returns	-	83,297	83,297
Accounts payable and accrued liabilities	74,778	(919)	73,859
Retained earnings	295,421	(83,381)	212,040

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

Restatement of 2015 ending statement of financial position as at December 31, 2015

	As at December 31,2015		
Increase (decrease)	As previously reported	Restatements	As restated
Inventory	$ 78,570	$ 485	$ 79,055
Provision for Face Value redemptions and returns	-	123,009	123,009
Accounts payable and accrued liabilities	85,771	(1,255)	84,516
Retained earnings	242,655	(121,269)	121,386

Consolidated statements of comprehensive income

Restatement of interim periods for Q1 and Q2 2015 and 2016

	13 weeks ended March 28, 2015			13 weeks ended April 2, 2016		
Increase (decrease)	As reported in Q1 2015	Restatements	As restated	As reported in Q1 2016	Restatements	As restated
Revenue	$ 640,126	$ (12,269)	$ 627,857	$ 780,921	$ (1,835)	$ 779,086
Cost of sales	590,643	(3,518)	587,125	738,468	(5,843)	732,625
Net foreign exchange gains	30	1,954	1,984	2,843	(2,259)	584
Profit for the period	11,666	(6,797)	4,869	9,912	1,749	11,661

	13 weeks ended June 27, 2015			13 weeks ended July 2, 2016		
Increase (decrease)	As reported in Q2 2015	Restatements	As restated	As reported in Q2 2016	Restatements	As restated
Revenue	$ 572,432	$ (8,391)	$ 564,041	$ 761,978	$ (7,318)	$ 754,660
Cost of sales	520,288	562	520,850	714,384	(9,314)	705,070
Net foreign exchange gains (losses)	594	(659)	(65)	1,665	(76)	1,589
Profit for the period	12,589	(9,612)	2,977	9,037	1,920	10,957

	26 weeks ended June 27, 2015			26 weeks ended July 2, 2016		
Increase (decrease)	As reported in Q2 2015	Restatements	As restated	As reported in Q2 2016	Restatements	As restated
Revenue	$ 1,212,561	$ (20,659)	$ 1,191,902	$ 1,542,900	$ (9,152)	$ 1,533,748
Cost of sales	1,110,932	(2,955)	1,107,977	1,452,852	(15,156)	1,437,696
Net foreign exchange gains	624	1,295	1,919	4,508	(2,335)	2,173
Profit for the period	24,255	(16,409)	7,846	18,949	3,669	22,618

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

Restatement of comparative Q3 and year end 2015 periods

	13 weeks ended September 26, 2015			39 weeks ended September 26, 2015		
Increase (decrease)	As reported in Q3 2015	Restatements	As restated	As reported in Q3 2015	Restatements	As restated
Revenue	$ 930,982	$ (12,560)	$ 918,422	$ 2,143,668	$ (33,221)	$ 2,110,447
Cost of sales	875,421	(691)	874,730	1,987,063	(3,648)	1,983,415
Net foreign exchange gains (losses)	(1,348)	2,285	937	(724)	3,580	2,856
Profit for the period	(34,026)	(9,584)	(43,610)	(9,771)	(25,993)	(35,764)

	Year ended December 31, 2015		
Increase (decrease)	As previously reported	Restatements	As restated
Revenue	$ 2,974,148	$ (45,681)	$ 2,928,467
Cost of sales	2,770,210	(2,884)	2,767,326
Net foreign exchange gains (losses)	(757)	4,910	4,153
Profit for the period	(318)	(37,887)	(38,205)

3.2 Reclassification of prior periods

Historically, all of the revenue associated with bullion product sales was recorded on a gross basis; however there are several different sales streams for bullion products. In Q3 2016, the Mint initiated a review of the different bullion sales transaction types during which it was determined that it was more appropriate to recognize revenue from bullion sales on a net basis when the transaction involves inventory that a customer has on deposit with the Mint to create a product for them of a different format, for instance, a Gold Maple Leaf. As a result, the revenue and cost of precious metals from Bullion sale transactions involving customer inventory on deposit with the Mint (“Customer inventory deals”) are now recorded on a net basis, with only the commission and incremental value-added manufacturing services recognized as revenue. This change in presentation has no impact on profit (loss).

The consolidated statement of operations for the year ended December 31, 2015, for its interim periods and for the 2016 interim periods have been adjusted to reflect this change in the presentation of revenue and cost of sales.

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

The effect of the reclassification is as follows:

Consolidated statements of comprehensive income

Reclassification of interim periods for Q1 and Q2 2015 and 2016

	13 weeks ended March 28, 2015			13 weeks ended April 2, 2016		
Increase (decrease)	As restated in Q3 2016	Reclassification	As restated and reclassified	As restated in Q3 2016	Reclassification	As restated and reclassified
Revenue	$ 627,857	$ (156,293)	$ 471,564	$ 779,086	$ (191,009)	$ 588,077
Cost of sales	587,125	(156,293)	430,832	732,625	(191,009)	541,616
Net foreign exchange gains	1,984	-	1,984	584	-	584
Profit for the period	4,869	-	4,869	11,661	-	11,661

	13 weeks ended June 27, 2015			13 weeks ended July 2, 2016		
Increase (decrease)	As restated in Q3 2016	Reclassification	As restated and reclassified	As restated in Q3 2016	Reclassification	As restated and reclassified
Revenue	$ 564,041	$ (111,367)	$ 452,674	$ 754,660	$ (144,583)	$ 610,077
Cost of sales	520,850	(111,367)	409,483	705,070	(144,583)	560,487
Net foreign exchange gains (losses)	(65)	-	(65)	1,589	-	1,589
Profit for the period	2,977	-	2,977	10,957	-	10,957

	26 weeks ended June 27, 2015			26 weeks ended July 2, 2016		
Increase (decrease)	As restated in Q3 2016	Reclassification	As restated and reclassified	As restated in Q3 2016	Reclassification	As restated and reclassified
Revenue	$ 1,191,902	$ (267,660)	$ 924,242	$ 1,533,748	$ (335,593)	$ 1,198,155
Cost of sales	1,107,977	(267,660)	840,317	1,437,696	(335,593)	1,102,103
Net foreign exchange gains	1,919	-	1,919	2,173	-	2,173
Profit for the period	7,846	-	7,846	22,618	-	22,618

Reclassification of comparative Q3 and year end 2015 periods

	13 weeks ended September 26, 2015 [(1)]			39 weeks ended September 26, 2015 [(1)]		
Increase (decrease)	As restated in Q3 2016	Reclassification	As restated and reclassified	As restated in Q3 2016	Reclassification	As restated and reclassified
Revenue	$ 918,422	$ (156,335)	$ 762,087	$ 2,110,447	$ (423,995)	$ 1,686,452
Cost of sales	874,730	(156,335)	718,395	1,983,415	(423,995)	1,559,420
Net foreign exchange gains	937	-	937	2,856	-	2,856
Profit for the period	(43,610)	-	(43,610)	(35,764)	-	(35,764)

	Year ended December 31, 2015 [(1)]		
Increase (decrease)	As restated in Q3 2016	Reclassification	As restated and reclassified
Revenue	$ 2,928,467	$ (625,691)	$ 2,302,776
Cost of sales	2,767,326	(625,691)	2,141,635
Net foreign exchange gains	4,153	-	4,153
Profit for the period	(38,205)	-	(38,205)

[(1)] Includes Numismatic restatement as per note 3 and excludes other reclassification adjustment as per note 22 of these condensed consolidated financial statements

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

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

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

As noted in the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2015, revenue is presented net of customer returns, rebates and other similar allowances. As a result, management is required to make judgements with respect to the expected return rate and the net realizable value of those returned items. Details of the provision for estimated sales returns and allowances are included in notes 12 and 13.

5. APPLICATION OF NEW AND REVISED IFRS

5.1 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 October 1, 2016 that affected amounts reported or disclosed in the interim condensed consolidated financial statements.

5.2 New and revised IFRS pronouncements issued but not yet effective

The following amendments have been assessed as having a possible impact on the Corporation's consolidated financial statements in the future. The Corporation is currently assessing these amendments and therefore the extent of the impact of the adoption of the amendments is unknown. The Corporation has no plans to early adopt any of these IFRS amendments.

IAS 12 Income Taxes

An amendment was released in January 2016 to IAS 12 regarding the recognition of deferred tax assets for unrealised losses. The amendment is effective for annual periods beginning on or after January 1, 2017.

IAS 7 Statement of Cash Flows

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

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

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

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

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

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

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

6. CASH

	As at	
	October 1, 2016	December 31, 2015
Canadian dollars	**$ 83,594**	$ 128,676
US dollars	**9,135**	11,146
Euros	**599**	954
Total cash	**$ 93,328**	$ 140,776

7. ACCOUNTS RECEIVABLE

	As at	
	October 1, 2016	December 31, 2015
Trade receivables and accruals	**$ 16,597**	$ 20,632
Allowance for doubtful accounts	**(13)**	(81)
Net trade receivables	**16,584**	20,551
Other receivables	**1,510**	2,395
Total accounts receivable	**$ 18,094**	$ 22,946

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

8. PREPAID EXPENSES

	As at	
	October 1, 2016	December 31, 2015
Total prepaid expenses	**$ 6,468**	$ 4,821

Included in prepaid expenses are $4.0 million related to a five-year services and supply agreement. The Agreement also requires additional pre-payments of $2.4 million and $1.6 million on December 31, 2017 and December 31, 2018 respectively. These amounts will be amortized over the term of the agreement.

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

9. INVENTORIES

	As at	
	October 1, 2016	December 31, 2015 restated (note 3)
Raw materials and supplies	**$ 21,248**	$ 10,976
Work in process	**21,433**	20,287
Finished goods	**44,088**	47,792
Total inventories	**$ 86,769**	$ 79,055

The Corporation recognized for the 39 weeks ended October 1, 2016 $5.8 million of write-downs of inventory to net realisable value (39 weeks ended September 26, 2015 - $2.8 million).

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

10.1 Classification and fair value measurements of financial instruments

10.1.1 Classification and fair value techniques of financial instruments

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

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

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

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

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

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

	As at	
	October 1, 2016	December 31, 2015
Derivative financial assets		
Foreign currency forwards	**$ 1,843**	$ 756
	$ 1,843	$ 756
Derivative financial liabilities		
Foreign currency forwards	**$ 5,131**	$ 14,826
Interest rate swaps	**673**	684
	$ 5,804	$ 15,510

10.1.2 Fair value hierarchy

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

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

The fair value measurement of cash is classified as Level 1 of the fair value hierarchy as at October 1, 2016 and December 31, 2015. The fair value measurements of all other financial instruments held by the Corporation are classified as Level 2 of the fair value hierarchy as at October 1, 2016 and December 31, 2015. There were no transfers of financial instruments between levels for the 39 weeks ended October 1, 2016.

10.2 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.

10.2.1 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.

10.2.2 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.

10.2.3 Market risk

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

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

Foreign exchange risk

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

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

Interest rate risk

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

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

Commodity price risk

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

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

11. CAPITAL ASSETS

11.1 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	
	October 1, 2016	December 31, 2015
Cost	**$ 413,336**	$ 407,413
Accumulated depreciation	**(244,759)**	(234,816)
Net book value	**$ 168,577**	$ 172,597

Net book value by asset class		
Land and land improvements	**$ 2,920**	$ 2,922
Buildings and improvements	**91,402**	93,302
Equipment	**70,099**	73,215
Capital projects in process	**4,156**	3,158
Net book value	**$ 168,577**	$ 172,597

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

Reconciliation of the opening and closing balances of property, plant and equipment for October 1, 2016:

	Land and land improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance at December 31, 2014	$ 4,094	$ 150,240	$ 244,968	$ 9,733	$ 409,035
Additions	-	3,451	7,899	2,890	14,240
Transfers	-	2,003	7,462	(9,465)	-
Derecognition	-	-	(11,398)	-	(11,398)
Disposals	-	-	(4,464)	-	(4,464)
Balance at December 31, 2015	4,094	155,694	244,467	3,158	407,413
Additions	**-**	**1,630**	**1,661**	**3,355**	**6,646**
Transfers	**-**	**176**	**2,181**	**(2,357)**	**-**
Disposals	**-**	**(64)**	**(659)**	**-**	**(723)**
Balance at October 1, 2016	**$ 4,094**	**$ 157,436**	**$ 247,650**	**$ 4,156**	**$ 413,336**
Accumulated depreciation					
Balance at December 31, 2014	$ 955	$ 17,480	$ 148,950	$ -	$ 167,385
Depreciation	(8)	5,622	11,519	-	17,133
Derecognition	-	-	(11,398)	-	(11,398)
Disposals	-	-	(3,213)	-	(3,213)
Impairment	225	39,290	25,394	-	64,909
Balance at December 31, 2015	1,172	62,392	171,252	-	234,816
Depreciation	**2**	**3,676**	**6,915**	**-**	**10,593**
Disposals	**-**	**(34)**	**(616)**	**-**	**(650)**
Balance at October 1, 2016	**$ 1,174**	**$ 66,034**	**$ 177,551**	**$ -**	**$ 244,759**
Net book value at October 1, 2016	**$ 2,920**	**$ 91,402**	**$ 70,099**	**$ 4,156**	**$ 168,577**

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 October 1, 2016.

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

11.2 Intangible assets

	As at October 1, 2016	As at December 31, 2015
Cost	**$ 30,534**	$ 29,589
Accumulated depreciation	**(17,707)**	(14,378)
Net book value	**$ 12,827**	$ 15,211

Reconciliation of the opening and closing balances of intangibles for October 1, 2016:

	Software	Value-in-Kind	Capital projects in process	Total
Cost				
Balance at December 31, 2014	$ 40,546	-	$ 1,019	$ 41,565
Additions	758	1,362	1,046	3,166
Transfers	584	-	(584)	-
Derecognition	(13,780)	(1,362)	-	(15,142)
Balance at December 31, 2015	28,108	-	1,481	29,589
Additions	**717**	**-**	**228**	**945**
Transfers	**1,403**	**-**	**(1,403)**	**-**
Balance at October 1, 2016	**$ 30,228**	**$ -**	**$ 306**	**$ 30,534**
Accumulated amortization				
Balance at December 31, 2014	$ 24,115	-	$ -	$ 24,115
Amortization	3,440	1,362	-	4,802
Derecognition	(13,780)	(1,362)	-	(15,142)
Impairment	603	-	-	603
Balance at December 31, 2015	14,378	-	-	14,378
Amortization	**3,329**	**-**	**-**	**3,329**
Balance at October 1, 2016	**$ 17,707**	**$ -**	**$ -**	**$ 17,707**
Net book value at October 1, 2016	**$ 12,521**	**$ -**	**$ 306**	**$ 12,827**

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

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

12. PROVISION FOR FACE VALUE REDEMPTIONS AND RETURNS

	As at	
	October 1, 2016	December 31, 2015 restated (note 3)
Provision for Face Value redemptions and returns	**$ 175,666**	$ 154,616
Precious metal recovery	**(47,547)**	(31,607)
Net provision for Face Value redemptions and returns	**$ 128,119**	$ 123,009
Less: Current portion	**(3,323)**	(3,583)
Long term net provision for Face Value redemptions and returns	**$ 124,796**	$ 119,426

	October 1, 2016	December 31, 2015 restated (note 3)
Opening balance	**$ 123,009**	$ 83,297
Additions	**19,179**	42,532
Redemptions and returns	**(3,048)**	(2,686)
Revaluation	**(11,021)**	(134)
Ending balance	**$ 128,119**	$ 123,009

The provision for Face Value redemptions and returns represents the expected cash outflows if all Face Value coins are redeemed or returned, including the costs of redemptions and returns offset by the precious metal content that will be reclaimed by the Corporation when the coins are redeemed or returned. The precious metal recovery component of the provision is based on the market value of silver as at each balance sheet date. The current portion of the provision is based on the redemptions and returns for the last 12 months.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at	
	October 1, 2016	December 31, 2015 - restated (note 3)
Accounts payable and accrued liabilities	**$ 48,868**	$ 84,516

Included in accrued liabilities at October 1, 2016 was a net $0.5 million (December 31, 2015 - $0.7 million) provision for estimated sales returns and allowances.

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

14. DEFERRED REVENUE

	As at	
	October 1, 2016	December 31, 2015
Customer prepayment	**$ 11,439**	$ 8,656
Total deferred revenue	**$ 11,439**	$ 8,656

Included in deferred revenue are prepayments from foreign countries in the amount of $6.1 million.

15. EMPLOYEE COMPENSATION AND BENEFITS

15.1 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The Corporation made total contributions of $9.0 million in the 39 weeks ended October 1, 2016 (39 weeks ended September 26, 2015 - $8.8 million).

15.2 Other post-employment benefits

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

15.3 Other long-term employee benefits

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

16. REVENUE

	13 weeks ended		39 weeks ended	
	October 1, 2016	September 26, 2015 restated (note 3)	**October 1, 2016**	September 26, 2015 restated (note 3)
Revenue from the sale of goods	**$ 550,824**	$ 758,149	**$ 1,743,063**	$ 1,674,912
Revenue from the rendering of services	**2,979**	3,938	**8,895**	11,540
Total Revenue	**$ 553,803**	$ 762,087	**$ 1,751,958**	$ 1,686,452

(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	
	October 1, 2016	September 26, 2015 restated (note 3)	**October 1, 2016**	September 26, 2015 restated (note 3)
Gross revenue from the sale of goods	**$ 669,496**	$ 914,484	**$ 2,197,327**	$ 2,098,907
Less: Customer inventory deals	**(118,672)**	(156,335)	**(454,264)**	(423,995)
Net revenue from the sale of goods	**$ 550,824**	$ 758,149	**$ 1,743,063**	$ 1,674,912

17. DEPRECIATION AND AMORTIZATION EXPENSE

	13 weeks ended		39 weeks ended	
	October 1, 2016	September 26, 2015	**October 1, 2016**	September 26, 2015
Depreciation of property, plant and equipment	**$ 3,326**	$ 4,504	**$ 10,593**	$ 13,453
Amortization of intangible assets	**957**	1,477	**3,329**	3,978
Total depreciation and amortization expense	**$ 4,283**	$ 5,981	**$ 13,922**	$ 17,431

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

	13 weeks ended		39 weeks ended	
	October 1, 2016	September 26, 2015	**October 1, 2016**	September 26, 2015
Cost of sales	**$ 2,810**	$ 3,777	**$ 8,159**	$ 11,250
Marketing and sales expenses	**501**	1,534	**2,027**	3,297
Administration expenses	**972**	670	**3,736**	2,884
Total depreciation and amortization expense	**$ 4,283**	$ 5,981	**$ 13,922**	$ 17,431

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

18. EMPLOYEE COMPENSATION EXPENSES

	13 weeks ended		39 weeks ended	
	October 1, 2016	September 26, 2015	**October 1, 2016**	September 26, 2015
Included in cost of sales:				
Salaries and wages including short term employee benefits	**$ 11,366**	$ 13,068	**$ 37,791**	$ 39,441
Pension costs	**1,208**	1,105	**4,167**	4,069
Long term employee benefits and Post-employment benefits other than pensions	**471**	485	**1,024**	1,468
Included in marketing and sales expenses:				
Salaries and wages including short term employee benefits	**4,171**	4,887	**13,944**	14,036
Pension costs	**434**	428	**1,422**	1,524
Long term employee benefits and Post-employment benefits other than pensions	**123**	115	**289**	342
Included in cost of administration:				
Salaries and wages including short term employee benefits	**6,451**	8,500	**21,676**	23,377
Pension costs	**850**	967	**3,194**	3,341
Long term employee benefits and Post-employment benefits other than pensions	**382**	232	**1,149**	775
Termination benefits	**77**	85	**459**	1,843
Total employee compensation and benefits expense	**$ 25,533**	$ 29,872	**$ 85,115**	$ 90,216

19. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

	13 weeks ended		39 weeks ended	
	October 1, 2016	September 26, 2015	**October 1, 2016**	September 26, 2015
Research and development expenses	**$ 1,361**	$ 1,568	**$ 3,789**	$ 4,703
Scientific research and development investment tax credit	**(50)**	(200)	**(450)**	(952)
Research and development expenses, net	**$ 1,311**	$ 1,368	**$ 3,339**	$ 3,751

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

20. 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:

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

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

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

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

The transactions with Department of Finance are as follows:

	13 weeks ended		39 weeks ended	
	October 1, 2016	September 26, 2015	**October 1, 2016**	September 26, 2015
Revenue from DOF	**$ 22,890**	$ 20,628	**$ 69,022**	$ 68,059

	As at	
	October 1, 2016	December 31, 2015
(Payable) Receivable (to) from DOF	**$ (271)**	$ 8,110

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

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

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

21. COMMITMENTS, CONTINGENCIES AND GUARANTEES

21.1 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 October 1, 2016, the Corporation had $12.6 million in outstanding precious metal purchase commitments (December 31, 2015 – $47.0 million).

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

	As at	
Ounces	**October 1, 2016**	December 31, 2015
Gold	**163,212**	321,747
Silver	**10,497,733**	6,746,665
Palladium	**6,494**	8,594
Platinum	**18,727**	13,042

The fees for these leases are based on market value. The precious metal lease payment expensed for the 39 weeks ended October 1, 2016 was $5.0 million (39 weeks ended September 26, 2015 - $3.3 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.

21.2 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 October 1, 2016, the Corporation had $15.8 million (December 31, 2015 - $22.5 million) in purchase commitments outstanding.

21.3 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 October 1, 2016, under the guarantees and bid bonds, the maximum potential amount of future payments was $9.6 million (December 31, 2015 - $14.4 million).

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

21.4 Other commitments and guarantees

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. As of October 1, 2016 the approved short-term borrowings for working capital within this limit were not to exceed CAD$25 million or its US Dollar equivalent.

To support such short-term borrowings as may be required from time to time, the Corporation has various commercial borrowing lines of credit, made available to it by Canadian financial institutions. These lines are unsecured and provide for borrowings up to 364 days in term based on negotiated rates. No amounts were borrowed under these lines of credit as at October 1, 2016 or September 26, 2015.

The Corporation has committed as at October 1, 2016 to spend approximately $3.2 million (December 31, 2015- $4.3 million) on capital projects.

Total estimated minimum remaining future commitments are as follows:

	2016	2017	2018	2019	2020	2021 and Therafter	Total
Operating Leases	$ 2,161	$ 4,398	$ 4,335	$ 2,229	$ 1,998	$ 7,536	22,657
Other Commitments (no leases)	28,297	5,913	3,560	1,799	1,072	738	41,379
Total	**$ 30,458**	**$ 10,311**	**$ 7,896**	**$ 4,028**	**$ 3,071**	**$ 8,274**	**$ 64,036**

There are various legal claims against the Corporation. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. A provision of $0.7 million for a potential legal obligation was included in accounts payable and accrued liabilities as at October 1, 2016 (December 31, 2015 - $0.7 million). The amount and timing of the settlement of the provision is uncertain.

22. RECLASSIFICATION

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

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

23. SUBSEQUENT EVENT

Canadian Circulation Operations Return to For-Profit Model

On October 25, 2016, the Minister of Finance tabled Bill C-29, A Second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 as well as other measures. In particular this Act amends the *Royal Canadian Mint Act* to enable the Mint to anticipate profit with respect to the provision of all goods or services, and removes the restriction that the Mint shall not anticipate profit with respect to the provision of any goods or services to Her Majesty in right of Canada.

Bill C-29 received Royal assent on December 15, 2016. Accordingly, the Mint will recognize profit from the provision of any goods or services to Her Majesty in right of Canada beginning December 15, 2016.

The Mint expects to come to an agreement with the Department of Finance on an updated Memorandum of Understanding that governs the provision of circulation products and services in early 2017.

Face Value Program Phase Out

After five years of acquiring new customers and growing its overall Numismatic business through its Face Value program, the Mint is changing the way it will attract future customers to coin collecting, which means that it is no longer selling Face Value coins effective January 1, 2017.