FIRST QUARTER FINANCIAL REPORT

FISCAL 2017

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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 weeks ended April 1, 2017, and April 2, 2016, in compliance with International Financial Reporting Standards (IFRS). Financial results reported in this narrative are presented in Canadian dollars and rounded to the nearest million, unless otherwise noted. The information in this narrative is current to May 9, 2017, unless otherwise noted.

FORWARD LOOKING STATEMENTS

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

OVERVIEW OF THE BUSINESS

The Royal Canadian Mint is Canada's national mint, whose core mandate is to produce circulation coins for Canada, manage the supporting distribution system and provide advice to the Government of Canada on all matters related to coinage. It accomplishes this mandate through a world-leading coin distribution network and inventory management system, and a high-tech high-volume manufacturing, plating and coining facility in Winnipeg. It is also responsible for safeguarding the integrity of Canada's coinage through ongoing research, development and implementation of increasingly sophisticated security features. The Mint's activities also include the production and marketing of bullion and related refinery products and services, numismatic coins, medals and the provision of minting services to foreign countries.

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. CP&S is also responsible for the Alloy Recovery Program (ARP) under which older-composition Canadian coins are removed from circulation and

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

replaced by multi-ply plated steel (MPPS) coins, which are more durable and secure. This systematic replacement of old alloy coins also ensures that there is consistency in the market, which helps to streamline automated coin acceptance transactions.

The Bullion Products and Services business provides its customers with market-leading precious metal investment coin and bar products, supported by integrated precious metal refining, storage and exchange traded receipts (ETR) capabilities. The products include the Maple Leaf family of gold, silver, palladium and platinum coins, and other precious metal products and services for investment and manufacturing purposes. As a market leader in the industry with bullion coins of the highest quality and unprecedented security, the Mint is well positioned to capture a leading share of any increase in demand while sustaining volumes during soft markets. The Canadian Gold and Silver Reserves ETR products listed on the Toronto Stock Exchange allow retail and institutional investors to access precious metals stored at the Mint while reducing Mint lease costs.

The Numismatics business creates and sells collectible coins and medals to customers in Canada and around the world. Due to its world-class designs, the Mint's global leadership in the art and science of minting is consistently recognized with prestigious international awards in large part due to innovative technology enhancements such as holograms, selective plating and stunning colour that allow the Mint to create unique and compelling products. Mint.ca continues to rank among the top destinations for online numismatic coin purchases in Canada and around the world, a direct result of the Mint's focus on building traffic to its website in order to grow direct sales, as well as the secondary market for collector coins.

SIGNIFICANT CORPORATE EVENTS

Canada 150

Starting in 2017, the Mint began to leverage the considerable appeal of the 150th anniversary of confederation of Canada 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 have followed including the 2017 *My Canada, My Inspiration* uncirculated coin set. The Canada 150 program to date has shown stronger than expected sales and this is expected to continue as new products are introduced throughout the year.

Dividends Declared and Paid

The Mint declared and paid a $29 million dividend to the Government of Canada as a result of its strong operating performance in 2016.

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

On March 23, 2017, the Mint's Board of Directors approved the Mint's 2017-2021 Corporate Plan, which will be subsequently submitted for the approval of the Governor in Council on the recommendation of the Minister of Finance.

Revision of Prior Period Financial Results

As discussed in the Mint's 2016 annual report, in the course of the preparation of the quarterly condensed consolidated financial statements for the quarter ended October 1, 2016 (Q3 2016), the Mint identified adjustments to prior periods relating to the sale of numismatic Face Value products, the sale of Bullion products, and other reclassifications. Further information regarding these revisions is disclosed in Note 3 of the condensed consolidated financial statements for the 13 weeks ended April 1, 2017.

The condensed consolidated statement of comprehensive income for the 13 weeks ended April 2, 2016 has been revised to reflect the change in accounting for Face Value products and the change in the presentation of revenue and cost of sales for Bullion products, as well as other reclassification adjustments, the effect of these revisions is shown in the table below:

	13 weeks ended April 2, 2016				
	As previously reported	Face Value restatement	Customer inventory deals reclassification	Other reclassifications	As revised
Revenue	$ 780.9	$ (1.8)	$ (191.0)	0.3	$ 588.4
Cost of sales	738.4	(5.8)	(191.0)	-	541.6
Net foreign exchange gains (losses)	2.8	(2.3)	-	(0.3)	0.2
Income tax expense	(3.3)	(0.4)	-	-	(3.7)
Profit for the period	9.9	1.3	-	-	11.2

OPERATING HIGHLIGHTS AND ANALYSIS OF RESULTS

To achieve its objectives, the Mint strives to continually improve profitability through prudent financial management and efficient operations. The Mint measures its performance 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.

	13 weeks ended			
	April 1, 2017	April 2, 2016 (restated)	$ Change	% Change
Revenue	$ 502.8	$ 588.4	$ (85.6)	(15)
Profit before income taxes	14.9	15.0	(0.1)	
Profit after income taxes	11.1	11.2	(0.1)	

	As at			
	April 1, 2017	December 31, 2016	$ Change	% Change
Cash	$ 80.5	$ 114.2	$ (33.7)	(30)
Inventories	85.7	78.9	6.8	9
Capital assets	180.1	182.5	(2.4)	(1)
Total assets	418.2	444.1	(25.9)	(6)
Working capital	118.5	136.1	(17.6)	(13)

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

Consolidated profit before income taxes and profit after income taxes for the quarter were consistent with the same period in fiscal year 2016 at $15 million and $11 million, respectively. In the 13 weeks ended April 1, 2017, the Corporation paid a $29 million dividend to its shareholder, the Government of Canada, resulting in a decrease in cash, total assets and working capital at April 1, 2017 when compared to the respective balances at December 31, 2016.

Revenue by Program and Business

	13 weeks ended			
	April 1, 2017	April 2, 2016 (revised)	$ Change	*% Change*
Canadian Circulation Program	$ 22.8	$ 20.5	$ 2.3	11
Circulation Products and Solutions	11.9	6.7	5.2	78
Bullion Products and Services	421.2	521.4	(100.2)	(19)
Numismatics	46.9	39.8	7.1	18

Canadian Circulation Program

Coin supply	**As at**			
(in millions of coins)	**April 1, 2017**	April 2, 2016	Change	%
Financial institutions inventory	**777**	777	-	-
Recycled coins	**45**	149	(104)	(70)
Coins sold to financial institutions	**18**	12	6	50
Total coin supply	**840**	938	(98)	(10)

Department of Finance (DOF) Inventory	**As at**			
(in millions of coins)	**April 1, 2017**	December 31, 2016	Change	%
Opening inventory	**298**	227	71	31
Production	**96**	533	(437)	(82)
Coins sold to financial institutions	**(18)**	(462)	444	96
Ending inventory	**376**	298	78	26

During the 13 weeks ended April 1, 2017, revenues for Canadian circulation increased by $2.3 million due to the return to profit amendment made to the *Royal Canadian Mint Act* which received Royal Assent on December 15, 2016.

In addition, net supply for Canadian circulation coins was at 840 million coins as at April 1, 2017 compared to 938 million as at April 2, 2016. Demand is met through three main sources of supply and is subject to variability across regions of the country and seasonality depending on time of the year. The three principal channels to meet demand include:

- Coin inventories held by major financial institutions across Canada. The percentage of financial institutions' inventory to overall supply is 93% as at April 1, 2017 compared to 83% as at April 2, 2016. The increase is mainly due to the reduction in the recycling program in 2016, which resulted in a shift from recycled coins to financial institution inventory during first quarter of 2017.
- Recycled coins. The Mint recycled 45 million pieces of coin during the first quarter of 2017 compared to 149 million pieces for the same period in 2016. The service provider is still seeking alternate locations for the machines after two financial institutions

removed their recycling program in 2016. This channel historically has accounted for approximately 15% of overall supply. With the recent market changes this channel accounted for 5% of supply.

- New coins sold to major financial institutions. The Mint sold 18 million new coins to the financial institutions during first quarter of 2017 compared to 12 million for same period in 2016. New coins account for the remaining 2% of supply.

The Mint actively manages inventory levels in response to changes in demand, financial institution deposits and recycling volumes to ensure coinage demand is met throughout the year while minimizing overall inventories. The Mint also works to optimize its logistics operations to reduce overall distribution and storage costs for the Government of Canada. The management of the coinage system is achieved within inventory limits outlined in the Mint's Corporate Plan. To replenish inventories held on behalf of the Department of Finance, the Mint produced 96 million coins in first quarter of 2017 compared to 138 million in the same period of 2016.

The efficient management of the coinage system is achieved hand-in-hand with the celebration of Canada's history, culture and values. During the first quarter of 2017, a variety of commemorative coins were released, including the Canada 150 *My Canada, My Inspiration* collection as well as a 25-cent coin commemorating the 125th anniversary of the Stanley Cup.

Circulation Products and Solutions

Revenue for the CP&S business increased 78% to $11.9 million during the 13 weeks ended April 1, 2017 compared to $6.7 million in the same period of fiscal year 2016. Revenue from foreign circulation sales increased 146% to $10.1 million from $4.1 million in the first quarter of 2016. Revenue from ARP declined 31% to $1.8 million from $2.6 million in the same period in 2016.

Foreign circulation revenue reflects the shipment of 269.7 million (2016 – 67.3 million) coins and blanks to 9 (2016 – 6) countries during the quarter. The increase reflects the fulfillment of contracts signed in prior years for the Mint's MPPS products. During the first quarter of 2017, the Mint has secured one new production contract for 7.5 million pieces.

ARP revenue decreased due to the decline in recycling volumes and reduced numbers of alloy coins in the volumes that are recycled.

Bullion Products and Services

	13 weeks ended	
	April 1, 2017	April 2, 2016
Gross revenue	**$ 551.1**	$ 712.4
Less: Customer inventory deals	**(129.9)**	(191.0)
Net revenue	**$ 421.2**	$ 521.4

	13 weeks ended	
(thousands of ounces)	**April 1, 2017**	April 2, 2016
Gross ounces	**10,129.6**	22,315.2
Less: ounces from Customer inventory deals	**(1,085.5)**	(2,745.4)
Net ounces	**9,044.1**	19,569.8

Bullion revenues for the 13 weeks ended April 1, 2017 decreased 19% to $421.2 million from revised revenue of $521.4 million in the same period in 2016. Sales of gold coins, mostly Gold Maple Leaf (GML) coins, declined 2% to 208.3 thousand (2016 – 210.6 thousand) ounces. Sales of silver coins, mostly Silver Maple Leaf (SML) coins, declined 56% to 4.7 million (2016 – 10.6 million) ounces. The recent decline in revenues is attributed to lower demand for bullion products in the 13 weeks ended April 1, 2017 compared to the same period in 2016.

Numismatics

Numismatics revenue increased 18% to $46.9 million during the 13 weeks ended April 1, 2017 compared to revised revenue of $39.8 million in the same period of 2016 primarily due to the strong demand for Canada 150 products. Demand for the Mint's gold numismatics coins declined 66% to $4.8 million compared to $14.3 million in the same period in 2016 mainly due to a custom exclusive product sold in 2016. Sales of numismatics silver products increased 57% to $35.4 million compared to $22.5 million in the same period in 2016 mainly due to the successful launch of new silver coins, including a painted silver coin for lunar year of the Rooster and Canada 150 coins.

	April 1, 2017	April 2, 2016
Gold	**$ 4.8**	$ 14.3
Silver	**35.4**	22.5
Non Gold or Silver	**6.7**	3.0
Total revenue	**$ 46.9**	$ 39.8

To celebrate Canada's 150th anniversary, the Mint has developed a robust program that supports the focus for fiscal year 2017. This includes investing in people, processes and systems and aligning product, promotion and sales channels with the Canada 150 theme. This marketing strategy will also involve integrating product, price, promotion and placement strategies while leveraging web, digital, social media and call centre resources.

Expenses, Other Income and Income Tax

	13 weeks ended			
	April 1, 2017	April 2, 2016 (restated)	$ Change	*% Change*
Cost of sales	$ 452.3	$ 541.6	$ 89.3	16
Operating expenses				
Marketing and sales expenses	16.7	17.4	0.7	4
Administration expenses	17.2	14.7	(2.5)	(17)
Net foreign exchange losses (gains)	1.8	(0.2)	(2.0)	
Income tax expense	3.7	3.7	-	

Cost of sales decreased 16% to $452.3 million for the 13 weeks ended April 1, 2017 from revised costs of $541.6 million for the same period in 2016. The decrease in cost of sales is in line with the decrease in bullion revenues in 2017 when compared to 2016. This decrease was largely due to the softer demand for bullion silver products which decreased by 56% in 2017 compared to the same period in 2016. Cost of sales increased year over year for circulation products and services, as well as numismatics, in line with revenue for the respective businesses. The increase in cost of sales related to numismatics was partially offset by the positive impact of the $1.2 million increase in the revaluation of precious metal recovery of Face Value redemptions and returns in Q1 2017 when compared to Q1 2016.

Operating expenses for the quarter increased 6% to $33.9 million from $32.1 million for the same period in fiscal year 2016 mainly due to higher administration expenses resulting from higher employee compensation expenses, as well as higher consulting and rent expenses.

Net foreign exchange loss increased $2.0 million for the 13 weeks ended April 1, 2017 compared to the same period ended April 2, 2016 due to a higher loss on the settlement of derivatives of $6.8 million, partially offset by the positive impact of a stronger U.S. dollar and the resulting positive impact on the translation of U.S. dollar balances of $4.8 million.

Income tax expense remained consistent compared to prior period.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow	13 weeks ended		
	April 1, 2017	April 2, 2016	$ Change
Cash, at the end of the period	$ 80.5	$ 92.5	$ (12)
Cash flow from (used in) operating activities	1.7	(6.6)	8.3
Cash flow used in investing activities	(3.0)	(3.4)	0.4
Cash flow used in financing activities	(29.1)	(31.1)	2.0

Cash generated from operating activities for the period ended April 1, 2017 was $1.7 million, an $8.3 million increase compared to the same period in the prior year. The increase is mainly attributable to a billing adjustment to the DOF in the first quarter of 2016 that did not occur in the first quarter of 2017.

Cash used in investing activities declined to $3.0 million for the period ended April 1, 2017 from $3.4 million for the period ended April 2, 2016. The capital expenditures in the 13 weeks ended April 1, 2017 mainly related to renovations carried out at the Mint's headquarters in Ottawa.

Cash used in financing activities declined to $29.1 million for the period ended April 1, 2017 from $31.1 million for the period ended April 2, 2016. The Mint paid an annual $15.0 million dividend and a special dividend of $14.0 million to the Government of Canada during the first quarter of 2017 compared to a dividend of $31.0 million in 2016.

BORROWING FACILITIES

See note 17 in the December 31, 2016 audited consolidated financial statements for details on the Mint's borrowing facilities. The Mint entered and closed the quarter with total outstanding long term loans of $27.0 million. The long term ratio declined to 1.6 at April 1, 2017 from 1.7 at December 31, 2016.

RISKS TO PERFORMANCE

Management considers risks and opportunities at all levels of decision making and is continually evaluating the adequacy of the Enterprise Risk Management (ERM) program to ensure it is designed to meet shareholder requirements. During a recent assessment of the program, opportunities for improvements were identified which lead to key recommendations. Based on those recommendations, management will be advancing its ERM program to the next level of maturity and increasing the value of risk informed decision making.

As discussed in the Annual Report, the Mint's performance is influenced by many factors, including: economic conditions, financial and commodity markets volatility, and competitive pressures. There have been no material changes to these risk factors since the filing of the 2016 Annual Report.

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

See notes 4 and 5 in the audited consolidated financial statements for the year ended December 31, 2016 for a discussion of critical accounting estimates, adoption of new accounting standards and accounting policy developments.

OUTLOOK

The operating and financial results achieved during the 13 weeks ended April 1, 2017 indicate that the financial goals established in the 2017-2021 Corporate Plan approved by the Mint's Board of Directors but pending approval of Governor in Council, are on track.

In the CP&S business, global demand for circulation products, in particular blanks, is anticipated to strengthen over the coming 15 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, and to appropriately explore potential responses.

The Mint's Numismatic sales remain strong and on track for the year mainly driven by the success of the Canada 150 program which is expected to continue to increase as new products are introduced throughout the year.

Gold and Silver bullion demand softened in the first quarter, and as a result the Mint is carefully managing operating costs.

FORWARD LOOKING STATEMENTS

The unaudited condensed consolidated quarterly financial statements and the narrative contain forward-looking statements that reflect management's expectations regarding the Mint's objectives, plans, strategies, future growth, results of operations, performance, and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as "plans", "anticipates", "expects", "believes", "estimates", "intends", and other similar expressions. These forward-looking statements are not facts, but only estimates regarding expected growth, results of operations, performance, business prospects and opportunities (assumptions). While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Mint expects. These risks, uncertainties and other factors include, but are not limited to, those risks and uncertainties set forth above in the Risks to Performance as well as in Note 8 – Financial Instruments and Financial Risk Management to the Mint's unaudited condensed consolidated financial statements.

To the extent the Mint provides future-oriented financial information or a financial outlook, such as future growth and financial performance, the Mint is providing this information for the purpose of describing its 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 narrative are made only as of May 9, 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 are 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 Royal Canadian Mint, 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

May 9, 2017

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

		As at	
	Notes	**April 1, 2017**	December 31, 2016
Current Assets			
Cash		**$ 80,525**	$ 114,185
Accounts receivable	6	**26,380**	24,938
Prepaid expenses		**5,297**	4,012
Income taxes receivable		**6,659**	4,222
Inventories	7	**85,744**	78,929
Derivative financial assets	8	**250**	425
Total current assets		**204,855**	226,711
Non-current assets			
Prepaid expenses		**1,168**	1,669
Derivative financial assets	8	**3**	17
Deferred tax asset		**32,042**	33,206
Property, plant and equipment	9	**168,651**	170,254
Investment property		**236**	236
Intangible assets	9	**11,226**	12,004
Total non-current assets		**213,326**	217,386
Total assets		**$ 418,181**	$ 444,097
Current Liabilities			
Accounts payable and accrued liabilities	11	**$ 61,954**	$ 59,384
Loans payable		**7,553**	7,516
Face Value redemptions and returns	10	**2,613**	3,153
Deferred revenue		**10,910**	13,078
Employee benefits		**2,702**	2,866
Derivative financial liabilities	8	**649**	4,620
Total current liabilities		**86,381**	90,617
Non-current liabilities			
Accounts payable and accrued liabilities		**363**	401
Loans payable		**19,490**	19,490
Face Value redemptions and returns	10	**134,112**	137,864
Employee benefits		**10,101**	10,101
Derivative financial liabilities	8	**247**	268
Total non-current liabilities		**164,313**	168,124
Total liabilities		**250,694**	258,741
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**127,731**	145,617
Accumulated other comprehensive loss		**(244)**	(261)
Total shareholder's equity		**167,487**	185,356
Total liabilities and shareholder's equity		**$ 418,181**	$ 444,097

Commitments, contingencies and guarantees (Note 20)

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 April 1, 2017	April 2, 2016 Restated (Note 3)
Revenue	13	**$ 502,750**	$ 588,414
Cost of sales	14,15	**452,296**	541,617
Gross profit		**50,454**	46,797
Marketing and sales expenses	14,15	**16,669**	17,388
Administration expenses	14,15,16	**17,159**	14,694
Operating expenses		**33,828**	32,082
Net foreign exchange (losses) gains		**(1,768)**	248
Operating profit		**14,858**	14,963
Finance costs, net		**(7)**	(16)
Profit before income tax		**14,851**	14,947
Income tax expense	17	**(3,737)**	(3,723)
Profit for the period		**11,114**	11,224
Items that will be reclassified subsequently to profit or loss:			
Net unrealized gains on cash flow hedges		**17**	2,831
Reclassification of net realized losses on cash flow hedges transferred from other comprehensive income		**-**	353
Other comprehensive income, net of tax		**17**	3,184
Total comprehensive income		**$ 11,131**	$ 14,408

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

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

13 weeks ended April 1, 2017

	Share Capital	**Retained earnings - Restated (Note 3)**	**Accumulated other comprehensive loss (Net gains(losses) on cash flow hedges)**	**Total**
Balance as at December 31, 2016	$ 40,000	$ 145,617	$ (261)	$ 185,356
Profit for the period	**-**	**11,114**	**-**	**11,114**
Other comprehensive income, net of tax	**-**	**-**	**17**	**17**
Dividend paid	**-**	**(29,000)**	**-**	**(29,000)**
Balance as at April 1, 2017	**$ 40,000**	**$ 127,731**	**$ (244)**	**$ 167,487**

13 weeks ended April 2, 2016

	Share Capital	Retained earnings - Restated (Note 3)	Accumulated other comprehensive loss (Net gains(losses) on cash flow hedges)	Total – Restated (Note 3)
Balance as at December 31, 2015	$ 40,000	$ 152,138	$ (6,829)	$ 185,309
Profit for the period	-	11,224	-	11,224
Other comprehensive income, net of tax	-	-	3,184	3,184
Dividend paid	-	(31,000)	-	(31,000)
Balance as at April 2, 2016 restated (Note 3)	$ 40,000	$ 132,362	$ (3,645)	$ 168,717

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	
	Notes	**April 1, 2017**	April 2, 2016 (Note 3)
Cash flows from operating activities			
Profit for the period		**$ 11,114**	$ 11,224
Adjustments to reconcile profit to cash flows from operating activities:			
Depreciation and amortization	14	**4,875**	4,768
Income tax expense	17	**3,737**	3,723
Finance costs, net		**7**	16
Loss (gain) on foreign exchange		**1,768**	(248)
Adjustments to other (revenues) expenses, net	18	**(5)**	254
Changes in liability for Face Value redemptions and returns		**(4,862)**	(4,007)
Net changes in operating assets and liabilities	18	**(9,992)**	(17,262)
Cash provided by (used in) operating activities before interest and income tax		**6,642**	(1,532)
Income taxes paid		**(5,094)**	(5,297)
Interest received, net of interest paid	18	**144**	185
Net cash from (used in) operating activities		**1,692**	(6,644)
Cash flows used in investing activities			
Acquisition of property, plant and equipment and intangible assets		**(2,968)**	(3,238)
Settlements of derivative contracts to acquire property, plant and equipment, net		**-**	(160)
Net cash used in investing activities		**(2,968)**	(3,398)
Cash flows used in financing activities			
Dividends paid	8.1	**(29,000)**	(31,000)
Financing fees paid		**(62)**	(71)
Net cash used in financing activities		**(29,062)**	(31,071)
Effect of changes in exchange rates on cash		**(3,322)**	(7,134)
Decrease in cash		**(33,660)**	(48,247)
Cash at the beginning of the period		**114,185**	140,776
Cash at the end of the period		**$ 80,525**	$ 92,529

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

1. NATURE AND DESCRIPTION OF THE CORPORATION

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

On December 15, 2016, Bill C-29, Budget Implementation Act 2016, no. 2, *A Second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures*, received Royal assent. In particular, this Act amends the *Royal Canadian Mint Act* to clarify the Corporation's powers, and to enable the Corporation to anticipate profit with respect to the provision of all goods or services, and removes the restriction that the Corporation shall not anticipate profit with respect to the provision of any goods or services to Her Majesty in right of Canada.

The Corporation also produces circulation, collector and bullion investment coins for the domestic and international marketplace, and it is also a gold refiner. 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 Corporation 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*.

While not subject to United States of America federal income taxes, the Corporation is subject in some states to state income taxes.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These quarterly 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 these standards, these quarterly 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, 2016.

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

These quarterly condensed consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on May 9, 2017.

2.2 Basis of presentation

The quarterly 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 quarterly condensed consolidated financial statements incorporate the quarterly 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 Foreign currency translation

Unless otherwise stated, all figures reported in the quarterly 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 quarterly condensed consolidated financial statements are disclosed in Note 2 of the Corporation's annual consolidated financial statements for the year ended December 31, 2016. The accounting policies have been applied consistently in the current and comparative periods.

3. RESTATEMENT AND RECLASSIFICATION OF PRIOR PERIODS

Restatement of prior periods relating to numismatic Face Value products

In the course of the preparation of the quarterly condensed consolidated financial statements for the quarter ended October 1, 2016 (Q3 2016), the Corporation 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 liability for expected redemptions and returns which was based on historical redemption and return patterns for other numismatic products. In 2016, the Corporation 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 Corporation'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, in the Corporation's view, 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. A liability 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, has been recorded in with retrospective adjustment to the inception of the Face Value program.

The condensed consolidated financial statements for the 13 weeks ended April 2, 2016 have been restated to reflect this change in accounting. For more information on the measurement of the liability for Face Value redemptions and returns refer to Notes 3 and 4 of the Corporation's audited consolidated financial statements for the year ended December 31, 2016.

Reclassification of prior periods

Presentation of revenue and cost of sales relating to bullion products

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 Corporation initiated a review of the different bullion sales transaction types during which it was determined that it was more appropriate to present revenue from bullion sales on a net basis when the transaction involves inventory that a customer has on deposit with the Corporation 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 Corporation ("Customer inventory deals") are now presented on a net basis, with only the commission and incremental value-added manufacturing services continuing to be recognized as revenue. This change in presentation has no impact on profit (loss).

The condensed consolidated statement of comprehensive income (loss) for the 13 weeks ended on April 2, 2016 has been adjusted to reflect this change in the presentation of revenue and cost of sales.

Other reclassifications

During the first quarter of 2017 the Corporation modified the condensed consolidated statement of comprehensive income classification for certain amounts between revenue and net foreign exchange gain or losses to more appropriately reflect their nature.

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

The following table shows the combined impact of the first quarter of 2016 restatement and reclassifications:

	13 weeks ended April 2, 2016				
	As previously reported	Face Value restatement	Customer inventory deals reclassification	Other reclassifications	As revised
Revenue	$780,921	$ (1,834)	$(191,009)	$ 336	$588,414
Cost of sales	738,468	(5,842)	(191,009)	-	541,617
Net foreign exchange gains (losses)	2,843	(2,259)	-	(336)	248
Income tax expense	(3,286)	(437)	-	-	(3,723)
Profit for the period	9,912	1,312	-	-	11,224

Presentation of the Statement of Cash Flows

For the year ended December 31, 2016, the Corporation changed the presentation of its consolidated statement of cash flows to present the cash flows from operating activities using the indirect method available under IAS 7 – Statement of Cash Flows. Details of this change in presentation are disclosed in Note 3 of the Corporation's audited consolidated financial statements for the year ended December 31, 2016.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

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

Actual results may differ significantly from the estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements and estimates as at April 1, 2017 were consistent with those disclosed in Note 4 of the Corporation's audited consolidated financial statements for the year ended December 31, 2016.

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 13 weeks ended April 1, 2017 that affected amounts reported or disclosed in the quarterly condensed consolidated financial statements.

5.2 New and revised IFRS pronouncements issued but not yet effective

a) The Corporation has reviewed the 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 40 Transfers of Investment Property ("IAS 40")

   An amendment was released in December 2016 to IAS 40 Transfers of Investment Property which states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if the property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. The amendment is effective for annual periods beginning on or after January 1, 2018.

   Annual improvements to IFRSs 2014-2016

   In December 2016, the International Accounting Standards Board (IASB) issued annual improvements during the 2014-2016 cycle. The standards covered by the amendments are: IFRS 1 – First adoption of IFRS which deletes the short-term exemptions in paragraphs E3-E7 because they have now served their intended purpose; IAS 28 – Investments in Associates which clarifies the election to measure at fair value through profit or loss on investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint-venture on an investment-by-investment basis, upon initial recognition. The annual improvements for IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after January 1, 2018.

   IFRIC 22 – Foreign Currency Transactions and Advance Consideration

   The interpretation addresses foreign currency transactions or parts of transactions where: there is consideration that is denominated or priced in a foreign currency; the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary. The committee concluded the date of the transaction for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. This interpretation is to be applied to annual reporting periods beginning on or after January 1, 2018.

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

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 recognize 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. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Entities can elect to use either a full or modified retrospective approach when adopting this standard. The Corporation is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

IFRS 16 Leases ("IFRS 16")

IFRS 16 was issued in January 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 for lessees as either operating leases or finance leases, 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. For lessors, IFRS 16 substantially carries forward the requirements of IAS 17 Leases. The new standard is effective for annual periods beginning on or after 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). Entities can elect to use either a retrospective approach with a restatement of comparative information or a retrospective approach with the cumulative effect of initial application shown in retained earnings instead of the restatement of the comparative information. The Corporation is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

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. The Corporation is currently evaluating the impact of IFRS 7 on its consolidated financial statements.

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

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 IAS 39 "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 retrospectively. The Corporation is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

6. ACCOUNTS RECEIVABLE

	As at	
	April 1, 2017	December 31, 2016
Trade receivables and accruals	**$ 22,966**	$ 20,029
Trade receivables due from related parties (Note 19)	**2,226**	3,167
Allowance for doubtful accounts	**(26)**	(47)
Net trade receivables	**25,166**	23,149
Other current financial receivables	**111**	851
Other receivables	**1,103**	938
Total accounts receivable	**$ 26,380**	$ 24,938

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

7. INVENTORIES

	As at	
	April 1, 2017	December 31, 2016
Total inventories	**$ 85,744**	$ 78,929

The Corporation recognized for the 13 weeks ended April 1, 2017 $1.0 million (13 weeks ended April 2, 2016 - $1.0 million) of write-downs of inventory to net realizable value.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

8.1 Capital Risk management

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time 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 13 weeks ended April 1, 2017, approved short-term borrowings for specified working capital needs within this limit, were not to exceed $25.0 million (13 weeks ended April 2, 2016 - $15.0 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 April 1, 2017 or April 2, 2016.

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

In the 13 weeks ended April 1, 2017, the Corporation remitted a total dividend of $29 million (13 weeks ended April 2, 2016 - $31 million) to its shareholder, the Government of Canada.

8.2 Classification and fair value measurements of financial instruments

8.2.1 Carrying amount and fair value of financial instruments

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

	As at			
	April 1, 2017		December 31, 2016	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Held for Trading				
Cash	**$ 80,525**	**$ 80,525**	$ 114,185	$ 114,185
Derivative financial assets	**253**	**253**	442	442
Loans and receivables				
Accounts receivable	**25,277**	**25,277**	24,000	24,000
Financial Liabilities				
Held for Trading				
Derivative liabilities	**896**	**896**	4,888	4,888
Other Financial Liabilities				
Accounts payable and accrued liabilities	**60,301**	**60,301**	57,694	57,694
Loans payable	**27,043**	**27,157**	27,006	27,145

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

8.2.2 Fair value hierarchy

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

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

The fair value measurement of cash is classified as Level 1 of the fair value hierarchy as at April 1, 2017 and December 31, 2016. 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 April 1, 2017 and December 31, 2016. There were no transfers of financial instruments between levels for the 13 weeks ended April 1, 2017.

8.2.3 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.

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

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

	As at	
	April 1, 2017	December 31, 2016
Derivative financial assets		
Foreign currency forwards	**$ 253**	$ 442
	$ 253	$ 442
Derivative financial liabilities		
Foreign currency forwards	**$ 570**	$ 4,540
Interest rate swaps	**326**	348
	$ 896	$ 4,888

8.3 Financial risk management objectives and framework

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

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Audit Committee assists the Board of Directors and is responsible for review, approval and monitoring of the Corporation's financial risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities.

8.3.1 Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers, cash and 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 quarterly condensed consolidated financial statements represents the maximum credit exposure.

8.3.2 Liquidity risk

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

8.3.3 Market risk

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

The Corporation uses, from time to time, derivative instruments, such as foreign currency forward contracts, interest rate exchange agreements and commodity swap and forward contracts to manage 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. As of December 31, 2016, the Corporation is no longer applying hedge accounting to foreign currency forward contracts. The Corporation also uses such contracts in the process of managing its overall cash requirements.

Interest rate risk

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. There is no interest rate risk related to cash 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 condensed consolidated financial statements is not material.

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

9. CAPITAL ASSETS

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	
	April 1, 2017	December 31, 2016
Cost	**$ 419,612**	$ 417,266
Accumulated depreciation	**(250,961)**	(247,012)
Net book value	**$ 168,651**	$ 170,254
Net book value by asset class		
Land and land improvements	**$ 3,074**	$ 3,075
Buildings and improvements	**89,643**	91,109
Equipment	**71,771**	73,775
Capital projects in process	**4,163**	2,295
Net book value	**$ 168,651**	$ 170,254

During the first quarter of 2017, the Corporation acquired $2.4 million (2016 - $1.7 million) worth of capital improvement/equipment. No capital assets have been transferred to different categories within Property, plant and equipment.

Included in capital additions for the first quarter of 2017 is a total accrual of $0.8 million (2016 - $0.5 million).

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

No asset is pledged as security for borrowings as at April 1, 2017.

Intangible assets

	As at	
	April 1, 2017	December 31, 2016
Cost	**$ 30,820**	$ 30,678
Accumulated depreciation	**(19,594)**	(18,674)
Net book value	**$ 11,226**	$ 12,004

During the first quarter of 2017, the Corporation acquired $0.1 million (2016 - $0.5 million) worth of software. No capital assets have been transferred to different categories within Intangible assets.

Included in capital additions for the first quarter of 2017 is a total accrual of $0.1 million (2016 - nil).

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

10. FACE VALUE REDEMPTIONS AND RETURNS

	As at	
	April 1, 2017	December 31, 2016
Face Value redemptions and returns	**$ 183,522**	$ 183,672
Precious metal recovery	**(46,797)**	(42,655)
Face Value redemptions and returns, net	**136,725**	141,017
Less: Current portion	**(2,613)**	(3,153)
Non-current Face Value redemptions and returns, net	**$ 134,112**	$ 137,864

	April 1, 2017	December 31, 2016
Opening balance	**$ 141,017**	$ 123,009
Additions, net	**641**	26,204
Redemptions and returns, net	**(726)**	(3,820)
Revaluation	**(4,207)**	(4,376)
Ending balance	**$ 136,725**	$ 141,017

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 liability is based on the market value of silver as at each balance sheet date.

The current portion of the Face Value redemptions and returns is based on the redemptions and returns for the last 12 months, as the Corporation determined that it is unlikely that all outstanding Face Value coins will be redeemed or returned in the next 12 months as Face Value coins are widely held and the redemption and return process takes time to complete.

As of January 1, 2017, the Corporation is no longer selling Face Value coins, but 2016 back-orders continued to be filled in the first quarter of 2017.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at	
	April 1, 2017	December 31, 2016
Trade payables	**$ 3,330**	$ 5,475
Other current financial liabilities(1)	**41,040**	37,012
Other payables and accrued liabilities (2)	**2,016**	2,091
Other payables and accrued liabilities due to related parties (Note 19)	**15,568**	14,806
Total current accounts payable and accrued liabilities	**61,954**	59,384
Non-current accounts payable and accrued liabilities	**363**	401
Accounts payable and accrued liabilities	**$ 62,317**	$ 59,785

(1) Other current financial liabilities include payables that are not trade in nature, as well as various operating and capital accruals.
(2) Other payables and accrued liabilities include amounts due for withholding and sales tax. Also included is an accrual for a $1.6 million (2016 - $1.6 million) penalty, the majority of which was due to undercharged sales tax to the Department of Finance (Note 19).

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

Included in accrued liabilities as at April 1, 2017 was a net $0.4 million (December 31, 2016 - $1.0 million) provision for estimated sales returns and allowances.

12. EMPLOYEE COMPENSATION AND BENEFITS

Pension benefits

The Corporation made total contributions of $2.4 million in the 13 weeks ended April 1, 2017 (13 weeks ended April 2, 2016 - $2.6 million).

See note 20 in the audited consolidated financial statements for the year ended December 31, 2016 for details on the Corporation's pension and other post-employment benefit plans.

13. REVENUE

	13 weeks ended	
	April 1, 2017	April 2, 2016 restated (Note 3)
Revenue from the sale of goods	**$ 494,607**	$ 577,034
Revenue from the rendering of services	**8,143**	11,380
Total revenue	**$ 502,750**	$ 588,414

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	
	April 1, 2017	April 2, 2016
Gross revenue from the sale of goods	**$ 624,540**	$ 768,043
Less: Customer inventory deals	**(129,933)**	(191,009)
Net revenue from the sale of goods	**$ 494,607**	$ 577,034

14. DEPRECIATION AND AMORTIZATION EXPENSE

	13 weeks ended	
	April 1, 2017	April 2, 2016
Depreciation of property, plant and equipment	**$ 3,955**	$ 3,907
Amortization of intangible assets	**920**	861
Total depreciation and amortization expense	**$ 4,875**	$ 4,768

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

	13 weeks ended	
	April 1, 2017	April 2, 2016
Cost of sales	**$ 2,558**	$ 2,916
Marketing and sales expenses	**904**	648
Administration expenses	**1,413**	1,204
Total depreciation and amortization expense	**$ 4,875**	$ 4,768

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

15. EMPLOYEE COMPENSATION EXPENSES

	13 weeks ended	
	April 1, 2017	April 2, 2016
Included in cost of sales:		
Salaries and wages including short term employee benefits	**$ 9,165**	$ 9,226
Pension costs	**1,121**	1,277
Long term employee benefits and post-employment benefits other than pensions	**570**	152
Termination benefits	**60**	-
Included in marketing and sales expenses:		
Salaries and wages including short term employee benefits	**4,789**	5,136
Pension costs	**343**	378
Long term employee benefits and post-employment benefits other than pensions	**144**	59
Termination benefits	**305**	-
Included in cost of administration:		
Salaries and wages including short term employee benefits	**8,810**	8,191
Pension costs	**840**	776
Long term employee benefits and post-employment benefits other than pensions	**414**	398
Termination benefits	**523**	(51)
Total employee compensation and benefits expense	**$ 27,084**	$ 25,542

16. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

	13 weeks ended	
	April 1, 2017	April 2, 2016
Research and development expenses	**$ 1,262**	$ 1,406
Scientific research and development investment tax credit	**(181)**	(200)
Research and development expenses, net	**$ 1,081**	$ 1,206

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

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

17. INCOME TAXES

	13 weeks ended	
	April 1, 2017	April 2, 2016 restated (Note 3)
Current income tax expense	**$ 2,576**	$ 4,908
Deferred tax expense	**1,161**	(1,185)
Income tax expense	**$ 3,737**	$ 3,723

Income tax expense on profit before income tax differs from the amount that would be computed by applying the Federal statutory income tax rate of 25% (2016 – 25%).

18. SUPPLEMENTAL CASH FLOW INFORMATION

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

	13 weeks ended	
	April 1, 2017	April 2, 2016
Expenses		
Employee benefits expenses	**$ 2,303**	$ 2,431
Employee benefits paid	**(1,353)**	(2,574)
Inventory write-downs	**1,018**	974
Loss on disposal of assets	**(5)**	30
Other non-cash revenue, net	**(169)**	(203)
Revenue	**(1,799)**	(404)
	$ (5)	$ 254

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

	13 weeks ended	
	April 1, 2017	April 2, 2016
Interest received	**$ 193**	$ 252
Interest paid	**(49)**	(67)
	$ 144	$ 185

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

	13 weeks ended	
	April 1, 2017	April 2, 2016
Accounts receivable	**$ (1,380)**	$ (1,083)
Inventories	**(7,627)**	(6,490)
Prepaid expenses	**(784)**	116
Accounts payable and accrued liabilities	**1,967**	(9,858)
Deferred revenue	**(2,168)**	53
	$ (9,992)	$ (17,262)

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

19. RELATED PARTY TRANSACTIONS

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

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

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

The majority of transactions with the Government of Canada were with the Department of Finance ("DOF") related to the production, management and delivery of Canadian circulation coins which are negotiated and measured at fair value under a 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	
	April 1, 2017	April 2, 2016
Revenue from DOF	**$ 22,792**	$ 20,507

	As at	
	April 1, 2017	December 31, 2016
Receivable from DOF	**$ 2,226**	$ 3,167
Payable to DOF	**15,568**	14,806

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

Included in accounts payable and accrued liabilities on the consolidated statement of financial position is an accrual for a $1.6 million (2016 - $1.6 million) penalty, the majority of which is due to undercharged sales tax to the Department of Finance. The Corporation is awaiting the final assessment of the sales tax owed and will bill the Department of Finance for the undercharged sales tax of $32 million which the Corporation will in turn remit to the Canada Revenue Agency. This amount is not included in the consolidated statement of financial position.

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 $5.2 million as at April 1, 2017 (December 31, 2016 - $5.2 million) will be deducted in future billings over the next 10 years.

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

20. COMMITMENTS, CONTINGENCIES AND GUARANTEES

20.1 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 April 1, 2017, the Corporation had $38.4 million in outstanding precious metal purchase commitments (December 31, 2016 – $51.2 million).

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

	As at	
Ounces	**April 1, 2017**	December 31, 2016
Gold	**105,143**	34,451
Silver	**9,503,410**	9,524,890
Palladium	**4,288**	4,388
Platinum	**27,068**	18,241

The fees for these leases are based on market value. The precious metal lease payment expensed for the 13 weeks ended April 1, 2017 was $0.9 million (13 weeks ended April 2, 2016 - $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.

20.2 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As at April 1, 2017, under the guarantees and bid bonds, the maximum potential amount of future payments is $12.6 million (December 31, 2016 - $12.8 million).

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

20.3 Other commitments and guarantees

Total estimated minimum remaining future commitments are as follows:

	2017	2018	2019	2020	2021	2022 and Therafter	Total
Operating leases	$ 2,884	$ 3,385	$ 2,008	$ 1,776	$ 1,672	$ 5,607	$17,332
Other commitments (no leases)	23,152	4,420	2,043	1,625	2,077	43	33,360
Base metal commitments	6,196	-	-	-	-	-	6.196
Total	**$ 32,232**	**$ 7,805**	**$ 4,051**	**$ 3,401**	**$ 3,749**	**$ 5,650**	**$56,888**

The Corporation has committed as at April 1, 2017 to spend approximately $2.9 million (December 31, 2016 - $4.0 million) on capital projects.

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 April 1, 2017 (December 31, 2016 - $0.7 million). The amount and timing of the settlement of the provision is uncertain.