

First Quarter Report Fiscal 2012



ROYAL CANADIAN MINT
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Royal Canadian Mint
Narrative Discussion
13 weeks ended March 31, 2012
(Unaudited)

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

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

The Mint has prepared these unaudited consolidated financial statements for the 13 weeks ended March 31, 2012 and April 2, 2011 in compliance with International Financial Reporting Standards (IFRS).

PERFORMANCE

Consolidated results and financial performance

(in CAD \$ millions for the period ended March 31, 2012 and April 2, 2011)

	Q1 2012	Q1 2011
Revenue	542.7	659.6
Profit before taxes	8.6	9.2
Profit	6.5	6.5
Total assets	363.0	348.5
Working capital	120.2	127.5

NOTE: The Mint's fiscal year ends on December 31. The year-to-date covers the 13 weeks to March 31, 2012 and April 2, 2011.

CONSOLIDATED OVERVIEW

Demand for the products and services provided by two of the Mint's four business lines softened during the 13 weeks to March 31, 2012 causing consolidated revenue for the period to decline to \$542.7 million, a 17.7% decline from revenues in the same period in 2011. The decline was driven primarily by softer demand for bullion products and by the impact of the economic crisis in Europe on demand for foreign circulation coinage.

Consolidated profit before taxes for the 13 weeks ended March 31, 2012 declined 6.5% to \$8.6 million from \$9.2 million in the same period in 2011. The change reflects the decline and the intense competition in both the foreign coinage and bullion markets.

Consolidated total assets were \$363.0 million at March 31, 2012, a 2.7% decrease from December 31, 2011. Cash decreased to \$71.5 million from \$78.9 million at December 31, 2011. At \$84.4 million, inventories declined 19.2% from December 31, 2011 mainly due to the strong

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numismatic sales in the first quarter.

Capital assets increased by 4.9% to \$177.3 million from December 31, 2011.

Performance of the first quarter in 2012, indicated that achieving the annual targets established in the 2012 Corporate Plan approved by the Government of Canada in November 2011, will depend upon continued strength in numismatics and more robust sales of foreign coinage and bullion.

CORPORATE DEVELOPMENTS

On March 29, 2012, the Government of Canada announced that it will modernize Canada's currency set by eliminating the penny from Canada's coinage system. While the coins will remain legal tender, the Mint stopped producing the penny and will no longer distribute pennies later in 2012. Due to rising labour, metal and other manufacturing and distribution costs, each penny now costs more than 1.6 cents to produce. As a result of the Mint's patented, cost-effective multi-ply plated steel technology, all other Canadian circulation coins cost well under face value to produce.

Approval was received to increase the scope of the Winnipeg plating facility expansion and renewal by an additional 10,000 square feet; 5,000 square feet of the additional space will be used for the Mint's R & D Centre of Excellence. Construction is progressing on schedule with anticipated completion in June 2013. The expansion and renewal of the facility will increase production capacity by an additional two billion pieces and more efficient storage. The expansion and equipment upgrade will ensure sufficient capacity to meet both domestic and foreign demand.

The Mint's artistic and technical capabilities were acknowledged internationally in February during the Krause Publications annual *Coin of the Year* awards. The Mint was honoured with seven nominations, and won the award for the Most Historically Significant coin for its 2010 \$100 gold coin commemorating the 400th anniversary of the discovery of Hudson Bay.

The Mint did not experience any significant change in operations, personnel or programs during the period. The business strategy is unchanged and all officers and directors remain the same.

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PERFORMANCE BY BUSINESS LINE

Revenue by Business Line

(in CAD \$ millions for the period ended March 31, 2012 and April 2, 2011)

	Q1 2012	Q1 2011
Canadian circulation	36.3	26.9
Foreign circulation	4.7	10.3
Numismatics	44.3	20.2
Bullion and Refinery	457.4	602.2

Operating Highlights and Analysis of Results

Canadian circulation: The Mint sold 258.7 million coins during the 13 weeks ended March 31, 2012, an increase of 45.0% from 178.3 million coins sold in the same period in 2011. Revenue from the business line increased 43.1% to \$29.9 million for the quarter from \$20.9 million in the same period in 2011. The variance in revenue and volume is partially due to the launch of 25-cent commemorative circulation coins featuring the Wood Bison, the Orca Whale and the Peregrine Falcon of which some were coloured.

The Alloy Recovery Program (ARP) continues to generate substantial revenue and profit with the coins recovered through the Mint's recycling program exceeding expectations. During the 13 weeks ended March 31, 2012, the Mint recovered and sold 161.0 metric tonnes of nickel and 58.0 metric tonnes of cupronickel compared to 165.0 metric tonnes of nickel and 57.0 metric tonnes of cupronickel in the same period in 2011. Revenues for the program for the quarter were \$6.4 million compared to \$6.1 million in the same period in 2011.

Numismatics: Demand for the Mint's numismatic products remained strong, driving revenue to \$44.3 million during the 13 weeks ended March 31, 2012 compared to \$20.2 million in the same period in 2011. The Mint issued 45 new products during the quarter compared to 23 in the same period in 2011. The most notable products issued during the period included a fine silver one kilogram coin marking the Year of the Dragon, a "\$20 for \$20" pure silver coin featuring the Polar Bear, and three coins – a 99.99% pure silver collector coin and two coins with color – commemorating the sinking of RMS Titanic, a historic tragedy that occurred near Canada's shores in 1912. There were 8 sell-outs during the quarter compared to 9 in the same period in 2011.

The customer acquisition program continues to grow the Mint's customer base while demand from collectors in Europe and Asia remains strong.

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Foreign coinage: The Mint produced and shipped 177.1 million coins and blanks to three countries in the 13 weeks ended March 31, 2012. In the same period in 2011, the Mint produced and shipped 454.2 million coins and blanks to three countries. Revenue declined 54.4% to \$4.7 million in the first quarter of 2012 from \$10.3 million in the same period in 2011. The economic crisis in Europe has substantially reduced demand for coinage, creating a surplus in global minting capacity and an intensely competitive marketplace.

The Mint continues to compete aggressively to expand its share of the foreign circulation coinage market, securing three contracts during the period to produce 100.9 million coins for three countries.

Bullion, ETR and Refinery: Bullion, ETR and Refinery revenues declined 24.0% to \$457.4 million in the 13 weeks ended March 31, 2012 from \$602.2 million in the same period in 2011. Sales of Silver Maple Leaf (SML) coins declined to 3.9 million ounces during the quarter from 5.3 million ounces in the same period last year. Gold Maple Leaf (GML) sales were 160 thousand ounces compared to 296 thousand ounces in the same period in 2011. The average price of gold increased to US\$1,690.80 from US\$1,384.40 in the same period in 2011, but is currently trading in a tight range, amplifying the impact on revenue while competition in the market is keeping growth in margins at slower rate than growth in gold prices.

Canadian Gold Reserves' Exchange Traded Receipts (ETRs) program launched in the fall of 2011 is generating modest revenue. A second offering is under consideration.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures increased to \$12.3 million for the 13 weeks to March 31, 2012 compared to \$2.7 million in the same period in 2011, where \$7.3 million was related to the expansion and renewal of the plating plant in Winnipeg. The remaining \$5.0 million was expended on the ERP (Enterprise Resource Planning) upgrade and new equipment for the Winnipeg and Ottawa facilities. Capital expenditures were \$2.7 million in the same period in 2011. The Mint has the financial capacity through current cash flow and established access to capital to fund the substantial anticipated expenditures for the plating plant expansion.

RISKS TO PERFORMANCE

There has not been any material change in the risks to performance reported in Management's Discussion and Analysis in the 2011 annual report.

OUTLOOK

The robust numismatic sales experienced throughout 2011 have continued into 2012. The Mint plans to release 130 new coins during the year and continues to build its customer base in existing markets and open new markets. The Mint cannot predict the precious metals market. Performance of the Bullion and Refinery business should remain competitive although, overall, markets are expected to remain considerably weaker than in 2011. The Foreign coinage business line remains challenged by the crisis in Europe, but will continue to secure sales on the strength of superior product and services. Despite the increase in Canadian circulation coinage sales in the first quarter, total sales for 2012 are not expected to vary significantly from 2011. The elimination of the penny from Canada's coin set will have limited impact on the Mint's operations.

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these 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 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 consolidated quarterly financial statements.

To the best of our knowledge, these unaudited 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 consolidated quarterly financial statements.



Ian E. Bennett
*President and
Master of the Mint*



André Aubrey, CA
*Acting VP Finance &
Administration*

Ottawa, Canada
May 24, 2012

ROYAL CANADIAN MINT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	Notes	As at	
		March 31, 2012	December 31, 2011
Assets			
Cash	5	\$ 71,496	\$ 78,930
Accounts receivable	6	23,014	13,234
Prepaid expenses		1,892	2,825
Income taxes receivable	15	4,290	3,473
Inventories	7	84,356	104,417
Derivative financial assets	8	418	940
Current assets		185,466	203,819
Property, plant and equipment	9	169,427	161,464
Investment property	10	236	236
Intangible assets	11	7,907	7,514
Total assets		\$ 363,036	\$ 373,033
Liabilities			
Accounts payable and accrued liabilities	12 & 20	\$ 56,463	\$ 71,369
Loans payable	13	1,504	1,504
Deferred revenue	14	4,205	6,183
Employee benefits	16	1,338	1,442
Derivative financial liabilities	8	1,737	1,807
Current liabilities		65,247	82,305
Derivative financial liabilities	8	247	387
Loans payable	13	8,971	8,971
Deferred tax liabilities		13,229	13,040
Employee benefits	16	9,530	9,530
Total liabilities		97,224	114,233
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		40,000	40,000
Retained earnings		227,535	221,077
Accumulated other comprehensive income		(1,723)	(2,277)
Total shareholder's equity		265,812	258,800
Total liabilities and shareholder's equity		\$ 363,036	\$ 373,033

Commitments, Contingencies and Guarantees (note 21)

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

**ROYAL CANADIAN MINT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	Notes	13 weeks ended	
		March 31, 2012	April 2, 2011
Revenues	17	\$ 542,693	\$ 659,579
Cost of goods sold		504,640	628,443
Gross profit		38,053	31,136
Other operating expenses			
Marketing and Sales expenses		17,245	9,658
Administration expenses		11,913	11,478
Other operating expenses		29,158	21,136
Operating profit		8,895	10,000
Net foreign exchange losses		(344)	(867)
Finance income (costs), net			
Finance income		125	173
Finance costs		(65)	(116)
Finance income, net		60	57
Profit before income tax		8,611	9,190
Income tax expense	15	2,153	2,652
Profit for the period		6,458	6,538
Other comprehensive income			
Net gains on cash flow hedges		689	75
Prior year net gains (losses) on cash flow hedges transferred to net income		(135)	85
Other comprehensive income, net of tax		554	160
Total comprehensive income		\$ 7,012	\$ 6,698

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

ROYAL CANADIAN MINT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

13 weeks ended March 31, 2012

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	Share Capital	Retained earnings	Accumulated other comprehensive income ("AOCI") (Net gains (losses) on cash flow hedges)	Total
Balance as at January 1, 2012	\$ 40,000	\$ 221,077	\$ (2,277)	\$ 258,800
Profit for the period	-	6,458	-	6,458
Other comprehensive income	-	-	554	554
Balance as at March 31, 2012	\$ 40,000	\$ 227,535	\$ (1,723)	\$ 265,812

13 weeks ended April 2, 2011

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	Share Capital	Retained earnings	Accumulated other comprehensive income ("AOCI") (Net gains(losses) on cash flow hedges)	Total
Balance as at January 1, 2011	\$ 40,000	\$ 197,919	\$ 290	\$ 238,209
Profit for the period	-	6,538	-	6,538
Other comprehensive income	-	-	160	160
Balance as at April 2, 2011	\$ 40,000	\$ 204,457	\$ 450	\$ 244,907

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

**ROYAL CANADIAN MINT
CONSOLIDATED STATEMENT OF CASH FLOWS**

	13 weeks ended	
<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	March 31, 2012	April 2, 2011
Cash flows from operating activities		
Receipts from customers	\$ 531,801	\$ 651,130
Payments to suppliers and employees	(525,297)	(678,623)
Interest paid	(65)	(116)
Cash receipts on derivative contracts	330,745	50,137
Cash payments on derivative contracts	(329,587)	(27,471)
Income taxes paid	(2,781)	(237)
Net cash generated (used) by operating activities	4,816	(5,180)
Cash flows from investing activities		
Interest received	125	173
Payments to acquire property, plant and equipment and intangible assets	(12,297)	(2,673)
Net cash used by investing activities	(12,172)	(2,500)
Cash flows from financing activities	-	-
Net decrease in cash	(7,356)	(7,680)
Cash at the beginning of the period	78,930	86,045
Effects of exchange rate changes on cash held in foreign currencies	(78)	(94)
Cash at the end of the period	\$ 71,496	\$ 78,271

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

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Notes to the Consolidated Financial Statements
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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 in anticipation of profit 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. 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. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting and the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board of Canada.

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

The policies set out below were consistently applied to all the periods presented.

These interim consolidated financial statements have not been audited or reviewed by an external auditor and must be read in conjunction with the most recent annual audited financial statements and with the narrative discussion included in the quarterly financial report.

These interim consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on May 24, 2012.

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2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiary. The subsidiary adopted IFRS at the same time as the Corporation and its accounting policies are in line with those used by the Corporation. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 Foreign currency translation

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

Transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated to Canadian dollars using the exchange rate at that date. Non-monetary items that are measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for exchange differences on transactions applying hedge accounting which are recognized in other comprehensive income.

2.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates and other similar allowances.

2.4.1 Sale of goods

Revenues from the sale of goods are recognized when:

- The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Corporation.

2.4.2 Rendering of services

Revenues from the rendering of services are recognized by reference to the stage of completion of contracts at the reporting date. The revenues are recognized when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Corporation.

The stage of completion of contracts at the reporting date is determined by reference to the costs incurred to date as a percentage of the estimated total costs of the contract.

2.4.3 Interest revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Interest revenues are accrued on a time basis and recognized by using the effective interest method.

2.4.4 Royalties

Royalty revenues are recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably.

2.5 Deferred revenues

Payments received in advance on sales are not recognized as revenues until the products are shipped or the services are rendered which represents the time at which the significant risks and rewards are transferred to the buyer. As such, deferred revenues are initially recognized within liabilities on the consolidated statement of financial position.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to cash with a maturity term of three months or less at the time of acquisition. Cash equivalents consist primarily of short-term deposits and are subject to insignificant risk of changes in fair value.

At the reporting date, the Corporation holds no cash equivalents.

2.7 Inventories

Inventories consist of raw materials and supplies, work in process and finished goods, and they are measured at the lower of cost and net realisable value. Cost of inventories includes all costs of purchase, all costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventory is determined by the weighted average cost method. Net realisable value represents the estimated selling price of inventory in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.8.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.9 Financial assets

The Corporation's financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL) and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

2.9.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using

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the effective interest method, less any impairment write downs. Assets in this category include accounts receivables and are classified as current assets in the consolidated statement of financial position.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

2.9.2 Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated or effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition. The Corporation has not designated any financial asset as FVTPL at the date of transition or at the end of the period.

Financial assets at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in note 8.4.

2.9.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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Objective evidence of impairment could include:

- significant financial difficulty of the debtor; or
- breach of contract, such as a default or delinquency in payments; or
- it becoming probable that the debtor will enter bankruptcy or financial re-organisation; or
- significant decrease in creditworthiness of the debtor.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.9.4 Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at "FVTPL" or "other financial liabilities".

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2.10.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading using the same criteria described in note 2.9.2 for a financial asset classified as held for trading.

The Corporation has not designated any financial liability as FVTPL at the end of the period.

Financial liabilities at FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in note 8.4.

2.10.2 Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

2.10.3 Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

2.11 Derivative financial instruments

The Corporation selectively utilizes derivative financial instruments, primarily to manage financial risks and to manage exposure to fluctuations in foreign exchange rates, interest rates and commodity prices. The Corporation's policy is not to enter into derivative instruments for trading or speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Attributable transaction costs are recognized in profit or loss as incurred. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current

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asset or a non-current liability on the consolidated statement of financial position if the remaining contractual maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.11.1 Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. The Corporation has no embedded derivatives at the end of the period.

2.11.2 Hedge accounting

The Corporation designates certain derivatives as hedges of highly probable forecast transactions or hedges of firm commitments (cash flow hedges). Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure. All designated hedges are formally documented at inception, detailing the particular risk management objective and the strategy undertaking the hedge transaction.

The documentation identifies the specific asset or liability being hedged, the risk that is being hedged, the type of derivative used and how effectiveness will be assessed. The Corporation assesses whether the derivatives are highly effective in accomplishing the objective of offsetting changes in forecasted cash flows attributable to the risk being hedged both at inception and over the life of the hedge. Furthermore, accumulated ineffectiveness is measured over the life of the hedge.

The gain or loss relating to the changes in the fair value of the effective portion of derivatives that are designated and qualify as cash flow hedges is recorded in other comprehensive income. The gain or loss relating to the ineffective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized immediately in the profit or loss.

Amounts previously recognized in other comprehensive income are transferred to net income in the period when the hedged item is recognized in the consolidated statement of comprehensive income.

Hedge accounting is discontinued prospectively when the hedging instrument is terminated, exercised, matured or when the derivative no longer qualifies for hedge accounting.

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2.12 Property, plant and equipment

2.12.1 Asset recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

On transition to IFRS, the cost of the building was determined by reference to a revaluation performed by third party appraisers at the date of transition to IFRS. The Corporation elected to apply the optional exemption in IFRS 1 to use this revaluation as deemed cost at the date of transition to IFRS.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2.12.2 Depreciation

Depreciation of property, plant and equipment begins when the asset is available for use by the Corporation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which are estimated as follows:

Land improvements	40 years
Buildings	35-60 years
Equipment	5-25 years

Capital work-in-progress for production, supply or administrative purposes, or for purposes not yet determined, is carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Corporation's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Useful lives, residual values and depreciation methods are reviewed at each year end and necessary adjustments are recognized on a prospective basis as changes in estimates.

2.12.3 Subsequent costs

Day-to-day repairs and maintenance costs are expensed when incurred.

Costs incurred on a replacement part for property, plant and equipment are recognized in the carrying amount of the affected item when the costs are incurred. The carrying amount of the part that was replaced is derecognized.

Cost of major inspections or overhauls are recognized in the carrying amount of the item or as a replacement. Any remaining carrying amount of the cost of the previous inspection is derecognized.

2.12.4 Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss when the item is derecognized.

2.13 Investment property

Investment property is property held to earn rental income or for capital appreciation - or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

The vacant land in the Corporation's Winnipeg location is classified as investment property at the date of transition to IFRS. Investment properties are measured at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

The fair value of the investment property was determined by an independent qualified appraiser, which is disclosed in note 10. The valuation will be carried out every 3 to 5 years or earlier if, in management's judgment, it is likely that there is significant change in the market price of the investment property.

2.14 Intangible Assets

Intangible assets are recorded at cost and are subsequently amortized on a straight-line basis over the term of the respective contract.

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The Corporation's intangible assets comprise of software for internal use or for providing services to customers. These assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives of 5 years. The estimated useful life and amortization method are reviewed at each year end with necessary adjustments being recognized on a prospective basis as changes in estimates.

2.15 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Corporation. All other leases are classified as operating leases. The Corporation currently has no finance leases.

The operating lease payments are recognized on a straight-line basis over the lease term.

2.16 Impairment of tangible and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred. No borrowing costs were capitalized at the end of the reporting period.

2.18 Employee benefits

2.18.1 Short-term employee benefits

Short-term employee benefits are the employee benefits that are due to be settled within twelve months after the end of the period in which the employees render the related service. The Corporation's short-term employee benefits include wages and salaries, annual leave and other types of short-term benefits.

The Corporation recognizes the undiscounted amount of short-term employee benefits earned by an employee in exchange for services rendered during the period as a liability in the consolidated statement of financial position, after deducting any amounts already paid and as an expense in profit or loss.

2.18.2 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the period when employees render service and represent the total pension obligation of the Corporation.

2.18.3 Other Post-Employment benefits

Other Post-Employment benefits include severance benefit and supplementary retirement benefits including post retirement benefits and post retirement insurance benefits for certain employees. The benefits are accrued as the employees render the services necessary to earn them.

The accrued benefit obligation is actuarially determined by independently qualified actuaries using the projected unit credit actuarial valuation method based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors such as future wage increases and employee resignation rates.

Actuarial gains and losses arise when actual results differ from results which are estimated based on the actuarial assumptions. Actuarial gains and losses are reported in retained earnings in the Shareholder's equity in the year that they are recognized as other comprehensive income in the consolidated statement of comprehensive income.

When past service costs occur, they are recognized immediately in profit or loss for the benefits which have vested and are deferred and amortized to profit or loss on a straight-line basis over the average period for the benefits which have not yet vested.

2.18.4 Other Long-Term Employee benefits

Other Long-Term Employee benefits are employee benefits (other than Post-Employment benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

The Corporation's Other Long-Term Employee benefits include benefits for employees in receipt of long-term disability benefits, sick leave and special leave benefits and worker's compensation benefits.

The Corporation's sick leave and special leave benefits that are accumulated but not vested are classified as other long-term employee benefits under IFRS at the date of transition. The benefits of long-term disability benefits, sick leave benefits and special leave benefits are accrued as the employees render the services necessary to earn them. The accrued benefit obligation is actuarially determined by independently qualified actuaries using discounted estimated future benefit payments.

The Corporation is subject to the *Government Employees Compensation Act* and, therefore, is self-insured. As a self-insured employer, the Corporation is accountable for all such liabilities incurred since incorporation. Liability for workers' compensation benefits is actuarially determined based on known awarded disability and survivor pensions and other potential future awards in respect

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of accidents that occurred up to the measurement date. The benefit entitlements are based upon relevant provincial legislations in effect on that date.

For all Other Long-Term Employee benefits, past service costs and actuarial gains and losses are recognized immediately in profit or loss on the consolidated statement of comprehensive income, as is the effect of curtailments and settlements, if applicable.

2.19 Income tax

Income tax expense comprises the sum of the tax currently payable and deferred tax.

2.19.1 Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.19.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.19.3 Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.19.4 Investment Tax Credits (ITC)

The Corporation will continue to use the cost reduction method to record ITC received related to research and development. ITC are recognized as income over the same periods of the related costs that they are intended to compensate.

2.20 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.21 Asset retirement and decommissioning obligations

Asset retirement obligations are legal obligations associated with the retirement of property, plant and equipment when the obligation arises from the acquisition, construction, development or normal operation of the assets. When it is considered probable that a liability exists, the Corporation will recognize such liability in the period in which it is incurred if a reasonable estimate of fair value can be determined. The liability will be initially measured at fair value, and will be subsequently adjusted each period to reflect the passage of time through accretion expense and any changes in the estimated future cash flows underlying the initial fair value measurement. The associated costs will be capitalized as part of the carrying value of the related asset and amortized over the remaining life of the underlying asset to which it relates.

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The Corporation will keep monitoring new statutory or regulatory requirements which may impose new asset retirement obligation. In such circumstances, the liability will be recognized when the obligation is first imposed.

2.22 Share capital

In 1987, the revised *Royal Canadian Mint Act* provided the Corporation with an authorized share capital of \$40 million divided into 4,000 non-transferable shares, redeemable at their issue price of \$10,000 each. In 1989, the Minister of Supply and Services purchased the 4,000 shares in the Corporation. This was a part of a financial structuring that allows the Corporation to apply its net earnings to meet operational requirements, replace capital assets, generally ensure its overall financial stability and pay a reasonable dividend to the shareholder.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

3.1 Key sources of estimation uncertainty

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

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

The estimated useful lives of property, plant and equipment and intangibles, employee benefits liabilities, the expected precious metal content in refinery by-products and inventory valuation allowance are the most significant items where estimates and assumptions are used.

3.1.1 Capital assets

Capital assets, comprising property, plant and equipment and intangible assets with finite useful lives, are depreciated or amortized over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of these assets are periodically reviewed for continued appropriateness. Changes to the useful life estimates would affect future depreciation or amortization expense and the future carrying value of assets. The carrying amounts of the capital assets as at the end of the reporting periods are included in notes 9 and 11.

3.1.2 Employee benefits liabilities

The present value of the Post-employment and other long-term employee benefits liabilities to be settled in the future depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as discount rates, long-term rates of compensation increase, retirement age, future health-care and dental costs and mortality rates. The Corporation consults with external actuaries regarding these assumptions annually. Any changes in these assumptions will impact the carrying amount of the Post-employment and other long-term employee benefits liabilities. The carrying amount of the employee benefits liabilities as at the end of the reporting periods is included in note 16.

3.1.3 Precious metal content in refinery by-products

Certain refinery by-product materials with precious metal content which cannot be processed by the Corporation are shipped to contract refineries to determine the actual precious metal content. Due to the varying degrees of the physical homogeneity of these materials the Corporation relies on the best available sampling and assay methodologies to arrive at the best estimate of the precious metal content when materials are shipped. Any changes in these estimates will impact the carrying amount of the inventory. Once final settlements are reached with the contract refineries and the actual precious metal content is known these estimates are replaced by the actual values. The carrying amount of the inventory as at the end of the reporting periods is included in note 7.

3.1.4 Inventory valuation allowance

Inventory valuation allowance is estimated for slow moving or obsolete inventories. Management reviews the estimation regularly. Any change in the estimation will impact the inventory valuation allowance. The carrying amount of the inventory as at the end of the reporting periods is included in note 7.

3.2 Critical judgements

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations, that have the most significant effects on the amounts recognized in the Corporation's consolidated financial statements are as follows:

3.2.1 Capital assets

Capital assets with finite useful lives are required to be tested for impairment only when indication of impairment exists. Management is required to make a judgement with respect to the existence of impairment indicators at the end of each reporting period.

3.2.2 Provisions and contingent liabilities

In determining whether a liability should be recorded in the form of a provision, management is required to exercise judgement in assessing whether the Corporation has a present legal or constructive obligation as a result of a past event, whether it is probable that an outflow of resources will be required to settle the obligation, and whether a reasonable estimate can be made of the amount of the obligation. In making this determination, management may use past experience, prior external precedents and the opinions and views of legal counsel. If management determines that the above three conditions are met, a provision is recorded for the obligation. Alternatively, a contingent liability is disclosed in the notes to the consolidated financial statements if management determines that any one of the above three conditions is not met, unless the possibility of outflow in settlement is considered to be remote.

4. FUTURE CHANGES IN ACCOUNTING POLICIES

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation's consolidated financial statements in future years:

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

IAS 1 was amended in June 2011 to revise the way other comprehensive income is presented. The amendment to IAS 1 is effective for reporting periods beginning on or after July 1, 2012. Earlier application is permitted. The adoption of this amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IAS 19 Employee Benefits ("IAS 19")

IAS 19 was amended in June 2011 for the accounting and presentation of post-employment benefits including the elimination of the use of the 'corridor' approach, the change of the treatment for termination benefits and various other amendments. The amendment to IAS 19 is effective for reporting periods beginning on or after January 1, 2013. This amendment is to be applied retrospectively. Earlier application is permitted. The Corporation is currently evaluating the impact of this amendment to IAS 19 on its consolidated financial statements.

IAS 27 Separate Financial Statements ("IAS 27")

In 2011, IAS 27 replaced the existing IAS 27 "Consolidated and Separate Financial Statements". IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied retrospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures ("IAS 28")

IAS 28 was amended in 2011 and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied retrospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

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IAS 32 Financial Instruments: Presentation ("IAS 32")

An amendment was released in December 2011 to IAS 32 about application guidance on the offsetting of financial assets and financial liabilities with effective date on or after January 1, 2014. This amendment is to be applied retrospectively. The adoption of the amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1")

An amendment to IFRS 1 was released in March 2012 to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. The amendment is applicable to annual periods beginning on or after 1 January 2013. There is no impact on the Corporation's consolidated financial statements.

IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

There were two amendments released in December 2011 to IFRS 7. One was on enhancing disclosures about offsetting of financial assets and financial liabilities with effective date on or after January 1, 2013 and the other one was on requiring disclosures about the initial application of IFRS 9 with effective date on or after January 1, 2015 (or otherwise when IFRS 9 is first applied). The amendments are to be applied retrospectively. The adoption of these amendments is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 9 Financial Instruments ("IFRS 9")

The mandatory application date of IFRS 9 was amended in December 2011. The Corporation will be required to retrospectively adopt IFRS 9 on January 1, 2015, which is the result of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard defines the classification, recognition, derecognition and measurement guidance for financial assets and financial liabilities. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied retrospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

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IFRS 11 Joint Arrangements (“IFRS 11”)

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31 “Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers” and is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied prospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”)

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. This standard is to be applied prospectively. Earlier application is permitted. The adoption of this standard is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 13 Fair Value Measurement (“IFRS 13”)

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRS standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. This standard is to be applied prospectively. Earlier application is permitted. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

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5. CASH

	As at	
<i>(unaudited)</i>	March 31,	December 31,
<i>(CAD\$ thousands)</i>	2012	2011
Canadian dollars	\$ 67,483	\$ 73,512
US dollars	4,013	5,418
Total cash	\$ 71,496	\$ 78,930

6. ACCOUNTS RECEIVABLE

	As at	
<i>(unaudited)</i>	March 31,	December 31,
<i>(CAD\$ thousands)</i>	2012	2011
Trade receivables	\$ 10,095	\$ 6,390
Allowance for doubtful accounts	(58)	(58)
Net trade receivables	10,037	6,332
Other receivables	12,977	6,902
Total accounts receivable	\$ 23,014	\$ 13,234

The Corporation's accounts receivable are denominated in the following currencies:

	As at	
<i>(unaudited)</i>	March 31,	December 31,
<i>(CAD\$ thousands)</i>	2012	2011
Canadian dollars	\$ 19,259	\$ 9,481
US dollars	3,755	3,753
Total accounts receivable	\$ 23,014	\$ 13,234

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

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

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7. INVENTORIES

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Raw materials and supplies	\$ 18,363	\$ 49,076
Work in process	23,726	21,959
Finished goods	42,267	33,382
Total inventories	\$ 84,356	\$ 104,417

The amount of inventories recognized as cost of goods sold for the 13 weeks ended March 31, 2012 is \$505 million (13 weeks ended April 2, 2011 - \$629 million).

The cost of inventories recognized as cost of goods sold for the 13 weeks ended March 31, 2012 includes \$0.8 million write-downs of inventory to net realisable value (13 weeks ended April 2, 2011 - \$0.4 million).

There is no pledged collateral in respect of inventory.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

8.1 Capital risk management

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of organizational growth to provide returns to its sole shareholder, the Government of Canada, and benefits to other stakeholders. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2011.

The capital structure of the Corporation consists of loans as detailed in note 13, other payables and shareholder's equity which is comprised of issued capital, accumulated other comprehensive income and retained earnings.

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The Corporation's senior management reviews the Corporation's capital structure periodically. As part of the review, senior management considers the cost of the capital and the associated risks in order to comply with the borrowing limits stipulated by the *Royal Canadian Mint Act*. The Corporation manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. The timing, terms and conditions of all borrowing transactions are approved by the Minister of Finance.

8.2 Classification of financial instruments:

8.2.1 The classification, as well as the carrying amount and fair value of the Corporation's financial assets and financial liabilities are as follows:

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at			
		March 31, 2012		December 31, 2011
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial Assets				
Held for Trading				
Cash	\$ 71,496	\$ 71,496	\$ 78,930	\$ 78,930
Derivative financial assets	418	418	940	940
Loans and receivables				
Accounts receivable	23,014	23,014	13,234	13,234
Financial Liabilities				
Held for Trading				
Derivative liabilities	1,984	1,984	2,194	2,194
Other Financial Liabilities				
Accounts payable and accrued liabilities	56,463	56,463	71,369	71,369
Loans payable	10,475	10,479	10,475	10,482

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

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

- i) The carrying amounts of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values as a result of the relatively short-term nature of these financial instruments.
- ii) The fair values of loans payables have been estimated based on a discounted cash flow approach using current market rates appropriate as at the respective date presented.
- iii) The fair values of the Corporation's foreign currency forward contracts, commodity swap and forward contracts and other derivative instruments are based on estimated credit-adjusted forward market prices. The Corporation takes counterparty risk and its own risk into consideration for the fair value of financial instruments.

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 the Corporation's risk management policies including the development of an Enterprise Risk Management program which involves establishing corporate risk tolerance, identifying and measuring the impact of various risks, and developing risk management action plans to mitigate risks that exceed corporate risk tolerance. The Audit Committee reports regularly to the Board of Directors on its activities.

8.3.1 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 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 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 U.S. dollars, Euros and GBP. 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.

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 instrument described in note 13 exposes the Corporation to cash flow interest rate risk. The Corporation has hedged 100% of the exposure to fluctuations in interest rates related to this instrument by entering into a \$15 million interest rate swap, where the Corporation pays a fixed

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interest rate in exchange for receiving a floating interest rate. The interest rate swap is designated as a hedging instrument 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.

Commodity Price Risk

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

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

The Corporation manages its exposure to commodity price fluctuations by entering into sales or purchase commitments that fix the future price or by entering into commodity swap and forward contracts that fix the future commodity price and by applying hedge accounting to these contracts to minimize the volatility to profit or loss.

Derivatives designated as a hedge of an anticipated or forecasted transaction are accounted for as cash flow hedges. The Corporation applies the normal purchases classification to certain contracts that are entered into for the purpose of procuring commodities to be used in production.

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

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8.4 Fair value measurements recognized in the consolidated statement of financial position

The table below analyzes financial instruments carried at fair value, by valuation method. All the derivatives the Corporation has are classified as level 2 financial instruments. The different levels have been defined as follows:

- 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)

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Derivative financial assets		
Foreign currency forwards	\$ 418	\$ 940
	\$ 418	\$ 940
Derivative financial liabilities		
Commodity swaps	\$ 1,423	\$ 1,033
Foreign currency forwards	307	753
Interest rate swaps	254	408
	\$ 1,984	\$ 2,194

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9. 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:

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	March 31, 2012	December 31, 2011
Cost	\$ 298,133	\$ 287,445
Accumulated depreciation	(128,706)	(125,981)
Net book value	\$ 169,427	\$ 161,464

Net book value by asset class

Land and land improvements	\$ 3,184	\$ 3,191
Buildings	65,419	65,439
Plant and equipment	78,125	75,782
In process capital projects	22,699	17,052
Net book value	\$ 169,427	\$ 161,464

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Reconciliation of the opening and closing balances of property, plant and equipment for March 31, 2012:

<i>(unaudited)</i> (CAD\$ thousands)	Land and land improvements	Buildings	Plant and equipment	Capital projects in process	Total
Cost					
Balance at January 1, 2011	\$ 4,094	\$ 66,229	\$ 186,289	\$ 4,942	\$ 261,554
Additions	-	5,512	6,259	16,873	28,644
Transfers	-	108	4,655	(4,763)	-
Disposals	-	(1,189)	(1,564)	-	(2,753)
Balance at December 31, 2011	4,094	70,660	195,639	17,052	287,445
Additions	-	289	1,115	9,783	11,187
Transfers	-	431	3,705	(4,136)	-
Disposals	-	(58)	(441)	-	(499)
Balance at March 31, 2012	\$ 4,094	\$ 71,322	\$ 200,018	\$ 22,699	\$ 298,133
Accumulated depreciation					
Balance at January 1, 2011	\$ 876	\$ 2,547	\$ 111,945	-	\$ 115,368
Depreciation	27	2,674	9,436	-	12,137
Disposals	-	-	(1,524)	-	(1,524)
Balance at December 31, 2011	903	5,221	119,857	-	125,981
Depreciation	7	682	2,477	-	3,166
Disposals	-	-	(441)	-	(441)
Balance at March 31, 2012	\$ 910	\$ 5,903	\$ 121,893	-	\$ 128,706
Net book value at March 31, 2012	\$ 3,184	\$ 65,419	\$ 78,125	\$ 22,699	\$ 169,427

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

No indicators of impairment were found for property, plant and equipment as at March 31, 2012.

No asset is pledged as security for borrowings as at March 31, 2012.

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10. INVESTMENT PROPERTY

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Cost	\$ 236	\$ 236

The fair value of the land is \$2.6 million at March 31, 2012 as determined by an independent appraiser. The valuation was arrived at by reference to market prices for similar properties in the relevant location. The valuation will be carried out every 3 to 5 years or when there is significant change in the market price.

The Corporation's investment property is held under freehold interests.

No indicators of impairment were found for investment property as at March 31, 2012.

11. INTANGIBLE ASSETS

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Cost	\$ 25,277	\$ 24,167
Accumulated depreciation	(17,370)	(16,653)
Net book value	\$ 7,907	\$ 7,514

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

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Reconciliation of the opening and closing balances of intangibles for March 31, 2012:

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	Software	Capital Projects in process	Total
Cost			
Balance at January 1, 2011	\$ 19,392	\$ 1,525	\$ 20,917
Additions	874	2,376	3,250
Transfers	751	(751)	-
Balance at December 31, 2011	21,017	3,150	24,167
Additions	35	1,075	1,110
Transfers	133	(133)	-
Balance at March 31, 2012	\$ 21,185	\$ 4,092	\$ 25,277
Accumulated depreciation			
Balance at January 1, 2011	\$ 13,931	-	\$ 13,931
Depreciation	2,722	-	2,722
Balance at December 31, 2011	16,653	-	16,653
Depreciation	717	-	717
Balance at March 31, 2012	\$ 17,370	-	\$ 17,370
Net book value at March 31, 2012	\$ 3,815	\$ 4,092	\$ 7,907

No indicators of impairment were found for intangible assets as at March 31, 2012.

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12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Canadian dollars	\$ 54,772	\$ 69,543
US dollars	1,651	1,561
Euros	40	265
Total accounts payable and accrued liabilities	\$ 56,463	\$ 71,369

Accrued liabilities include the liability to Department of Finance which is disclosed in note 20 in detail.

13. LOANS PAYABLE

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Banker's Acceptance	\$ 10,471	\$ 10,471
Accrued interest	4	4
Total loans payable	\$ 10,475	\$ 10,475
Current	\$ 1,504	\$ 1,504
Non-current	8,971	8,971
Total loans payable	\$ 10,475	\$ 10,475

The 10 year CAD\$ 15 million Bankers' Acceptance/Interest rate swap loan bears an interest rate at 2.67% with maturity in 2018. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The structure of the loan involves the use of a revolving 3 month Bankers Acceptances and an Interest Rate Swap to lock in the BA refinancing. The loan gets paid down \$1.5 million per year for 10 years. The balance of the principal is \$10.5 million and the fair value of the loan is \$10.5 million as at March 31, 2012. The loan is unsecured.

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14. DEFERRED REVENUE

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Customer prepayment (i)	\$ 3,936	\$ 5,868
Subscription program (ii)	269	315
Total deferred revenue	\$ 4,205	\$ 6,183
Current	\$ 4,205	\$ 6,183
Total deferred revenue	\$ 4,205	\$ 6,183

- (i) The deferred revenue arises when customers prepay the cost of purchasing materials in order to lock the purchasing price, primarily metals. The deferred revenue will be recognized as revenue when the shipments are made.
- (ii) The deferred revenue arises from the Corporation's subscription program. The customer makes the prepayment to lock the purchasing price and will receive a predetermined set of products over certain duration of time. The deferred revenue will be recognized as revenue when the individual product within the subscription is shipped.

15. INCOME TAXES

Current tax expense

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	13 weeks ended	
	March 31, 2012	April 2, 2011
Current income tax expense	\$ 2,153	\$ 2,574
Adjustments for prior years	-	78
Total current tax expense	\$ 2,153	\$ 2,652

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Current tax assets and liabilities

<i>(unaudited)</i>	As at	
<i>(CAD\$ thousands)</i>	March 31, 2012	December 31, 2011
Current tax assets		
Income taxes receivable	\$ 4,290	\$ 3,473

16. EMPLOYEE BENEFITS

i) Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. Total contributions of \$2.6 million were recognized as expense in the 13 weeks ended March 31, 2012 (13 weeks ended April 2, 2011 - \$2.3 million).

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

ii) Other Post-Employment Benefits

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

There were no past service costs or curtailments in the 13 weeks ended March 31, 2012.

iii) 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

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benefits plans are unfunded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Employee benefits obligation at reporting date:

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	As at	
	March 31, 2012	December 31, 2011
Post employment benefits	\$ 7,504	\$ 7,608
Other long-term employee benefits	3,364	3,364
Total employee benefits obligation	\$ 10,868	\$ 10,972

Employee benefits expenses were as follows:

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	13 weeks ended	
	March 31, 2012	April 2, 2011
Post employment benefits		
Pension benefits contribution	\$ 2,596	\$ 2,258
Other post employment benefits	63	188
Total employee benefits expenses	\$ 2,659	\$ 2,446

17. REVENUE

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	13 weeks ended	
	March 31, 2012	April 2, 2011
Revenue from the sale of goods	\$ 538,660	\$ 656,712
Revenue from the rendering of services	4,033	2,866
Total Revenue	\$ 542,693	\$ 659,579

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18. DEPRECIATION AND AMORTIZATION EXPENSES

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	13 weeks ended	
	March 31, 2012	April 2, 2011
Depreciation of property, plant and equipment	\$ 3,166	\$ 2,942
Amortization of intangible assets	716	666
Total depreciation and amortization expenses	\$ 3,882	\$ 3,608

Depreciation and amortization expenses were reclassified to other operating expenses as follows:

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	13 weeks ended	
	March 31, 2012	April 2, 2011
Cost of goods sold	\$ 2,696	\$ 2,534
Marketing and Sales expenses	474	429
Administration expenses	712	644
Total depreciation and amortization expenses	\$ 3,882	\$ 3,608

19. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	13 weeks ended	
	March 31, 2012	April 2, 2011
Research and development expenses	\$ 1,856	\$ 1,251
Scientific research and development credit	(150)	(100)
Research and development expenses, net	\$ 1,706	\$ 1,151

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

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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:

- 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.

Based on this exemption, as the Corporation has not entered into any transactions with these related parties which are considered to be individually or collectively significant, the Corporation has not disclosed any details of its transactions with:

- The Government of Canada, and departments thereof
- All federal Crown corporations

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

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

<i>(unaudited)</i> <i>(CAD\$ thousands)</i>	13 weeks ended	
	March 31, 2012	April 2, 2011
Revenue from DOF	\$ 29,883	\$ 20,860

Due to the retrospective application of IAS 16 at the date of transition to IFRS, 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. This amount is included in Accounts Payable and Accrued Liabilities on the consolidated statement of financial position since it could be reimbursable on demand to DOF. Starting in 2011, the Corporation will reduce the future billings to the Department of Finance by \$0.5 million a year for 16 years until the total amount of the outstanding liability is eliminated. The

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Corporation has reduced the billing to the Department of Finance by \$0.5 million and the remainder of \$7.7 million will be deducted in future billings.

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 March 31, 2012, the Corporation had \$59.9 million precious metal purchase commitments outstanding (December 31, 2011 – \$14.4 million). At the end of the period, the Corporation had entered into precious metal leases as follows:

<i>(unaudited)</i>	As at	
	March 31, 2012	December 31, 2011
<i>Ounces</i>		
Gold	7,558	9,313
Silver	9,565,569	9,420,209
Platinum	19,353	-

The fees for these leases are based on market value. The precious metal lease payment expensed for the 13 weeks ended March 31, 2012 is \$1.0 million (13 weeks ended April 2, 2011 - \$1.5 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 March 31, 2012, the Corporation had \$44.7 million (December 31, 2011 - \$50.2 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

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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 March 31, 2012, under the guarantees and bid bonds, the maximum potential amount of future payments is \$8.0 million. It was \$12.2 million as of December 31, 2011.

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.

The Corporation has committed as at March 31, 2012 to spend approximately \$55.6 million (December 31, 2011 - \$19.5 million) on capital projects.

The Corporation has other various lease and contractual purchase obligations for goods and services. As of March 31, 2012 these future commitments are \$21.2 million in total (December 31, 2011 - 23.9 million).

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. There is no contingent liability as of March 31, 2012 or December 31, 2011.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2011.

22. RECLASSIFICATION

Certain comparative information provided for prior periods has been reclassified to conform to the presentation adopted as of March 31, 2012.