SECOND QUARTER REPORT FISCAL 2014

NARRATIVE DISCUSSION
PAGE 2
FINANCIAL STATEMENTS AND NOTES
PAGE 9

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 condensed consolidated financial statements.

The Mint has prepared these unaudited condensed consolidated financial statements for the 13- and 26-week periods ended June 28, 2014 and June 29, 2013 in compliance with International Financial Reporting Standards (IFRS).

PERFORMANCE

Consolidated results and financial performance

(in CAD $ millions for the periods ended June 28, 2014 and June 29, 2013)

	13 weeks ended				26 weeks ended			
	28-Jun-14	29-Jun-13	$ Change	% Change	28-Jun-14	29-Jun-13	$ Change	% Change
Revenue	$ 569.7	$ 1,050.2	$ (480.5)	(45.8)%	$ 1,239.1	$ 1,913.8	$ (674.7)	(35.3)%
Profit before taxes	17.9	14.7	3.2	21.8%	34.9	25.4	9.5	37.4%
Profit after taxes	13.4	11.0	2.4	21.8%	26.2	19.1	7.1	37.2%

	As at			
	28-Jun-14	31-Dec-13	$ Change	% Change
Cash	$ 65.7	$ 63.2	$ 2.5	4.0%
Inventories	110.5	98.0	12.5	12.8%
Capital assets	256.4	255.4	1.0	0.4%
Total assets	460.1	458.4	1.7	0.4%
Working Capital	130.1	114.9	15.2	13.2%

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

CONSOLIDATED OVERVIEW

Consolidated revenue declined 45.8% to $569.7 million in the 13 weeks to June 28, 2014 from $1,050.2 million in the same period in 2013. The continuing sharp decline in gold bullion sales was compounded by modest declines in Canadian Circulation and Foreign revenue. This was partially offset by growing demand for the Mint's numismatic products.

Consolidated profit before taxes increased 21.8% to $17.9 million for the second quarter of 2014 from $14.7 million for the second quarter of 2013. Profit after taxes increased by 21.8% to $13.4 million for the quarter under review from $11.0 million in the same period in 2013. Margins continue to improve due in part to the 6% year-over-year decline in the value of the Canadian dollar and lower precious metal costs in the Mint's numismatic products. Consolidated total assets were relatively stable at $460.1 million at June 28, 2014 compared to $458.4 million at December 31, 2013. Cash was also relatively stable, increasing 4.0% to $65.7 million from $63.2 million at the end of the previous fiscal year. At $110.5 million, inventories increased 12.8% from fiscal 2013 year end to mitigate the disruption in production that might have occurred with the implementation of the new enterprise resource planning (ERP) system in

April. Capital assets were stable at $256.4 million compared to $255.4 million at December 31, 2013.

Consolidated revenue for the 26 weeks to June 28, 2014 declined by 35.3% to $1,239.1 million from revenue of $1,913.8 million in the same period in 2013. Consolidated profits before taxes for the year-to-date increased 37.4% to $34.9 million from $25.4 million in the same period in 2013 while net profits increased 37.2% to $26.2 million from $19.1 million in the previous year.

The operating and financial results achieved during the 26 weeks ended June 28, 2014 indicate the Mint is well on its way to achieve the annual targets established in the Corporate Plan approved by the Government of Canada in November 2013.

CORPORATE DEVELOPMENTS

The Mint completed the implementation of Dynamics AX 2012 in April to bring the entire operations of the Mint onto a common ERP platform, allowing for uniformity of data and procedures across the corporation and enhanced operational security. With the completion of the implementation, the dual metals reconciliation systems previously employed by the refinery and corporate offices were replaced by a single highly-customized application to track leases, the customer pool accounts and ownership of precious metals. At the same time, a *lean* manufacturing module tailored to the Mint's requirements was implemented in the Ottawa manufacturing facility. This successfully concludes a major multi-year information technology project.

The collaboration between the Mint and Cossette, the Mint's marketing agency of record, earned two *Cyber* category Bronze Lion awards at the prestigious Cannes Lions 2014 festival in June for the design and effectiveness of the "Heart of the Arctic" micro site. This game-like online quest supported the theme of the Mint's 25-cent commemorative circulation coins celebrating the 100th anniversary of the 1913 Canadian Arctic Expedition by encouraging youth to explore the history, geography, culture and ecology of Canada's Arctic. The Cannes Lions International Festival of Creativity has been recognizing the best in communications since 1954. It has grown to become the world's biggest celebration of creativity in communications, with more than 35,000 entries from around the world and more than 12,000 delegates from 94 countries in attendance each year.

During the quarter, the Mint presented at the 2014 Mint Directors' Conference in Mexico and the 320th anniversary celebrations of the Casa da Moeda do Brasil, emphasizing the critical value of a digital presence through a website, micro sites and social media to the marketing of the Mint's products.

Mr. Ian E. Bennett retired as President and CEO of the Mint on June 11. Mr. Bennett served in this capacity since 2006. Board Chair James B. Love also retired in April, after completing his term. As the Mint awaits the Government of Canada to fill both appointments, Mr. J. Marc Brûlé has assumed the position of Interim President and CEO, while Board Vice-Chair Susan Dujmovic is managing the activities of the Board of Directors.

PERFORMANCE BY BUSINESS LINE

Revenue by Business Line

(in CAD $ millions for the periods ended June 28, 2014 and June 29, 2013)

	13 weeks Ended				26 weeks Ended			
	28-Jun-14	29-Jun-13	$ Change	Change	28-Jun-14	29-Jun-13	$ Change	Change
Canadian Circulation	$ 30.0	$ 33.4	$ (3.4)	(10.2)%	$ 60.9	$ 63.6	$ (2.7)	(4.2)%
Numismatic and Collectibles	42.5	40.7	1.8	4.4%	89.9	82.0	7.9	9.6%
Foreign	12.0	13.0	(1.0)	(7.7)%	40.8	25.2	15.6	61.9%
Bullion, Refinery and ETR	485.2	963.1	(477.9)	(49.6)%	1,047.5	1,743.0	(695.5)	(39.9)%

Operating Highlights and Analysis of Results

Canadian Circulation: Revenue for the business line was $30.0 million during the 13 weeks ended June 28, 2014, a 10.2% decline from revenue of $33.4 million in the same period in 2013. The variance was driven primarily by a decline in revenue from the Alloy Recovery Program (ARP).

During the quarter, the Mint sold 15.0 million Canadian circulation coins to the Department of Finance compared to 15.5 million in the second quarter of 2013. Under ARP, it recovered and sold 163.5 metric tonnes of nickel and 57.0 metric tonnes of cupronickel compared to 322.7 metric tonnes of nickel and 76.0 metric tonnes of cupronickel in the same period in 2013. The variance in ARP volumes reflects the decline in the volume of coins recycled during the quarter, due primarily to the unusually high volumes in the same period in 2013 with the elimination of the penny from circulation. ARP revenue for the quarter declined 35.5% to $4.9 million compared to $7.6 million in the same period in 2013. The decrease in revenue reflects the decline in volume partially offset by higher base metal prices.

For the 26 weeks to June 28, 2014, revenue from the business line declined 4.2% to $60.9 million from $63.6 million in the same period in 2013. During the year-to-date period, the Mint recovered and sold 343.3 metric tonnes of nickel and 114.0 metric tonnes of cupronickel compared to 647.5 metric tonnes of nickel and 133.0 metric tonnes of cupronickel in the same period in 2013. Year-to-date ARP revenues declined to $9.8 million from $15.4 million in the same period in 2013.

As manager of Canada’s coinage system, the Mint constantly monitors coin inventories across the country to ensure sufficient supply is available at all times in all regions to meet the coinage needs of Canadian consumers.

Numismatics and Collectibles: Demand continues to build for the Mint’s numismatic products driving revenue up 4.4% to $42.5 million during the 13 weeks ended June 28, 2014 from $40.7 million in the same period in 2013. The Mint issued 64 new numismatic coins during the quarter compared to 51 in the same period last year. There were 16 sell-outs during the quarter compared to 13 in the same period in 2013. The most popular coins during the quarter were premium coins – those that sell for $1,000 or more – as well as those with new technologies and special features such as ultra high relief.

Notable products issued during the quarter included a coloured coin with a handcrafted Venetian Murano glass leopard frog on a water lily; the first coin in a series of three coins to feature famous Canadian shipwrecks, the RMS *Empress of Ireland*; the first coin in a series called Haunted Canada, featuring the Ghost Bride of the Fairmont Banff Springs hotel; a half ounce fine silver coin commemorating the notable accomplishments the 70th anniversary of D-Day; and a fine silver coin celebrating Nobel Prize-winning author Alice Munro.

A new paint technology was implemented on a one-ounce fine silver coin called River Rapids. This shimmery colour innovation recreates the sparkle and glitter of a waterfall.

The Mint also released three face value coins – “$20 for $20” Summertime, “$50 for $50” Polar Bear and “$100 for $100” Bighorn Sheep. This fine silver commemoration program continues to generate significant demand and has proven to be very successful in building the Mint’s customer base.

During the quarter the Mint completed the second phase of mint.ca mobile, which made the entire website mobile friendly. The Mint also launched a “click to chat” feature through which web visitors are invited to participate in a live chat with the Mint’s inbound call centre representatives. In addition to the Mobilizing Canada micro site, a second 2014 micro site was launched to educate customers and support sales by featuring stories and history behind the Mint’s Aboriginal themed coins. Silver coins were also launched to commemorate the 100th Anniversary of the Declaration of the First World War; a fine silver dollar proof set as well as a fine silver coin commemorating the Canadian Expeditionary Force, the designation for the Canadian forces that served overseas during the First World War.

Demand from collectors in Europe and Asia remains strong while demand in the U.S. enjoyed significant growth in the quarter, partially due to coins designed for the U.S. market – a Bald Eagle and a Bison – and broader exposure through The Shopping Channel. Internationally, the fine gold and fine silver coins commemorating the canonization of Pope John Paul II and a premium platinum Maple Leaf coin sold out. Welcome greetings have been developed to further improve the experience of foreign customers visiting the site. A key focus for international growth is the U.S. where sales are growing rapidly; sales, marketing and technology enhancements are being developed to tap this market more effectively.

Revenue for the business line was $89.9 million during the 26 weeks ended June 28, 2014 compared to $82.0 million during the 26 weeks ended June 29, 2013. The Mint issued 115 new numismatic coins during the 26 weeks to June 28, 2014 compared to 103 in the same period in 2013.

Foreign: The Mint shipped 408.2 million coins and blanks to five countries in the 13 weeks ended June 28, 2014 as it concluded a two-year contract to deliver 1.9 billion blanks to Brazil. In the same period in 2013, the Mint shipped 499.8 million coins and blanks to 10 countries. Revenue declined 7.7% to $12.0 million from $13.0 million in the same period in 2013.

Despite the current surplus in global minting capacity and the intensely competitive marketplace, the Mint secured a contract to produce coins for New Zealand.

In the 26 weeks ended June 28, 2014, the Mint shipped 1,468.7 million coins and blanks to eight countries compared to 780.0 million coins and blanks to 12 countries in the same period in

2013. Revenue increased 61.9% to $40.8 million in the first half of 2014 compared to $25.2 million in the first half of 2013.

Bullion, Refinery and ETR: Bullion, Refinery and ETR revenue declined 49.6% to $485.2 during the 13 week period ended June 28, 2014 from $963.1 million in the same period in 2013. The volume of Gold Maple Leaf (GML) sales declined 60.9% to 161 thousand ounces compared to 412 thousand ounces in the same period in 2013. Sales of Silver Maple Leaf (SML) coins declined slightly to 7.2 million ounces from 7.4 million ounces in the same period last year.

The decline in GML demand reflects a shift in investor sentiment away from physical assets to the equity markets as the global economies recover as well as activity in the secondary market. Demand for SML remains strong, particularly in Europe where the Mint's market share continues to grow, as well as North America and emerging markets such as Southeast Asia. The gold price fluctuated within a relatively tight band for most of the quarter after dropping from a high of US$1,385.00 per ounce in the first quarter to a low of US$1,242.75 in the second quarter before climbing throughout June to a high of US$1,318.50. The price of silver followed a similar pattern, dropping from a high of US$22.05 per ounce during the first quarter to a low of US$18.76 in the second quarter. The Mint's margins on products were maintained during the period despite intense competition.

Refinery revenues were down to $3.4 million for the thirteen weeks to June 28, 2014 from $3.9 million in the same period in 2013. Gold rough deposits increased as the Mint competes successfully for a growing market share. This was partially offset by a decline in silver rough deposits as the declining price depressed the volume of scrap in the market and a slowing pace of growth in primary production. Revenue from storage has been stable. Other gold demands have been strong, such as 400 oz and 100 oz bars, and grain demand has been steady.

Canadian Gold and Silver reserves' exchange traded receipts (ETRs) launched over the past 18 months continue to generate modest revenue as the ounces under management remains stable. Further offerings will be launched when economic conditions are appropriate.

During the 26 weeks ended June 28, 2014, Bullion, Refinery and ETR revenue declined 39.9% to $1,047.5 million from $1,743.0 million in the same period in 2013. Sales of GML coins declined 50.4% to 337 thousand ounces from 680 thousand ounces in the first half of 2013 while sales of SML coins increased 10.0% to 15.4 million ounces from 14.0 million ounces.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures declined to $4.7 million during the 13 weeks ended June 28, 2014 from $10.7 million in the same period in 2013 when the Mint completed the major expansion of its manufacturing facility in Winnipeg. Approximately $1.5 million of the 2014 expenditures were related to an upgrade to the pad printing technology system in Winnipeg.

During the 26 weeks ended June 28, 2014, capital expenditures were $11.0 million compared to $29.3 million in the same period in 2013.

RISKS TO PERFORMANCE

There has not been any material change in the risks to performance discussed in the Management's Discussion and Analysis in the 2013 Annual Report.

OUTLOOK

The robust numismatic demand experienced throughout 2012 and 2013 continues to build in 2014. The Mint plans to release over 200 numismatic coins during the year and continues to build its customer base in existing markets and to open new markets. The Mint cannot predict the precious metals market, but performance of the Bullion, Refinery and ETR business is expected to continue to temper with continuing global geopolitical stability and consequent strength in the capital markets. In the Foreign business line, the Mint has realigned responsibilities to expand efforts to secure contracts for consulting and training while continuing to leverage key partnerships and suppliers to remain competitive in the marketplace regardless of product composition and surplus global capacity. It remains committed to securing 15% share of the global market circulation coinage by 2020. Despite the volumes of coins being recycled and the impact on demand for new coins, Canadian circulation coinage revenue 2014 is not expected to vary significantly from 2013.

Statement of Management Responsibility by Senior Officials

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

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

J. Marc Brûlé, CPA, CA
Chief Financial Officer

André Aubrey, CPA, CA
Interim Vice-President Finance & Administration

Ottawa, Canada
August 26, 2014

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited

		As at	
(CAD$ thousands)	Notes	**June 28, 2014**	December 31, 2013
Assets			
Cash	4	**$ 65,655**	$ 63,228
Accounts receivable	5	**22,996**	38,741
Prepaid expenses		**3,190**	1,678
Inventories	6	**110,462**	97,986
Derivative financial assets	7	**928**	463
Current assets		**203,231**	202,096
Derivative financial assets	7	**250**	688
Property, plant and equipment	8	**237,998**	238,215
Investment property		**236**	236
Intangible assets	8	**18,391**	17,186
Total assets		**$ 460,106**	$ 458,421
Liabilities			
Accounts payable and accrued liabilities		**$ 53,309**	$ 70,597
Loans payable		**7,512**	7,528
Deferred revenue		**4,826**	3,922
Income taxes payable		**3,197**	499
Employee benefits	9	**1,759**	2,257
Derivative financial liabilities	7	**2,552**	2,412
Current liabilities		**73,155**	87,215
Derivative financial liabilities	7	**131**	137
Loans payable		**41,970**	41,972
Deferred tax liabilities		**16,178**	16,329
Employee benefits	9	**9,581**	9,581
Total liabilities		**141,015**	155,234
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**281,158**	264,979
Accumulated other comprehensive income		**(2,067)**	(1,792)
Total shareholder's equity		**319,091**	303,187
Total liabilities and shareholder's equity		**$ 460,106**	$ 458,421

Commitments, contingencies and guarantees (note 14).
The accompanying notes are an integral part of these condensed consolidated financial statements.

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited

		13 weeks ended		26 weeks ended	
(CAD$ thousands)	Notes	**June 28, 2014**	June 29, 2013	**June 28, 2014**	June 29, 2013
Revenues	10, 13	**$ 569,685**	$ 1,050,246	**$ 1,239,101**	$ 1,913,803
Cost of goods sold		**519,240**	1,003,911	**1,136,401**	1,826,236
Gross profit		**50,445**	46,335	**102,700**	87,567
Other operating expenses					
Marketing and sales expenses		**18,191**	18,419	**38,084**	36,448
Administration expenses	12	**14,952**	13,779	**29,457**	26,047
Other operating expenses		**33,143**	32,198	**67,541**	62,495
Operating profit		**17,302**	14,137	**35,159**	25,072
Net foreign exchange gains		**769**	252	**104**	224
Finance income (costs), net					
Finance income		**66**	279	**177**	328
Finance costs		**(268)**	12	**(535)**	(198)
Finance income (costs), net		**(202)**	291	**(358)**	130
Profit before income tax		**17,869**	14,680	**34,905**	25,426
Income tax expense		**4,467**	3,670	**8,726**	6,356
Profit for the period		**13,402**	11,010	**26,179**	19,070
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Net unrealized gains (losses) on cash flow hedges		**1,068**	(1,403)	**(1,733)**	(2,448)
Reclassification of net realized gains (losses) on cash flow hedges transferred from other comprehensive income		**(374)**	(232)	**1,458**	(122)
Other comprehensive income (losses), net of tax		**694**	(1,635)	**(275)**	(2,570)
Total comprehensive income		**$ 14,096**	$ 9,375	**$ 25,904**	$ 16,500

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

13 weeks ended June 28, 2014

(CAD$ thousands)	**Share Capital**	**Retained earnings**	**Accumulated other comprehensive income ("AOCI") (Net losses on cash flow hedges)**	**Total**
Balance as at March 29, 2014	**$ 40,000**	**$ 277,756**	**$ (2,761)**	**$ 314,995**
Profit for the period	**-**	**13,402**	**-**	**13,402**
Other comprehensive income	**-**	**-**	**694**	**694**
Dividend paid	**-**	**(10,000)**	**-**	**(10,000)**
Balance as at June 28, 2014	**$ 40,000**	**$ 281,158**	**$ (2,067)**	**$ 319,091**

13 weeks ended June 29, 2013

(CAD$ thousands)	Share Capital	Retained earnings	Accumulated other comprehensive income ("AOCI") (Net losses on cash flow hedges)	Total
Balance as at March 30, 2013	$ 40,000	$ 246,660	$ (1,181)	$ 285,479
Profit for the period	-	11,010	-	11,010
Other comprehensive losses	-	-	(1,635)	(1,635)
Balance as at June 29, 2013	$ 40,000	$ 257,670	$ (2,816)	$ 294,854

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (COND'T)
Unaudited

26 weeks ended June 28, 2014

(CAD$ thousands)	**Share Capital**	**Retained earnings**	**Accumulated other comprehensive income ("AOCI") (Net losses on cash flow hedges)**	**Total**
Balance as at December 31, 2013	**$ 40,000**	**$ 264,979**	**$ (1,792)**	**$ 303,187**
Profit for the period	**-**	**26,179**	**-**	**26,179**
Other comprehensive losses	**-**	**-**	**(275)**	**(275)**
Dividend paid	**-**	**(10,000)**	**-**	**(10,000)**
Balance as at June 28, 2014	**$ 40,000**	**$ 281,158**	**$ (2,067)**	**$ 319,091**

26 weeks ended June 29, 2013

(CAD$ thousands)	Share Capital	Retained earnings	Accumulated other comprehensive income ("AOCI") (Net losses on cash flow hedges)	Total
Balance as at December 31, 2012	$ 40,000	$ 238,600	$ (246)	$ 278,354
Profit for the period	-	19,070	-	19,070
Other comprehensive losses	-	-	(2,570)	(2,570)
Balance as at June 29, 2013	$ 40,000	$ 257,670	$ (2,816)	$ 294,854

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

	13 weeks ended		26 weeks ended	
(CAD$ thousands)	**June 28, 2014**	June 29, 2013	**June 28, 2014**	June 29, 2013
Cash flows from operating activities				
Receipts from customers	**$ 588,419**	$ 1,054,684	**$ 1,255,583**	$ 1,910,176
Payments to suppliers and employees	**(641,281)**	(1,073,389)	**(1,316,582)**	(1,953,640)
Interest paid	**(367)**	13	**(551)**	(189)
Cash receipts on derivative contracts	**359,648**	503,052	**608,250**	610,325
Cash payments on derivative contracts	**(302,551)**	(457,074)	**(517,301)**	(545,235)
Income taxes paid	**(2,151)**	(2,001)	**(6,179)**	(3,583)
Net cash generated (used) by operating activities	**1,717**	25,285	**23,220**	17,854
Cash flows from investing activities				
Interest received	**66**	279	**177**	328
Payments to acquire property, plant and equipment and intangible assets	**(4,724)**	(10,728)	**(10,966)**	(29,295)
Net cash used by investing activities	**(4,658)**	(10,449)	**(10,789)**	(28,967)
Cash flows from financing activities				
Dividend paid	**(10,000)**	-	**(10,000)**	-
Loans and other payables	**-**	(1)	**(2)**	(13)
Net cash generated (used) by financing activities	**(10,000)**	(1)	**(10,002)**	(13)
Net increase/(decrease) in cash	**(12,941)**	14,835	**2,429**	(11,126)
Cash at the beginning of the period	**78,786**	38,686	**63,227**	64,514
Effects of exchange rate changes on cash held in foreign currencies	**(190)**	317	**(1)**	450
Cash at the end of the period	**$ 65,655**	$ 53,838	**$ 65,655**	$ 53,838

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

1. NATURE AND DESCRIPTION OF THE CORPORATION

The Royal Canadian Mint (the "Mint" or the "Corporation") was incorporated in 1969 by the *Royal Canadian Mint Act* to mint coins 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. BASIS OF PRESENTATION

2.1 Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting ("IAS 34")* of the *International Financial Reporting Standards ("IFRS")* and the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada. As permitted under this standard, these interim condensed consolidated financial statements do not include all of the disclosure requirements for annual consolidated financial statements, and should be read in conjunction with the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2013.

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

These interim condensed consolidated financial statements have been approved for public release by the Board of Directors of the Corporation on August 26, 2014.

2.2 Basis of presentation

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

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

2.3 Consolidation

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

2.4 Functional and presentation currency

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

2.5 Significant accounting policies

Significant accounting policies applied in these interim condensed consolidated financial statements are disclosed in note 2 of the Corporation's annual consolidated financial statements for the year ended December 31, 2013. The accounting policies have been applied consistently in the current and comparative periods.

2.6 Key sources of estimation uncertainty and critical accounting judgments

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

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

3. APPLICATION OF NEW AND REVISED IFRS

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

There were no new or revised IFRS issued by the International Accounting Standards Board (IASB) that became effective during the 26 weeks ended June 28, 2014 that affected amounts reported or disclosed in the interim condensed consolidated financial statements.

3.2 New and revised IFRS in issue but not yet effective

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.

IFRS 1 First-time Adoption of IFRS ("IFRS 1")

An amendment was released in December 2013 to IFRS 1 as part of the "Annual Improvements – 2011-2013 cycle" project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS and applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early adoption. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 3 Business Combinations ("IFRS 3")

An amendment was released in December 2013 to IFRS 3 as part of the "Annual Improvements – 2011-2013 cycle" project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that IFRS 3 excludes for its scope the accounting for formation of joint arrangements in the financial statements of the joint arrangement itself. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

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

An amendment was released in December 2011 to IFRS 7 regarding requiring disclosures about the initial application of IFRS 9 which currently does not have an effective date. The amendments are to be applied retrospectively to all comparative periods.

An additional amendment was released in November 2013 to IFRS 7 regarding additional hedge accounting disclosures resulting from the introduction of the hedge accounting section of IFRS 9 which currently does not have an effective date. The amendments are to be applied retrospectively to all comparative periods.

The Corporation is currently evaluating the impact of these amendments to IFRS 7 on its consolidated financial statements therefore the impact is not known at this time.

IFRS 9 Financial Instruments ("IFRS 9")

The mandatory application date of IFRS 9 was removed in the amendment to the standard in November 2013 (it had been amended in December 2011 for an effective date for annual periods beginning on or after January 1, 2015). The November 2013 amendment also incorporates a hedge accounting section and included permitting the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early adopting the other requirements of IFRS 9.

The Corporation will be required to retrospectively adopt IFRS 9 on the effective date, 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 Corporation is currently evaluating the impact of the adoption of IFRS 9 on its consolidated financial statements therefore the impact is not known at this time.

IFRS 11 Joint Arrangements (“IFRS 11”)

An amendment was released in May 2014 to IFRS 11 which provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendment is effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 13 Fair Value Measurement (“IFRS 13”)

An amendment was released in December 2013 to IFRS 13 as part of the “Annual Improvements – 2011-2013 cycle” project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” or IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 “Financial Instruments: Presentation”. The adoption of the amendment is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 14 Regulatory Deferral Accounts (“IFRS 14”)

IFRS 14 was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2016. This standard specifies the accounting for regulatory deferral account balances that arise from rate regulation. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. The adoption of the standard is not expected to have an impact on the Corporation’s consolidated financial statements.

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

IFRS 15 was issued in May 2014 and applies to annual reporting period beginning on or after January 1, 2017. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 ”Revenue’”', IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

The Corporation is currently evaluating the impact of the adoption of IFRS 15 on its consolidated financial statements therefore the impact is not known at this time.

IAS 16 Property, Plant and Equipment (“IAS 16”)

IAS 16 was amended in May 2014 for the clarification of acceptable methods of depreciation; it explains that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflect a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits. The amendment is effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

IAS 19 Employee Benefits ("IAS 19")
An amendment was released in November 2013 to IAS 19 to clarify the requirements that relate to contributions from employees or third parties to defined benefit plans. The revised IAS is effective for annual periods beginning on or after July 1, 2014. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

IAS 38 Intangible Assets ("IAS 38")
IAS 38 was amended in May 2014 for the clarification of acceptable methods of amortisation; it introduces a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16 with limited circumstances when the presumption can be overcome. The amendment is effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

IAS 40 Investment Property ("IAS 40")
An amendment was released in December 2013 to IAS 40 as part of the "Annual Improvements – 2011-2013 cycle" project and is effective for annual periods beginning on or after July 1, 2014. The amendment clarifies that this standard and IFRS 3 "Business Combinations" are not mutually exclusive and application of both standards may be required. Determining whether a specific transaction meets the definition of both a business combination and investment property requires the separate application of both standards. The adoption of the amendment is not expected to have an impact on the Corporation's consolidated financial statements.

IAS 41 Agriculture ("IAS 41")
Amendments to IAS 41 and ISA 16 were released in June 2014 . The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The adoption of the amendments is not expected to have an impact on the Corporation's consolidated financial statements.

4. CASH

	As at	
(CAD$ thousands)	**June 28, 2014**	December 31, 2013
Canadian dollars	**$ 60,919**	$ 54,949
US dollars	**3,335**	4,480
Euros	**1,401**	3,799
Total cash	**$ 65,655**	$ 63,228

5. ACCOUNTS RECEIVABLE

	As at	
(CAD$ thousands)	**June 28, 2014**	December 31, 2013
Trade receivables and accruals	**$ 21,423**	$ 35,313
Allowance for doubtful accounts	**(222)**	(190)
Net trade receivables	**21,201**	35,123
Other receivables	**1,795**	3,618
Total accounts receivable	**$ 22,996**	$ 38,741

Accounts receivable by type of customer was as follows:

	As at	
(CAD$ thousands)	**June 28, 2014**	December 31, 2013
Governments (including governmental departments and agencies)	**$ 8,936**	20,263
Consumers, dealers and others	**7,682**	$ 8,349
Central and institutional banks	**6,378**	10,129
Total accounts receivable	**$ 22,996**	$ 38,741

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.

6. INVENTORIES

(CAD$ thousands)	As at **June 28, 2014**	December 31, 2013
Raw materials and supplies	**$ 41,244**	$ 8,663
Work in process	**18,723**	17,853
Finished goods	**50,495**	71,470
Total inventories	**$ 110,462**	$ 97,986

The amount of inventories recognized as cost of goods sold for the 26 weeks ended June 28, 2014 is $1.2 billion (26 weeks ended June 29, 2013 - $1.9 billion).

The cost of inventories recognized as cost of goods sold for the 26 weeks ended June 28, 2014 includes $2.6 million write-downs of inventory to net realisable value (26 weeks ended June 29, 2013 - $1.2 million).

There is no pledged collateral in respect of inventory.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

7.1 Classification and fair value measurements of financial instruments

7.1.1 Classification and fair value techniques of financial instruments

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

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

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

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

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

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

	As at	
(CAD$ thousands)	**June 28, 2014**	December 31, 2013
Derivative financial assets		
Foreign currency forwards	**$ 894**	$ 366
Commodity swaps	**-**	13
Interest rate swaps	**284**	772
	$ 1,178	$ 1,151
Derivative financial liabilities		
Foreign currency forwards	**$ 1,277**	$ 2,407
Commodity swaps	**1,253**	6
Interest rate swaps	**153**	136
	$ 2,683	$ 2,549

7.1.2 Fair value hierarchy

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

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

The fair value measurement of cash and equivalents is classified as level 1 of the fair value hierarchy as at June 28, 2014 and December 31, 2013. The fair value measurements of all other financial instruments held by the Corporation are classified as level 2 of the fair value hierarchy as at June 28, 2014 and December 31, 2013. There were no transfers of financial instruments between levels for the 26 weeks ended June 28, 2014.

7.2 Financial risk management objectives and framework

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

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

7.2.1 Credit risk management

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

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

7.2.2 Liquidity risk

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

7.2.3 Market risk

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

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

Foreign exchange risk

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

Interest rate risk

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

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

Commodity price risk

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

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

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

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

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

8. CAPITAL ASSETS

8.1 Property, plant and equipment

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

	As at	
(CAD$ thousands)	**June 28, 2014**	December 31, 2013
Cost	**$ 398,188**	$ 389,797
Accumulated depreciation	**(160,190)**	(151,582)
Net book value	**$ 237,998**	$ 238,215
Net book value by asset class		
Land and land improvements	**$ 3,141**	$ 3,143
Buildings and improvements	**129,059**	129,033
Equipment	**93,679**	94,998
In process capital projects	**12,119**	11,041
Net book value	**$ 237,998**	$ 238,215

Reconciliation of the opening and closing balances of property, plant and equipment for June 28, 2014:

(CAD$ thousands)	Land and land improvements	Buildings and improvements	Equipment	Capital projects in process	Total
Cost					
Balance at December 31, 2012	$ 4,094	$ 78,124	$ 211,659	$ 55,337	$ 349,214
Additions	-	19,698	12,337	9,327	41,362
Transfers	-	43,298	10,325	(53,623)	-
Disposals	-	-	(779)	-	(779)
Balance at December 31, 2013	4,094	141,120	233,542	11,041	389,797
Additions	**-**	**2,017**	**2,140**	**4,234**	**8,391**
Transfers	**-**	**592**	**2,564**	**(3,156)**	**-**
Balance at June 28, 2014	**$ 4,094**	**$ 143,729**	**$ 238,246**	**$ 12,119**	**$ 398,188**
Accumulated depreciation					
Balance at December 31, 2012	$ 924	$ 8,138	$ 128,261	$ -	$ 137,323
Depreciation	27	3,949	11,054	-	15,030
Disposals	-	-	(771)	-	(771)
Balance at December 31, 2013	951	12,087	138,544	-	151,582
Depreciation	**2**	**2,583**	**6,023**	**-**	**8,608**
Balance at June 28, 2014	**$ 953**	**$ 14,670**	**$ 144,567**	**$ -**	**$ 160,190**
Net book value at June 28, 2014	**$ 3,141**	**$ 129,059**	**$ 93,679**	**$ 12,119**	**$ 237,998**

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 June 28, 2014.

No asset is pledged as security for borrowings as at June 28, 2014.

8.2 Intangible assets

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

Reconciliation of the opening and closing balances of intangibles for June 28, 2014:

(CAD$ thousands)	Software	Capital projects in process	Total
Cost			
Balance at December 31, 2012	$ 21,486	$ 9,345	$ 30,831
Additions	1,264	5,656	6,920
Transfers	1,745	(1,745)	-
Balance at December 31, 2013	24,495	13,256	37,751
Additions	**2,368**	**206**	**2,574**
Transfers	**12,706**	**(12,706)**	**-**
Balance at June 28, 2014	**$ 39,569**	**$ 756**	**$ 40,325**
Accumulated amortization			
Balance at December 31, 2012	$ 18,946	$ -	$ 18,946
Depreciation	1,619	-	1,619
Balance at December 31, 2013	20,565	-	20,565
Amortization	**1,369**	**-**	**1,369**
Balance at June 28, 2014	**$ 21,934**	**$ -**	**$ 21,934**
Net book value at June 28, 2014	**$ 17,635**	**$ 756**	**$ 18,391**
Net book value at December 31, 2013	$ 3,930	$ 13,256	$ 17,186

No indicators of impairment were found for intangible assets as at June 28, 2014.

9. EMPLOYEE BENEFITS

9.1 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. Total contributions of $6.6 million were recognized as an expense in the 26 weeks ended June 28, 2014 (26 weeks ended June 29, 2013 - $5.2 million).

9.2 Other post-employment benefits

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

There was no settlement losses recognized in the 26 weeks ended June 28, 2014 or June 29, 2013. There were no past service costs or curtailments in the 26 weeks ended June 28, 2014 or June 29, 2013.

9.3 Other long-term employee benefits

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

10. REVENUE

	13 weeks ended		26 weeks ended	
(CAD$ thousands)	**June 28, 2014**	June 29, 2013	**June 28, 2014**	June 29, 2013
Revenue from the sale of goods	**$ 566,248**	$ 1,046,358	**$ 1,231,638**	$ 1,906,307
Revenue from the rendering of services	**3,437**	3,888	**7,462**	7,496
Total Revenue	**$ 569,685**	$ 1,050,246	**$ 1,239,101**	$ 1,913,803

11. DEPRECIATION AND AMORTIZATION EXPENSES

	13 weeks ended		26 weeks ended	
(CAD$ thousands)	**June 28, 2014**	June 29, 2013	**June 28, 2014**	June 29, 2013
Depreciation of property, plant and equipment	**$ 4,341**	$ 3,448	**$ 8,608**	$ 6,960
Amortization of intangible assets	**947**	451	**1,369**	863
Total depreciation and amortization expenses	**$ 5,288**	$ 3,899	**$ 9,977**	$ 7,823

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

	13 weeks ended		26 weeks ended	
(CAD$ thousands)	**June 28, 2014**	June 29, 2013	**June 28, 2014**	June 29, 2013
Cost of goods sold	**$ 3,596**	$ 2,858	**$ 7,184**	$ 5,707
Marketing and sales expenses	**677**	416	**1,117**	846
Administration expenses	**1,015**	625	**1,676**	1,270
Total depreciation and amortization expenses	**$ 5,288**	$ 3,899	**$ 9,977**	$ 7,823

12. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

	13 weeks ended		26 weeks ended	
(CAD$ thousands)	**June 28, 2014**	June 29, 2013	**June 28, 2014**	June 29, 2013
Research and development expenses	**$ 2,417**	$ 2,055	**$ 4,864**	$ 3,974
Scientific research and development investment tax credit	**(200)**	-	**(400)**	(375)
Research and development expenses, net	**$ 2,217**	$ 2,055	**$ 4,464**	$ 3,599

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

13. 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:

	13 weeks ended		26 weeks ended	
(CAD$ thousands)	**June 28, 2014**	June 29, 2013	**June 28, 2014**	June 29, 2013
Revenue from DOF	**$ 25,152**	$ 25,776	**$ 51,121**	$ 48,186

Due to the retrospective application of IAS 16 at the date of transition to IFRS on January 1st, 2010, depreciation expenses that have been charged under Canadian GAAP to the Department of Finance at a rate in excess of actual depreciation expenses incurred under IAS 16 have been adjusted by the amount of $8.2 million at that time. This amount was included in accounts payable and accrued liabilities on the consolidated statement of financial position since it could be reimbursable on demand to DOF. Starting in 2011, the Corporation began reducing the billing to the Department of Finance by $0.5 million annually and the remainder of $6.7 million as at June 28, 2014 (December 31, 2013 - $6.7 million) will be deducted in future billings over the next 13 years.

14. COMMITMENTS, CONTINGENCIES AND GUARANTEES

14.1 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 June 28, 2014 the Corporation had $36.9 million outstanding precious metal purchase commitments (December 31, 2013 – $41.4 million). At the end of the period, the Corporation had entered into precious metal leases as follows:

	As at	
Ounces	**June 28, 2014**	December 31, 2013
Gold	**26,906**	21,062
Silver	**6,999,733**	5,084,108
Platinum	**11,065**	16,001
Palladium	**300**	-

The fees for these leases are based on market value. The precious metal lease payment expensed for the 26 weeks ended June 28, 2014 is $1.3 million (26 weeks ended June 29, 2013 - $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.

14.2 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 June 28, 2014, the Corporation had $24.5 million (December 31, 2013 - $34.2 million) in purchase commitments outstanding.

14.3 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments which might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As of June 28, 2014, under the guarantees and bid bonds, the maximum potential amount of future payments is $5.7million (December 31, 2013 - $9.5 million).

14.4 Other commitments and guarantees

The Corporation may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and terms and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the 26 weeks ended June 28, 2014, approved short-term borrowings for working capital within this limit, were not to exceed $25.0 million (June 29, 2013 - $25.0 million).

To support such short-term borrowings as may be required from time to time, the Corporation has various commercial borrowing lines of credit, made available to it by Canadian financial institutions. These lines are unsecured and provide for borrowings up to 364 days in term based on negotiated rates. No amounts were borrowed under these lines of credit as at June 28, 2014 or June 29, 2013.

The Corporation has committed as at June 28, 2014 to spend approximately $8.1 million (December 31, 2013 - $8.3 million) on capital projects.

The Corporation has other various lease and contractual purchase obligations for goods and services. As of June 28, 2014 these future commitments are $40.65 million in total (December 31, 2013 - $34.0 million). These commitments will be completed by December 2017 (2014 - $37.57 million, 2015 – $2.53 million, 2016 - $0.29 million, 2017 - $0.26 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 June 28, 2014 or December 31, 2013.

There have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2013.