FIRST QUARTER REPORT
FISCAL 2014

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 weeks ended March 29, 2014 and March 30, 2013 in compliance with International Financial Reporting Standards (IFRS).

PERFORMANCE

Consolidated results and financial performance
(in CAD $ millions for the periods ended March 29, 2014 and March 30, 2013)

	13 weeks ended			
	29-Mar-14	**30-Mar-13**	**$ Change**	**% Change**
Revenue	$ 669.4	$ 863.6	$ (194.2)	-22.5%
Profit before taxes	17.0	10.7	6.3	58.9%
Profit after taxes	12.8	8.1	4.7	58.0%

	As at			
	29-Mar-14	**31-Dec-13**	**$ Change**	**% Change**
Cash	$ 78.8	$ 63.2	$ 15.6	24.7%
Inventories	87.0	98.0	(11.0)	-11.2%
Capital assets	256.9	255.4	1.5	0.6%
Total assets	469.4	458.4	11.0	2.4%
Working Capital	125.1	114.9	10.2	8.9%

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

CONSOLIDATED OVERVIEW

Consolidated revenue for the 13 weeks ended March 29, 2014 declined 22.5% to $669.4 million from $863.6 million in the same period in 2013. This reflects the sharp decline in gold bullion sales partially offset by continued strength in the Foreign and Numismatics and Collectibles business lines.

Consolidated profit before taxes increased 49.6% to $17.0 million from $10.7 million in the same period in 2013. The variance reflects improved margins due in part to the 10% year-over-year decline in the value of the Canadian dollar, lower precious metal costs and a continuing focus on *lean manufacturing*, an operating technique that focuses on continually seeking ways to improve the efficiency of processes and quality of products while reducing costs. This was partially offset by reduced margins in the Alloy Recovery Program (ARP) due to lower base metal prices.

Consolidated total assets increased 2.4% to $469.4 million at March 29, 2014 compared to $458.4 million at December 31, 2013. Cash increased to $78.8 million from $63.2 million at the end of the previous quarter primarily due to the timing of operational requirements. Inventories declined to $87.0 million at March 29, 2014 from $98.0 million at December 31, 2013 primarily due to the timing of Canadian circulation coinage sales. Working capital increased $10.4 million from December 31, 2013 mainly due to the decline in inventory. Capital assets increased 1.5% to $256.9 million from $255.4 million at December 31, 2013.

The Mint's financial performance in 2013 has led to the declaration of a $10.0 million dividend to the Government of Canada.

The operating and financial results achieved during the 13 weeks ended March 29, 2014 indicate the Corporation 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

Through its research and development efforts, the Corporation has made great progress in advancing the MintChip™ concept as an innovative, cost effective and secure digital cash product. However, the decision was taken that further development and commercialization of MintChip™ should be accomplished through the private sector. The Mint is currently working with the Department of Finance to explore divestiture options. Work on MintChip™, which includes pilot testing with Mint employees, continues as the Mint packages the assets for divestiture.

The Mint did not experience any significant change in operations or programs during the period.

PERFORMANCE BY BUSINESS LINE

Revenue by Business Line

(in CAD $ millions for the periods ended March 29, 2014 and March 30, 2013)

	13 weeks Ended			
	29-Mar-14	**30-Mar-13**	**$ Change**	**% Change**
Canadian Circulation	$ 30.9	$ 30.2	$ 0.7	2.3%
Numismatic and Collectibles	47.4	41.3	6.1	14.8%
Foreign	28.8	12.2	16.6	136.1%
Bullion, Refinery and ETR	562.3	779.9	(217.6)	-27.9%

Operating Highlights and Analysis of Results

Canadian Circulation

The Mint's core mandate is to produce and manage the distribution of Canada's circulation coinage and advise the Government of Canada on all matters related to coinage. By continuously monitoring and adjusting coin inventories across the country, the Mint ensured that there was an adequate supply of coins for unhindered commerce in every region of the country during the 13 weeks ended March 29, 2014.

Revenue related to the management of the coinage system and production of circulation coins was $26.0 million in the quarter compared to $22.4 million in the first quarter of 2013. The number of pieces produced/sold was relatively stable at 13.9 million pieces compared to 12.9 million coins during the same period in 2013. The variance in revenue reflects the mix of denominations produced. The Mint also recycled 210 million coins during the first quarter of 2014 compared to 393.5 million during first quarter of 2013. The accelerated recycling of coins triggered in February 2013 by the withdrawal of the penny from circulation has begun to slow down as the reserves of coins held by Canadians diminishes.

The Mint is responsible for the efficient removal of the penny from circulation on behalf of the Department of Finance. During the 13 weeks to March 29, 2014, 379 million pennies were returned with proceeds from the sale of scrap metals paid to the Government of Canada.

The Mint takes great pride in celebrating Canada's history, culture and values. In fulfilling that role, the Mint released the 2014 Lucky Loonie circulation coin as Canadian athletes headed to the Sochi 2014 Winter Games. The coin portrays the common loon from behind as it spreads its wings and the Canadian Olympic Team logo.

Revenues from the Alloy Recovery Program (ARP) declined 36.3% to $4.9 million in the first quarter of 2014 from $7.8 million in the same period in 2013. The Mint recovered and sold 179.8 metric tonnes of nickel and 57.0 metric tonnes of cupronickel during the 13 weeks ended March 29, 2014 compared to 324.8 metric tonnes of nickel and 57.0 metric tonnes of cupronickel during the 13 weeks ended March 30, 2013. The decline in revenue reflects the decline in volume compounded by the decline in base metal prices. The average price of nickel fell to $15,400 per tonne compared to $16,200 per tonne during the first quarter of 2013. The average price of cupronickel declined to $8,900 per tonne from $9,400 per tonne in the first quarter of 2013.

Numismatics and Collectibles: Demand for the Mint's numismatic products continues to grow, with revenue increasing 14.8% to $47.4 million in the 13 weeks to March 29, 2014 from $41.3 million in the same period ended March 30, 2013. The Mint issued 52 new products during the quarter compared to 53 in the first quarter of 2013. There were 17 sell-outs during the quarter compared to 12 in the same period in 2013.

The most notable products issued during the period were a series of fine silver dollar coins commemorating the 100th anniversary of the declaration of the First World War. This was the first of many coins to be released related to the First and Second World Wars to be unveiled in late 2014. A fine silver Jewel of Life coin designed by Quebec actor, singer and jewellery designer Caroline Néron features the silhouette of a gold-plated leafless tree in winter interspersed with Swarovski® crystals to convey the sparkling beauty of snow and ice. The Mint also released one-kilogram fine silver and one-kilogram pure gold Snowy Owl coins with selective enamel accentuating the owl's eyes. Unique two-ounce silver coins and two-ounce pure gold coins were engraved with more than 50 images portraying Canada through the eyes of Tim Barnard. The last glow-in-the-dark prehistoric dinosaur coin was also released.

The first phase of mint.ca mobile was launched enabling purchases from mobile devices. Content is arranged vertically making it easier to view and navigate with the swipe of a thumb. Call to action buttons and links appear larger so that they can be easily tapped, a basic functionality required for the ideal mobile experience. Early results show an increase of 9% in revenue per visitor.

The Mint continues to enjoy sustained growth in its customer base, particularly through the popular face-value program.

Foreign: The Mint sold 1.0 billion coins and blanks to six countries in the 13 weeks ended March 29, 2014 compared to 279.8 million coins and blanks to five countries in the same period in 2013. Shipments to South America accounted for over half a billion pieces. Revenue increased 136.1% to $28.8 million in the quarter from $12.2 million in the same period in 2013. The sales represent the fulfilment of contracts secured in 2013 as well as the launch of a new series of multi-ply plated steel circulation coins for the Bank of Botswana. The Bank of Botswana's new multi-ply plated steel coin series consists of seven denominations. The coins were officially declared legal tender by Botswana President Seretse Khama Ian Khama at a ceremony to celebrate the nation's new coin series on February 27, 2014. The Mint last produced coins for Botswana in 1991.

Demand in the international marketplace is strengthening while the intense competition that has characterized the market since 2008 appears to be easing. During the first quarter of 2014, the Mint secured three contracts to produce 622 million coins for three countries.

Bullion, Refinery and ETR: Bullion, Refinery and ETR revenues declined 27.9% to $562.3 million in the 13 weeks ended March 29, 2014 from $779.9 million in the same period in 2013. Sales of Gold Maple Leaf (GML) coins declined 34.6% to 176 thousand ounces compared to 269 thousand ounces in the same period in 2013. Sales of Silver Maple Leaf (SML) coins increased 24.2% to 8.2 million ounces from 6.6 million ounces in the same period last year. The decline in GML sales reflects the lack of volatility in the gold price during the fourth quarter of 2013 and first quarter of 2014 as well as continuing activity in the gold bullion secondary market. The increase in SML sales reflects continued strong demand in North America, Europe and emerging markets such as Southeast Asia.

The Mint released two bullion wildlife-themed series at the 2014 World Money Fair in Berlin, Germany. The Howling Wolf coin is a one-ounce 99.999% pure gold bullion coin, the first in a new Call of the Wild three-coin series to be released annually until 2016. Its $200 denomination represents the highest value legal tender among the world's one-ounce gold bullion coins. The Peregrine Falcon coin is the first in a new four-coin one-ounce 99.99% pure silver bullion Canadian Birds of Prey series. Two coins per year will be released in 2014 and 2015.

The Mint also unveiled a prototype of its bullion DNA anti-counterfeiting technology at the World Money Fair. Through this technology, a unique security mark is engraved on every die and minted on to every coin. Samples are registered using the Mint's digital non-destructive activation technology that encodes and stores the images in a secure database. The visible security mark will appear on all GMLs minted from 2014 onwards.

Refinery revenues were up slightly in the thirteen weeks to March 29, 2014. 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 due to increased competition in the silver refining sector. Also contributing to this growth was an increase in sales of 1 kg gold bars, which increased 525% to 18,099 bars, which offset a contraction in sales of 100 oz silver bars, which decreased 25% to 12,562 bars.

Exchange-Traded Receipt (ETR) revenues declined due in part to the decline in the value of gold and silver. Gold assets under management have increased over the first quarter 2013, but declined from the fourth quarter of 2013 due to redemptions in January. Silver assets under management are stable.

During the quarter an optional feature to the gold Exchange-Traded Receipt (ETR) physical redemption process was implemented. Effective March 17, 2014 an investor opting for a gold physical redemption can opt to have the Mint facilitate the sale of the resulting gold bullion. The proceeds of the sale will be wired to the investor's brokerage or custodian. An ETR holder opting to use this service will be required to pay a facilitated sale fee of 13 bps (subject to a minimum fee of US$5,000) plus applicable taxes. This fee is in addition to the physical redemption fees.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures were $6.2 million during the 13 week ended March 29, 2014 compared to $18.6 million related to the major expansion in Winnipeg during the same period in 2013. Approximately $2.4 million was related to the Enterprise Resource Planning (ERP) system upgrade, commissioning the silver shaving line and optimizing space in the refinery. 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 discussed in the Management's Discussion and Analysis in the 2013 Annual Report.

OUTLOOK

Despite continuing challenges in the global economy and market, the Mint continues to develop relationships, invest in capital assets and pursue its objectives vigorously. As a diversified business with multiple sources of revenue, it remains positioned to continue to grow.

Demand for the Mint's numismatic products continues to strengthen with the release of coins that appeal to collectors, the development of new e-commerce capabilities and the launch of sales and marketing initiatives. The Mint is scheduled to release more than 200 new coins in 2014 and continues to build its customer base in existing markets and pursuing opportunities in new markets. The intense competition in the foreign coinage marketplace will continue to challenge the Mint, but the Mint's newly expanded Winnipeg plating facility has added new capacity to plate coins with a multitude of proprietary technologies, including multi-ply plated steel, single layer double-annealed nickel and other advanced technologies which respond to the changing needs of a diverse international market. With this new plating facility and a permanent research and development centre devoted to advancing all aspects of circulation coin manufacturing, the Mint is confident that it will meet the goal of growing its foreign business to capture a 15% share of the global plated coin market by 2020.

Demand for Canadian circulation coinage is expected to remain stable, although the popularity of recycling and the Mint's increasingly efficient coin distribution and delivery system could continue to affect the volume of production of new coins. The Mint cannot predict trends in the precious metals markets, but the softening of gold coin sales in the first quarter may indicate a slower than forecast market for 2014. The Mint's share of the bullion market will continue to be supported by the launch of increasingly sophisticated security features and the development of custom products.

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.

Ian E. Bennett
President and
Chief Executive Officer

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

Ottawa, Canada
May 27, 2014

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited

		As at	
(CAD$ thousands)	Notes	**March 29, 2014**	December 31, 2013
Assets			
Cash	4	**$ 78,785**	$ 63,228
Accounts receivable	5	**42,564**	38,741
Prepaid expenses		**2,912**	1,678
Inventories	6	**87,035**	97,986
Derivative financial assets	7	**563**	463
Current assets		**211,859**	202,096
Derivative financial assets	7	**353**	688
Property, plant and equipment	8	**238,220**	238,215
Investment property		**236**	236
Intangible assets	8	**18,733**	17,186
Total assets		**$ 469,401**	$ 458,421
Liabilities			
Accounts payable and accrued liabilities		**$ 67,527**	$ 70,597
Loans payable		**7,611**	7,528
Deferred revenue		**4,385**	3,922
Income taxes payable		**1,112**	499
Employee benefits	9	**1,883**	2,257
Derivative financial liabilities	7	**4,249**	2,412
Current liabilities		**86,767**	87,215
Derivative financial liabilities	7	**141**	137
Loans payable		**41,970**	41,972
Deferred tax liabilities		**15,947**	16,329
Employee benefits	9	**9,581**	9,581
Total liabilities		**154,406**	155,234
Shareholder's equity			
Share capital (authorised and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**277,756**	264,979
Accumulated other comprehensive income		**(2,761)**	(1,792)
Total shareholder's equity		**314,995**	303,187
Total liabilities and shareholder's equity		**$ 469,401**	$ 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	
(CAD$ thousands)	Notes	**March 29, 2014**	March 30, 2013
Revenues	10, 13	**$ 669,417**	$ 863,554
Cost of goods sold		**617,162**	822,324
Gross profit		**52,255**	41,230
Other operating expenses			
Marketing and sales expenses		**20,113**	18,028
Administration expenses	12	**14,285**	12,268
Other operating expenses		**34,398**	30,296
Operating profit		**17,857**	10,934
Net foreign exchange losses		**(665)**	(27)
Finance income (costs), net			
Finance income		**111**	49
Finance costs		**(267)**	(210)
Finance income (costs), net		**(156)**	(161)
Profit before income tax		**17,036**	10,746
Income tax expense		**4,259**	2,686
Profit for the period		**12,777**	8,060
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Net unrealized losses on cash flow hedges		**(2,802)**	(1,046)
Reclassification of net realized losses on cash flow hedges transferred from other comprehensive income		**1,833**	111
Other comprehensive losses, net of tax		**(969)**	(935)
Total comprehensive income		**$ 11,808**	$ 7,125

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

13 weeks ended March 29, 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	**-**	**12,777**	**-**	**12,777**
Other comprehensive losses	**-**	**-**	**(969)**	**(969)**
Balance as at March 29, 2014	**$ 40,000**	**$ 277,756**	**$ (2,761)**	**$ 314,995**

13 weeks ended March 30, 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	-	8,060	-	8,060
Other comprehensive losses	-	-	(935)	(935)
Balance as at March 30, 2013	$ 40,000	$ 246,660	$ (1,181)	$ 285,479

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

(CAD$ thousands)	13 weeks ended **March 29, 2014**	March 30, 2013
Cash flows from operating activities		
Receipts from customers	**$ 667,165**	$ 855,489
Payments to suppliers and employees	**(675,377)**	(880,162)
Interest paid	**(283)**	(212)
Cash receipts on derivative contracts	**248,602**	107,273
Cash payments on derivative contracts	**(214,750)**	(88,161)
Income taxes paid	**(4,028)**	(1,582)
Net cash generated (used) by operating activities	**21,329**	(7,355)
Cash flows from investing activities		
Interest received	**111**	49
Payments to acquire property, plant and equipment and intangible assets	**(6,242)**	(18,568)
Net cash used by investing activities	**(6,131)**	(18,519)
Cash flows from financing activities		
Loans and other payables	**97**	(2)
Net cash generated (used) by financing activities	**97**	(2)
Net increase/(decrease) in cash	**15,295**	(25,876)
Cash at the beginning of the period	**63,228**	64,514
Effects of exchange rate changes on cash held in foreign currencies	**262**	48
Cash at the end of the period	**$ 78,785**	$ 38,686

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 May 27, 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 13 weeks ended March 29, 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 a material 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.

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.

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 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.

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 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 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 a material impact on the Corporation's consolidated financial statements.

4. CASH

	As at	
(CAD$ thousands)	**March 29, 2014**	December 31, 2013
Canadian dollars	**$ 71,836**	$ 54,949
US dollars	**4,544**	4,480
Euros	**2,405**	3,799
Total cash	**$ 78,785**	$ 63,228

5. ACCOUNTS RECEIVABLE

	As at	
(CAD$ thousands)	**March 29, 2014**	December 31, 2013
Trade receivables and accruals	**$ 40,414**	$ 35,313
Allowance for doubtful accounts	**(190)**	(190)
Net trade receivables	**40,224**	35,123
Other receivables	**2,340**	3,618
Total accounts receivable	**$ 42,564**	$ 38,741

Accounts receivable by type of customer was as follows:

	As at	
(CAD$ thousands)	**March 29, 2014**	December 31, 2013
Governments (including governmental departments and agencies)	**$ 29,675**	20,263
Consumers, dealers and others	**8,974**	$ 8,349
Central and institutional banks	**3,915**	10,129
Total accounts receivable	**$ 42,564**	$ 38,741

6. INVENTORIES

	As at	
(CAD$ thousands)	**March 29, 2014**	December 31, 2013
Raw materials and supplies	**$ 13,103**	$ 8,663
Work in process	**20,055**	17,853
Finished goods	**53,877**	71,470
Total inventories	**$ 87,035**	$ 97,986

The amount of inventories recognized as cost of goods sold for the 13 weeks ended March 29, 2014 is $630 million (13 weeks ended March 30, 2013 - $834 million).

The cost of inventories recognized as cost of goods sold for the 13 weeks ended March 29, 2014 includes $0.9 million write-downs of inventory to net realisable value (13 weeks ended March 30, 2013 - $0.4 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)	**March 29, 2014**	December 31, 2013
Derivative financial assets		
Foreign currency forwards	**$ 446**	$ 366
Commodity swaps	**71**	13
Interest rate swaps	**399**	772
	$ 916	$ 1,151
Derivative financial liabilities		
Foreign currency forwards	**$ 528**	$ 2,407
Commodity swaps	**3,721**	6
Interest rate swaps	**141**	136
	$ 4,390	$ 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 March 29, 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 March 29, 2014 and December 31, 2013. There were no transfers of financial instruments between levels for the 13 weeks ended March 29, 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)	**March 29, 2014**	December 31, 2013
Cost	**$ 394,071**	$ 389,797
Accumulated depreciation	**(155,851)**	(151,582)
Net book value	**$ 238,220**	$ 238,215
Net book value by asset class		
Land and land improvements	**$ 3,142**	$ 3,143
Buildings and improvements	**128,420**	129,033
Equipment	**93,170**	94,998
In process capital projects	**13,488**	11,041
Net book value	**$ 238,220**	$ 238,215

Reconciliation of the opening and closing balances of property, plant and equipment for March 29, 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	**-**	**114**	**340**	**3,820**	**4,274**
Transfers	**-**	**556**	**817**	**(1,373)**	**-**
Balance at March 29,, 2014	**$ 4,094**	**$ 141,790**	**$ 234,699**	**$ 13,488**	**$ 394,071**
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	**1**	**1,283**	**2,985**	**-**	**4,269**
Balance at March 29, 2014	**$ 952**	**$ 13,370**	**$ 141,529**	**$ -**	**$ 155,851**
Net book value at March 29, 2014	**$ 3,142**	**$ 128,420**	**$ 93,170**	**$ 13,488**	**$ 238,220**

No indicators of impairment were found for property, plant and equipment as at March 29, 2014.

No asset is pledged as security for borrowings as at March 29, 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 March 29, 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	**544**	**1,424**	**1,968**
Transfers	**344**	**(344)**	**-**
Balance at March 29, 2014	**$ 25,383**	**$ 14,336**	**$ 39,719**
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	**421**	**-**	**421**
Balance at March 29, 2014	**$ 20,986**	**$ -**	**$ 20,986**
Net book value at March 29, 2014	**$ 4,397**	**$ 14,336**	**$ 18,733**
Net book value at December 31, 2013	$ 3,930	$ 13,256	$ 17,186

No indicators of impairment were found for intangible assets as at March 29, 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

$2.1 million were recognized as an expense in the 13 weeks ended March 29, 2014 (13 weeks ended March 30, 2013 - $2.4 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 were no settlement losses recognized in the 13 weeks ended March 29, 2014 or March 30, 2013. There were no past service costs or curtailments in the 13 weeks ended March 29, 2014 or March 30, 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	
(CAD$ thousands)	**March 29, 2014**	March 30, 2013
Revenue from the sale of goods	**$ 665,393**	$ 859,947
Revenue from the rendering of services	**4,025**	3,607
Total Revenue	**$ 669,418**	$ 863,554

11. DEPRECIATION AND AMORTIZATION EXPENSES

	13 weeks ended	
(CAD$ thousands)	**March 29, 2014**	March 30, 2013
Depreciation of property, plant and equipment	**$ 4,269**	$ 3,512
Amortization of intangible assets	**421**	412
Total depreciation and amortization expenses	**$ 4,690**	$ 3,924

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

	13 weeks ended	
(CAD$ thousands)	**March 29, 2014**	March 30, 2013
Cost of goods sold	**$ 3,589**	$ 2,849
Marketing and sales expenses	**661**	430
Administration expenses	**440**	645
Total depreciation and amortization expenses	**$ 4,690**	$ 3,924

12. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

	13 weeks ended	
(CAD$ thousands)	**March 29, 2014**	March 30, 2013
Research and development expenses	**$ 2,447**	$ 1,918
Scientific research and development investment tax credit	**(200)**	(375)
Research and development expenses, net	**$ 2,247**	$ 1,543

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	
(CAD$ thousands)	**March 29, 2014**	March 30, 2013
Revenue from DOF	**$ 25,968**	$ 22,410

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 March 29, 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 March 29, 2014 the Corporation had $36.7 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	**March 29, 2014**	December 31, 2013
Gold	**-**	21,062
Silver	**6,828,655**	5,084,108
Platinum	**11,936**	16,001
Palladium	**300**	-

The fees for these leases are based on market value. The precious metal lease payment expensed for the 13 weeks ended March 29, 2014 is $0.5 million (13 weeks ended March 30, 2013 - $0.8 million). The value of the metals under these leases has not been reflected in the Corporation's consolidated financial statements since the Corporation intends to settle these commitments through receipt or delivery of the underlying metal.

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 March 29, 2014, the Corporation had $28.5 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 March 29, 2014, under the guarantees and bid bonds, the maximum potential amount of future payments is $9.1 million (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 13 weeks ended March 29, 2014, approved short-term borrowings for working capital within this limit, were not to exceed $25.0 million (March 30, 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 March 29, 2014 or March 30, 2013.

The Corporation has committed as at March 29, 2014 to spend approximately $9.3 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 March 29, 2014 these future commitments are $32.3 million in total (December 31, 2013 - $34.0 million). These commitments will be completed by June 2027 (2014 - $26.8 million, 2015 – $0.9 million, 2016 - $0.2 million, 2017 - $1.0 million, 2018 - $0.3 million, 2027 - $3.1 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 29, 2014 or December 31, 2013.

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