COEUR D ALENE MINES CORP
Form 10-Q
November 04, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

þ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2010

OR

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from __________ to __________

Commission file number 001-08641

COEUR D ALENE MINES CORPORATION
(Exact name of registrant as specified in its charter)

Idaho	**82-0109423**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
PO Box I, 505 Front Ave. Coeur d Alene, Idaho	**83816**
(Address of principal executive offices)	**(Zip Code)**

(208) 667-3511
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	**Accelerated filer o**	**Non-accelerated filer o (Do not check if a smaller reporting company)**	**Smaller reporting company o**

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

The Company has 150,000,000 shares of common stock, par value of $0.01, authorized of which 89,311,920 shares were issued and outstanding as of November 1, 2010.

COEUR D ALENE MINES CORPORATION

INDEX

Table of Contents

COEUR D ALENE MINES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	Notes	September 30, 2010	December 31, 2009
		(In thousands, except share data)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 27,792	$ 22,782
Short-term investments	5	5,031	
Receivables		77,207	58,981
Ore on leach pad	2	7,397	9,641
Metal and other inventory	6	96,225	67,712
Prepaid expenses and other		19,026	26,920
		232,678	186,036
NON-CURRENT ASSETS			
Property, plant and equipment, net	7	659,840	539,037
Mining properties, net	8	2,140,586	2,240,056
Ore on leach pad, non-current portion	2	12,683	14,391
Restricted assets		27,892	26,546
Receivables, non-current portion		31,910	37,534
Debt issuance costs, net		4,798	3,544
Deferred tax assets	11	897	2,355
Other		13,729	4,536
TOTAL ASSETS		$ 3,125,013	$ 3,054,035
LIABILITIES AND SHAREHOLDERS EQUITY			
CURRENT LIABILITIES			
Accounts payable		$ 57,395	$ 77,003
Accrued liabilities and other		38,811	33,517
Accrued income taxes		21,818	11,783
Accrued payroll and related benefits		14,432	9,815
Accrued interest payable		521	1,744
Current portion of capital leases and other debt obligations	9	67,653	15,403
Current portion of royalty obligation	9	46,417	34,672
Current portion of reclamation and mine closure	10	2,708	4,671
		249,755	188,608
NON-CURRENT LIABILITIES			
Long-term debt and capital lease obligations	9	146,821	185,397

Non-current portion of royalty obligation	9	160,367	128,107
Reclamation and mine closure	10	25,647	35,241
Deferred income taxes	11	480,954	516,678
Other long-term liabilities		15,623	6,799
		829,412	872,222
COMMITMENTS AND CONTINGENCIES (Notes 9, 10, 12, 14, 15, 16 and 18)			
SHAREHOLDERS EQUITY			
Common Stock, par value $0.01 per share; authorized 150,000,000 shares, 89,311,920 issued at September 30, 2010 and 80,310,347 issued at December 31, 2009		893	803
Additional paid-in capital		2,578,043	2,444,262
Accumulated deficit		(533,254)	(451,865)
Accumulated other comprehensive income		164	5
		2,045,846	1,993,205
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		$ 3,125,013	$ 3,054,035

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

Table of Contents

COEUR D ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(In thousands, except per share data)			
Sales of metal	$ 118,564	$ 90,305	$ 307,871	$ 201,531
Production costs applicable to sales	(60,402)	(59,693)	(170,795)	(133,263)
Depreciation, depletion and amortization	(37,801)	(27,591)	(95,503)	(54,282)
Gross profit	20,361	3,021	41,573	13,986
COSTS AND EXPENSES				
Administrative and general	5,963	4,780	19,758	17,933
Exploration	3,840	2,362	9,521	8,632
Pre-development	82		814	
Total cost and expenses	9,885	7,142	30,093	26,565
OPERATING INCOME (LOSS)	10,476	(4,121)	11,480	(12,579)
OTHER INCOME AND EXPENSE				
Gain (loss) on debt extinguishments	(806)	(2,947)	(12,714)	35,430
Fair value adjustments, net	(19,107)	(35,718)	(65,881)	(49,269)
Interest and other income	(638)	(1,245)	(2,725)	822
Interest expense, net of capitalized interest	(9,951)	(6,088)	(21,402)	(12,047)
Total other income and expense	(30,502)	(45,998)	(102,722)	(25,064)
Loss from continuing operations before income taxes	(20,026)	(50,119)	(91,242)	(37,643)
Income tax benefit (provision)	(3,233)	13,428	17,977	17,067
Loss from continuing operations	(23,259)	(36,691)	(73,265)	(20,576)
Loss from discontinued operations, net of income taxes	(251)	(3,003)	(6,029)	(1,451)
Gain (loss) on sale of discontinued operations, net of income taxes	882	22,411	(2,095)	22,411
NET INCOME (LOSS)	(22,628)	(17,283)	(81,389)	384
Other comprehensive income, net of income taxes	164		159	
COMPREHENSIVE INCOME (LOSS)	$ (22,464)	$ (17,283)	$ (81,230)	$ 384
BASIC AND DILUTED INCOME PER SHARE				
Basic income per share:				
Loss from continuing operations	$ (0.26)	$ (0.48)	$ (0.85)	$ (0.29)
Income (loss) from discontinued operations	0.01	0.25	(0.09)	0.30

Net income (loss)	$	(0.25)	$	(0.23)	$	(0.94)	$	0.01
Diluted income per share:								
Loss from continuing operations	$	(0.26)	$	(0.48)	$	(0.85)	$	(0.29)
Income (loss) from discontinued operations		0.01		0.25		(0.09)		0.30
Net income (loss)	$	(0.25)	$	(0.23)	$	(0.94)	$	0.01
Weighted average number of shares of common stock								
Basic		89,236		76,133		86,489		69,163
Diluted		89,236		76,133		86,489		69,163

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

4

Table of Contents

COEUR D ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
Nine Months Ended September 30, 2010
(In thousands)
Unaudited

	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Accumulated (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2009	80,310	$ 803	$ 2,444,262	$ (451,865)	$ 5	$ 1,993,205
Net loss				(81,389)		(81,389)
Common stock issued for payment of principal, interest and financing fees on 6.5% Senior Secured Notes	1,357	13	19,994			20,007
Common stock issued to extinguish 3.25% and 1.25% debt	7,639	77	113,357			113,434
Common stock issued under long- term incentive plans, net	6		430			430
Unrealized gain on marketable securities					159	159
Balances at September 30, 2010	89,312	$ 893	$ 2,578,043	$ (533,254)	$ 164	$ 2,045,846

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

5

Table of Contents

COEUR D ALENE MINES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$ (22,628)	$ (17,283)	$ (81,389)	$ 384
Add (deduct) non-cash items				
Depreciation, depletion and amortization	37,913	28,647	97,697	59,086
Amortiztation of debt discount	537	4	537	504
Accretion of royalty obligation	4,778	5,227	14,407	9,086
Deferred income taxes	(7,879)	(24,175)	(34,109)	(29,896)
Loss (gain) on debt extinguishment	806	2,947	12,714	(35,430)
Fair value adjustments, net	17,436	33,255	64,159	45,820
Loss (gain) on foreign currency transactions	2,144	223	3,966	(185)
Share-based compensation	1,960	1,885	3,969	4,542
Loss (gain) from discontinued operations and other assets	(970)	(32,212)	1,835	(32,291)
Other non-cash charges	629	454	702	687
Changes in operating assets and liabilities:				
Receivables and other current assets	(4,511)	1,855	(12,136)	(7,145)
Inventories	(22,980)	(10,547)	(27,888)	(23,733)
Accounts payable and accrued liabilities	5,704	38,658	(8,298)	55,594
CASH PROVIDED BY OPERATING ACTIVITIES	12,939	28,938	36,166	47,023
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(15)	(6,525)	(672)	(15,104)
Proceeds from sales of investments	12,477	11,237	13,134	31,247
Capital expenditures	(36,783)	(54,370)	(129,439)	(174,849)
Proceeds from sale of discontinued operations and other assets	5,902	55,053	5,977	56,877
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(18,419)	5,395	(111,000)	(101,829)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from sale of gold production royalty				75,000
Payments on gold production royalty	(11,302)	(6,112)	(29,836)	(7,218)
Proceeds from issuance of floating rate and senior term notes			100,000	20,368
Proceeds from gold lease facility	11,915		16,432	2,874
Payments on gold lease facility			(17,101)	(1,627)
Proceeds from bank borrowings	10,755		45,565	

Payments on senior secured notes	(9,139)		(13,306)	
Repayment of credit facility, long-term debt and capital leases	(10,035)	(7,268)	(22,931)	(22,137)
Payments of common stock and debt issuance costs	(22)	(18)	(2,202)	(122)
Proceeds from sale-leaseback transactions			4,853	12,511
Additions to restricted assets associated with the Kensington Term Facility	(297)		(1,880)	
Other	210		250	
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES:	(7,915)	(13,398)	79,844	79,649
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,395)	20,935	5,010	24,843
Cash and cash equivalents at beginning of period	41,187	24,668	22,782	20,760
Cash and cash equivalents at end of period	$ 27,792	$ 45,603	$ 27,792	$ 45,603

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

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 BASIS OF PRESENTATION

These consolidated financial statements have been prepared under United States Generally Accepted Accounting Principles (U.S. GAAP) for interim financial information, the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report of Coeur d Alene Mines Corporation (Coeur or the Company) on Form 10-K for the year ended December 31, 2009.

Effective July 1, 2009, the Company sold its interest in silver contained at the Broken Hill mine. On August 9, 2010, the Company closed the sale of its 100% interest in the Cerro Bayo mine. Consequently, for all of the periods presented, income (loss) from Cerro Bayo and Broken Hill have been presented within discontinued operations in the consolidated statements of operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the wholly-owned subsidiaries of the Company, the most significant of which are Empresa Minera Manquiri S.A., Coeur Mexicana, S.A. de C.V., Coeur Rochester, Inc., Coeur Alaska, Inc., Coeur Argentina, S.R.L. and CDE Australia Pty Ltd. Intercompany balances and transactions have been eliminated in consolidation.

Recently Adopted Accounting Pronouncements: In January 2010, Accounting Standards Code (ASC) guidance for fair value measurements and disclosure was updated to require additional disclosures related to transfers in and out of level 1 and 2 fair value measurements and enhanced detail in the reconciliation. The guidance was amended to clarify the level of disaggregation required for assets and liabilities and the disclosures required for inputs and valuation techniques used to measure the fair value of assets and liability that fall in either level 2 or level 3. The updated guidance was effective for the Company s fiscal year beginning January 1, 2010, with the exception of the level 3 disaggregation which is effective for the Company s fiscal year beginning January 1, 2011. The update had no effect on the Company s consolidated financial position, results of operations or cash flows. Refer to Note 3 for further details regarding the Company s assets and liabilities measured at fair value.

Revenue Recognition: Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, no obligations remain and collection is probable. The passing of title to the customer is based on the terms of the sales contract. Product pricing is determined when revenue is recognized by reference to active and freely traded commodity markets, for example the London Bullion Market for both gold and silver, in an identical form to the product sold.

Under our concentrate sales contracts with certain third-party smelters, final gold and silver prices are set on a specified future quotational period, typically one to three months, after the shipment date based on market metal prices. Revenues and production costs applicable to sales are recorded on a gross basis under these contracts at the time title passes to the buyer based on the forward price for the expected settlement period. The contracts, in general, provide for provisional payment based upon provisional assays and quoted metal prices. Final settlement is based on the average applicable price for a specified future period and generally occurs from three to six months after shipment. Final sales are settled using smelter weights settlement assays (average of assays exchanged or umpire assay results) and are priced as specified in the smelter contract. The Company s provisionally priced sales contain an embedded derivative that is required to

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates measured at the forward price at the time of sale. The embedded derivative does not qualify for hedge accounting. The embedded derivative is recorded as a derivative asset in Prepaid expenses and other or as a derivative liability in Accrued liabilities and other on the consolidated balance sheets and is adjusted to fair value through revenue each period until the date of final gold and silver settlement. The form of the material being sold, after deduction for smelting and refining, is identical to that sold on the London Bullion Market. The form of the product is metal in flotation concentrate, which is the final process for which the Company is responsible. Revenue includes the sales of by-product gold from the Company s silver mining operations.

The effects of forward sales contracts are reflected in revenue at the date the related precious metals are delivered or the contracts expire. Third party smelting and refining costs of $2.1 million and $5.4 million, respectively, for the three and nine months ended September 30, 2010, and $1.9 million and $5.2 million, respectively, for the three and nine months ended September 30, 2009, were recorded as a reduction of revenue.

At September 30, 2010, the Company had outstanding provisionally priced sales of $25.0 million, consisting of 0.8 million ounces of silver and 8,219 ounces of gold, which had a fair value of $26.7 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $8,000; and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $8,200. At December 31, 2009, the Company had outstanding provisionally priced sales of $19.1 million consisting of 1.0 million ounces of silver and 1,227 ounces of gold, which had a fair value of approximately $19.1 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately $10,000 and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately $1,200.

<u>Ore on Leach Pad:</u> The heap leach process is a process of extracting silver and gold by placing ore on an impermeable pad and applying a diluted cyanide solution that dissolves a portion of the contained silver and gold, which are then recovered in metallurgical processes. In August 2007, the Company ceased mining and crushing operations at the Rochester mine as ore reserves were determined to have been fully mined at then-current market prices. Residual heap leach activities are expected to continue through 2014.

The Company used several integrated steps to scientifically measure the metal content of ore placed on the leach pads. As the ore body was drilled in preparation for the blasting process, samples were taken of the drill residue which was assayed to determine estimated quantities of contained metal. The Company estimated the quantity of ore by utilizing global positioning satellite survey techniques. The Company then processed the ore through crushing facilities where the output was again weighed and sampled for assaying. A metallurgical reconciliation with the data collected from the mining operation was completed with appropriate adjustments made to previous estimates. The crushed ore was then transported to the leach pad for application of the leaching solution. As the leach solution is collected from the leach pads, it is continuously sampled for assaying. The quantity of leach solution is measured by flow meters throughout the leaching and precipitation process. After precipitation, the product is converted to doré, which is the final product produced by the mine. The inventory is stated at lower of cost or market, with cost being determined using a weighted average cost method.

The Company reported ore on leach pad of $20.1 million as of September 30, 2010. Of this amount, $7.4 million was reported as a current asset and $12.7 million was reported as a non-current asset. The distinction between current and non-current assets is based upon the expected length of time necessary for the leaching process to remove the metals from the broken ore. The historical cost of metals contained within the broken ore that are expected to be extracted within twelve months is classified as a current asset and the historical cost of metals contained within the broken ore that are expected to be extracted beyond twelve months is classified as a non-current asset. Inventories of ore on leach pad are valued based on actual production costs incurred to produce and place ore on the leach pad, adjusted for effects on monthly production of costs of abnormal production levels, less costs allocated to minerals recovered through the leach process.

The estimate of both the ultimate recovery expected over time and the quantity of metal that may be extracted relative to the time the leach process occurs requires the use of estimates which are inherently inaccurate since they rely upon laboratory test work. Test work uses 60-day leach columns to project metal recoveries up to five years in the future. The quantities of metal contained in the ore are estimated based upon actual weights and assay analysis. The rate at which the leach process extracts gold and silver from the crushed ore is estimated based upon laboratory column tests and actual experience over approximately twenty years of leach pad operations at the Rochester mine. The assumptions used by the Company to measure metal content during each stage of the inventory conversion process includes estimated recovery rates based on laboratory testing and assaying. The Company periodically reviews its estimates compared to actual experience and revises its estimates when appropriate. During the first quarter of 2010, the Company increased its estimated silver ounces contained in the heap inventory by 1.2 million ounces. The increase in estimated silver ounces contained in the heap inventory is due to changes in estimated recoveries anticipated for the remainder of the residual leach phase. There were no significant changes in estimates related to gold contained in the heap. Consequently, the Company expects its current residual heap leach activities to continue through 2014. The ultimate recovery will not be known until leaching operations cease.

Metal and Other Inventory: Inventories include concentrate ore, doré, ore in stockpiles and operating materials and supplies. The classification of inventory is determined by the ore s stage in the production process. To the extent there are work-in-process inventories at the Endeavor mine, such amounts are carried as inventories. Inventories of ore in stockpiles are sampled for gold and silver content and are valued based on the lower of actual costs incurred or estimated net realizable value based upon the period ending prices of gold and silver. Material that does not contain a minimum quantity of gold and silver to cover the estimated processing expense of recovering the contained gold and silver is not classified as inventory and is assigned no value. All inventories are stated at the lower of cost or market value, with cost being determined using a weighted average cost method. Concentrate and doré inventories include product at the mine site and product held by refineries and are also valued at lower of cost or market value. Concentrate inventories associated with the Endeavor mine are held by third parties. Metal inventory costs include direct labor, materials, depreciation, depletion and amortization, as well as administrative overhead costs relating to mining activities.

Property, Plant, and Equipment: Expenditures for new facilities, assets acquired pursuant to capital leases, new assets and expenditures that extend the useful lives of existing facilities are capitalized and depreciated using the straight-line method at rates sufficient to depreciate such costs over the shorter of the estimated productive lives of such facilities or the useful lives of the individual assets. Productive lives range from 7 to 31 years for buildings and improvements, 3 to 13 years for machinery and equipment and 3 to 7 years for furniture and fixtures. Certain mining equipment is depreciated using the units of production method based upon estimated total proven and probable reserves. Maintenance and repairs are expensed as incurred.

Operational Mining Properties and Mine Development: Capitalization of mine development costs that meet the definition of an asset begins once all operating permits have been secured, mineralization has been classified as proven and probable reserves and a final feasibility study has been completed. Mine development costs include engineering and metallurgical studies, drilling and other related costs to delineate an ore body, the removal of overburden to initially expose an ore body at open pit surface mines and the building of access ways, shafts, lateral access, drifts, ramps and other infrastructure at underground mines. Costs incurred during the start-up phase of a mine are expensed as incurred. Costs incurred before mineralization is classified as proven and probable reserves are expensed and classified as Exploration or Pre-development expenses. All capitalized costs are amortized using the units of production method over the estimated life of the ore body based on recoverable ounces to be mined from proven and probable reserves. Interest expense allocable to the

cost of developing mining properties and to construct new facilities is capitalized until assets are ready for their intended use. Gains or losses from sales or retirements of assets are included in other income or expense.

Drilling and related costs incurred at operating mines are expensed as incurred as Exploration expenses, unless the Company can conclude with a high degree of confidence, prior to the commencement of a drilling program, that the drilling costs will result in the conversion of mineralized material into proven and probable reserves. The Company s assessment is based on the following factors: results from previous drill programs; results from geological models; results from a mine scoping study confirming economic viability of the resource; and preliminary estimates of mine inventory, ore grade, cash flow and mine life. In addition, the Company must satisfy all permitting and contractual requirements necessary to have the right to, and control of, the future benefit from the targeted ore body. The costs of a drilling program that meet these criteria are capitalized as mine development costs. All other drilling and related costs, including those beyond the boundaries of the development and production-stage properties, are expensed as incurred.

Drilling and related costs of approximately $1.2 million and $3.3 million, for the three and nine months ending September 30, 2010, respectively, and $0.2 million and $0.6 million, for the three and nine months ended September 30, 2009, respectively, met the criteria for capitalization at properties that are in the development and production stages.

The costs of removing overburden and waste materials to access the ore body at an open pit mine prior to the production phase are referred to as pre-stripping costs. Pre-stripping costs are capitalized during the development of an open pit mine. Stripping costs incurred during the production phase of a mine are variable production costs that are included as a component of inventory to be recognized in production costs applicable to sales in the same period as the revenue from the sale of inventory.

Mineral Interests: Significant payments related to the acquisition of the land and mineral rights are capitalized as incurred. Prior to acquiring such land or mineral rights, the Company generally makes a preliminary evaluation to determine that the property has significant potential to develop a profitable ore body. The time between initial acquisition and full evaluation of a property s potential is variable and is determined by many factors, including location relative to existing infrastructure, the property s stage of development, geological controls and metal prices. If a mineable ore body is discovered, such costs are amortized when production begins using the units of production method based on ounces expected to be mined from proven and probable reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. The Company amortizes its mineral interest in the Endeavor mine using the units of production method.

Asset Impairment: Management reviews and evaluates long-lived assets for impairment when events and changes in circumstances indicate that the related carrying amounts of its assets may not be recoverable. Impairment is considered to exist if total estimated future cash flows or probability-weighted cash flows on an undiscounted basis are less than the carrying amount of the assets, including property, plant and equipment, mineral property, development property, and any deferred costs. An impairment loss is measured and recorded based on the difference between book value and estimated fair value determined using appropriate valuation techniques.. Future cash flows include estimates of recoverable ounces, gold and silver prices (considering current and historical prices, price trends and related factors), production levels and capital, all based on life-of-mine plans and projections. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Any differences between these assumptions and actual market conditions or the Company s actual operating performance could have a material effect on the Company s determination of ore reserves or its ability to recover the carrying amounts of its long-lived assets resulting in impairment charges. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. Generally, in estimating future cash flows, all assets are grouped at a particular mine for which there are identifiable cash flows.

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

Restricted Assets: The Company, under the terms of its credit facility lease, self insurance, and bonding agreements with certain banks, lending institutions and regulatory agencies, is required to collateralize certain portions of its obligations. The Company has collateralized these obligations by assigning certificates of deposit that have maturity dates ranging from three months to a year, to the respective institutions or agencies. The ultimate timing of the release of the collateralized amounts is dependent on the timing and closure of each mine and repayment of the facility. In order to release the collateral, the Company must seek approval from certain government agencies responsible for monitoring the mine closure status. Collateral could also be released to the extent the Company is able to secure alternative financial assurance satisfactory to the regulatory agencies. The Company believes there is a reasonable probability that the collateral will remain in place beyond a twelve-month period and has therefore classified these investments as long-term. Under the terms of the Company s Kensington Term Facility, the Company is required to reserve cash for three months of debt service costs. At September 30, 2010 and December 31, 2009, the Company held certificates of deposit and cash under these agreements of $27.9 million and $26.5 million, respectively, restricted for these purposes. In addition, at December 31, 2009, the Company held certificates of deposit totaling $2.3 million, that were pledged to support letters of credit under the Gold Lease facility. These amounts were included in prepaids and other.

Reclamation and Mine Closure Costs: The Company recognizes obligations associated with the retirement of tangible long-lived assets. These obligations result from the acquisition, construction, development and normal use of the asset. The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. An accretion cost, representing the increase over time in the present value of the liability, is recorded each period in depreciation, depletion and amortization expense. As reclamation work is performed or liabilities are otherwise settled, the recorded amount of the liability is reduced.

Future remediation costs for inactive mines are accrued based on management s best estimate at the end of each period of the undiscounted costs expected to be incurred at the site. Such cost estimates include, where applicable, ongoing care and maintenance and monitoring costs. Changes in estimates are reflected in earnings in the period an estimate is revised.

Foreign Currency: The assets and liabilities of the Company s foreign subsidiaries are measured using U.S. dollars. All monetary assets and liabilities are remeasured at current exchange rates and resulting adjustments are included in other income and expenses. Revenues and expenses in foreign currencies are remeasured at the average exchange rate for the period. Foreign currency transaction gains and losses are included in the determination of net income (loss).

Derivative Financial Instruments: The Company recognizes all derivatives as either assets or liabilities on the balance sheet and measures them at fair value. Appropriate accounting for changes in the fair value of derivatives held depends on whether the derivative instrument is designated and qualifies as an accounting hedge and on the classification of the hedge transaction.

Fair Value: The Company defines fair value, establishes a framework for measuring fair value and provides disclosures about fair value measurement in accordance with U.S. GAAP. Refer to Note 3 for further details regarding the Company s assets and liabilities measured at fair value.

Stock-based Compensation Plans: The Company estimates the fair value of stock options and stock appreciation rights (SARs) award using the Black-Scholes option pricing model. The Company estimates the fair value of performance share and performance unit grants using a Monte Carlo simulation valuation model. The Company estimates forfeitures of stock-based awards based on historical data and periodically adjusts the forfeiture rate. The adjustment of the forfeiture rate is recorded as a cumulative adjustment in the period the forfeiture estimate is changed. Compensation costs related to stock based payments are included in administrative and general

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

expenses, production costs applicable to sales and the cost of self-constructed property, plant and equipment as deemed appropriate.

Income Taxes: The Company uses an asset and liability approach which results in the recognition of deferred tax liabilities and assets for the expected future tax consequences or benefits of temporary differences between the financial reporting basis and the tax basis of assets and liabilities, as well as operating loss and tax credit carryforwards, using enacted tax rates in effect for the years in which the differences are expected to reverse.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. A valuation allowance has been provided for the portion of the Company s net deferred tax assets for which it is more likely than not that such deferred tax assets will not be realized.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 1999. Federal income tax returns for 2000 through 2009 are subject to examination. The Company s continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. There were no significant interest or penalties accrued at September 30, 2010.

Comprehensive Income (Loss): Comprehensive income (loss) includes net income (loss) as well as changes in shareholders equity that result from transactions and events other than those with shareholders. Items of comprehensive income (loss) include the following (in thousands):

	Three Months Ended September 30, 2010		**Nine Months Ended September 30, 2010**	
	2010	**2009**	**2010**	**2009**
Net income (loss)	$ (22,628)	$ (17,283)	$ (81,389)	$ 384
Unrealized gains on marketable securities	164		159	
Comprehensive income (loss)	$ (22,464)	$ (17,283)	$ (81,230)	$ 384

Net Income (Loss) Per Share: Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during each period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

For the three and nine months ended September 30, 2010, 4,414,625 shares, of common stock equivalents related to convertible debt and 500,138 equity based awards have not been included in the diluted per share calculation as the Company has recorded a net loss from continuing operations for the period. The options outstanding at September 30, 2010 expire between 2010 and 2019. For the three and nine months ended September 30, 2009, 1,199,099 and 1,799,291 common stock equivalents, respectively, related to convertible debt and 663,365 options were not included in the computation of diluted per share calculations as the Company had recorded a net loss from continuing operations for the period. Potentially dilutive shares issuable upon conversion of the 3.25% Convertible Senior Notes were not included in the computation of diluted EPS for the three and nine months ended September 30, 2010 and 2009 because there is no excess conversion value over the principal amount of the notes.

Debt Issuance Costs: Costs associated with the issuance of debt are included in other noncurrent assets and are amortized over the expected term of the related debt using the effective interest method.

Use of Estimates: The preparation of the Company s consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in their consolidated financial statements and accompanying notes. The areas requiring significant management

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

estimates and assumptions relate to: recoverable ounces from proven and probable reserves that are the basis of future cash flow estimates and units-of-production depreciation and amortization calculations; useful lives utilized for depreciation, depletion and amortization; estimates of future cash flows for long-lived assets; estimates of recoverable gold and silver ounces in ore on leach pad; amount and timing of reclamation and remediation costs; valuation allowance for deferred tax assets; and other employee benefit liabilities.

Reclassifications: Certain reclassifications of prior year balances have been made to conform to the current year presentation. The most significant reclassifications were to reclassify the Broken Hill and Cerro Bayo statements of operations from historical presentation to income (loss) from discontinued operations in the consolidated statements of operations for all periods presented. In addition, certain immaterial reclassifications related to the payment of the Franco-Nevada royalty obligation and the gold lease facility amounting to $6.0 million were reclassified from operating activities to financing activities in the consolidated statement of cash flows for the nine months ended September 30, 2009.

NOTE 3 FAIR VALUE MEASUREMENTS

The Company follows U.S. GAAP related to fair value measurements of financial assets and financial liabilities. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting principles establish a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company s financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

	Fair Value at September 30, 2010			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 11	$	$ 11	$
Marketable equity securities	5,031	5,031		
Short term certificates of deposit restricted	2,965		2,965	
Other derivative instruments, net	2,188		2,188	
Gold forward contract	1,238		1,238	
Put and call options	3,029		3,029	
Silver ounce receivable from Mandalay	2,706		2,706	
	$ 17,168	$ 5,031	$ 12,137	$
Liabilities:				
Gold lease facility	$ 32,626	$	$ 32,626	$
Royalty obligation embedded derivative	124,855		124,855	
Put and call options	10,688		10,688	
	$ 168,169	$	$ 168,169	$

	Fair Value at December 31, 2009			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Restricted certificates of deposits	$ 5,440	$	$ 5,440	$
Other derivative instruments, net	1,379		1,379	
Franco-Nevada warrant	6,339		6,339	
Put and call options	9,115		9,115	
	$ 22,273	$	$ 22,273	$
Liabilities:				
Gold lease facility	$ 28,506	$	$ 28,506	$
Royalty obligation embedded derivative	78,013		78,013	
Put and call options	9,958		9,958	
	$ 116,477	$	$ 116,477	$

NOTE 4 DISCONTINUED OPERATIONS

In August 2010, the Company closed the sale of its 100% interest in Compañía Minera Cerro Bayo (Minera Cerro Bayo) to Mandalay Resources Corporation (Mandalay). Under the terms of the agreement, Coeur received the following from Mandalay in exchange for all of the outstanding shares of Minera Cerro Bayo; (i) $6,029,000 in cash;

(ii) 17,857,143 common shares of Mandalay; (iii) 125,000 ounces of silver to be delivered in six equal quarterly installments commencing in the third quarter of 2011 with a fair value of $2.3 million; (iv) a 2.0% Net Smelter Royalty (NSR) on production from Minera Cerro Bayo in excess of a cumulative 50,000 ounces of gold and 5,000,000 ounces of silver with a fair value of $5.4 million and (v) retained value added taxes of $3.5 million. As part of the transaction, Mandalay also will pay the next $6,000,000 of reclamation costs associated with Minera Cerro Bayo s nearby Furioso property. Any reclamation costs above that amount will be shared equally by Mandalay and Coeur. As a result of the sale, the Company realized a loss on the sale of approximately $2.1 million, net of income taxes.

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

Effective July 1, 2009, the Company sold to Perilya Broken Hill Ltd. its 100% interest in the silver contained at the Broken Hill mine for $55.0 million in cash. Coeur originally purchased this interest from Perilya Broken Hill, Ltd. in September 2005 for $36.9 million. As a result of this transaction, the Company realized a gain on the sale of approximately $25.5 million, net of income taxes in 2009.

The following table details selected financial information included in the income from discontinued operations for the three and nine months ended September 30, 2010 and 2009 (in thousands):

	Three months ended September 30, 2010			Three months ended September 30, 2009		
	Cerro Bayo Mine	Broken Hill Mine	Total	Cerro Bayo Mine	Broken Hill Mine	Total
Sales of metals	$	$	$	$ 42	$ 63	$ 105
Productions costs applicable to sales					49	49
Depreciation and depletion	(112)		(112)	(1,055)	51	(1,004)
Care and maintenance expense	(472)		(472)	(2,092)		(2,092)
Other operating expenses	(3)		(3)	(460)		(460)
Interest and other income	336		336			
Income tax benefit (expense)				569	(170)	399
Gain on sale of discontinued operations, net of taxes	882		882		22,411	22,411
Income (loss) from discontinued operations	$ 631	$	$ 631	$ (2,996)	$ 22,404	$ 19,408

	Nine months ended Septmeber 30, 2010			Nine months ended September 30, 2009		
	Cerro Bayo Mine	Broken Hill Mine	Total	Cerro Bayo Mine	Broken Hill Mine	Total
Sales of metals	$	$	$	$ 1,673	$ 10,420	$ 12,093
Productions costs applicable to sales				(1,211)	(1,650)	(2,861)
Depreciation and depletion	(2,194)		(2,194)	(3,184)	(1,568)	(4,752)
Care and maintenance expense	(2,350)		(2,350)	(5,986)		(5,986)
Other operating expenses	(19)		(19)			
Interest and other income	(145)		(145)	1,011		1,011
Income tax benefit (expense)	(1,321)		(1,321)	1,205	(2,161)	(956)
	(2,095)		(2,095)		22,411	22,411

Gain (loss) on sale of discontinued operations, net of taxes						
Income (loss) from discontinued operations	$(8,124)	$	$(8,124)	$(6,492)	$27,452	$20,960

NOTE 5 INVESTMENTS AND OTHER MARKETABLE SECURITIES

The Company classifies its short-term investments as available-for-sale securities. The securities are measured at fair market value in the financial statements with unrealized gains or losses recorded in other comprehensive income. At the time securities are sold or otherwise disposed of, gains or losses are included in net income. There were no short-term investments on hand as of December 31, 2009. The following is a summary of available-for-sale securities as of September 30, 2010 (in thousands):

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

		Available-For-Sale Securities		
		Gross Unrealized	Gross Unrealized	Estimated Fair
	Cost	Losses	Gains	Value
Equity securities	$ 4,867	$	$ 164	$ 5,031
	$ 4,867	$	$ 164	$ 5,031

NOTE 6 METAL AND OTHER INVENTORIES

Inventories consist of the following (in thousands):

	September 30, 2010	December 31, 2009
Concentrate and doré inventory	$ 66,866	$ 39,487
Supplies	29,359	28,225
Metal and other inventory	$ 96,225	$ 67,712

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (in thousands):

	September 30, 2010	December 31, 2009
Land	$ 713	$ 1,133
Building improvements	500,778	384,107
Machinery and equipment	240,254	227,524
Capitalized leases for machinery, equipment and buildings	63,240	55,652
	804,985	668,416
Accumulated depreciation and amortization	(145,145)	(129,379)
	$ 659,840	$ 539,037

NOTE 8 MINING PROPERTIES

September 30, 2010 (In thousands)	**Palmarejo**	**Rochester**	**San Bartolomé**	**Martha**	**Endeavor**	**Kensington**	**Other**	**Total**
Operational mining properties:	$ 126,487	$ 97,435	$ 67,328	$ 10,000	$	$ 312,363	$	$ 613,613
Accumulated depletion	(17,694)	(97,435)	(8,911)	(9,983)		(3,186)		(137,209)
	108,793		58,417	17		309,177		476,404

Mineral interest (A)	1,657,188		26,643		44,033			1,727,864
Accumulated depletion	(53,970)		(3,518)		(6,337)			(63,825)
	1,603,218		23,125		37,696			1,664,039
Non-producing and developmental properties(B)							143	143
Total mining properties	$ 1,712,011	$	$ 81,542	$ 17	$ 37,696	$ 309,177	$ 143	$ 2,140,586

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

December 31, 2009 (In thousands)	**Palmarejo**	**Rochester**	**San Bartolomé**	**Martha**	**Endeavor**	**Kensington**	**Cerro Bayo**	**Other**	**Total**
Operational mining properties:	$ 113,167	$ 97,435	$ 67,327	$ 10,000	$	$	$ 43,554	$	$ 331,483
Accumulated depletion	(7,232)	(97,435)	(5,793)	(8,968)			(25,679)		(145,107)
	105,935		61,534	1,032			17,875		186,376
Mineral interest[A]	1,657,188		26,642		44,033				1,727,863
Accumulated depletion	(24,171)		(2,284)		(4,897)				(31,352)
	1,633,017		24,358		39,136				1,696,511
Non-producing and developmental properties[B]						357,027		142	357,169
Total mining properties	$ 1,738,952	$	$ 85,892	$ 1,032	$ 39,136	$ 357,027	$ 17,875	$ 142	$ 2,240,056

(A) Balance represents acquisition cost of mineral interest

(B) Upon Kensington moving into production in July 2010, a portion of development properties has been reclassified to property, plant and equipment

Operational Mining Properties

Palmarejo Mine: Palmarejo is located in the State of Chihuahua in northern Mexico, and its principal silver and gold properties are collectively referred to as the Palmarejo mine. The Palmarejo mine commenced commercial production in April 2009.

San Bartolomé Mine: The San Bartolomé mine is a surface silver mine located near the city of Potosi, Bolivia. The mineral rights for the San Bartolomé mine are held through long-term joint venture/lease agreements with several local independent mining co-operatives and the Bolivian state-owned mining company, (Comibol). The Company commenced commercial production in June 2008.

Rochester Mine: The Company has conducted operations at the Rochester mine, located in Western Nevada, since September 1986. The mine utilizes the heap-leaching process to extract both silver and gold from ore mined using open pit methods. Rochester s primary product is silver with gold produced as a by-product. The Company is working towards a potential restart of active mining at the Rochester Mine. In furtherance of that, the company has completed a feasibility study and in October 2010, received a key permitting decision record for the Bureau of Land Management to support the resumption of active mining operations.

Kensington Mine: The Kensington mine is an underground gold mine located outside of Juneau, Alaska. Commercial production commenced on July 3, 2010. The mine is accessed by a horizontal tunnel and utilizes conventional and mechanized underground mining methods.

Martha Mine: The Martha mine is an underground silver and gold mine located in Argentina. Coeur acquired a 100% interest in the Martha mine in April 2002. In July 2002, Coeur commenced shipment of ore from the Martha mine to the Cerro Bayo facility for processing. In December 2007, the Company completed a 240 tonne per day flotation mill, which produces a flotation concentrate.

Mineral Interests

Endeavor Mine: The Endeavor mine is an underground silver and base metal operation located in North Central New South Wales, Australia. On May 23, 2005, CDE Australia Pty Ltd (CDE Australia), a wholly-owned subsidiary of Coeur, acquired all of the silver production and reserves, up to a maximum 17.7 million payable ounces, contained at the Endeavor mine in Australia, which is owned and operated by Cobar Operations Pty. Limited (Cobar), a wholly-owned subsidiary of CBH Resources Ltd. (CBH), for $44.0 million, including transaction fees. Under the terms of the original agreement, CDE Australia paid Cobar $15.4 million of cash at the closing. In addition, CDE Australia agreed to pay Cobar approximately $26.5

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

million upon the receipt of a report confirming that the reserves at the Endeavor mine are equal to or greater than the reported ore reserves for 2004. In addition to these upfront payments, CDE Australia originally committed to pay Cobar an operating cost contribution of $1.00 for each ounce of payable silver plus a further increment when the silver price exceeds $5.23 per ounce. This further increment was to have begun on the second anniversary of this agreement and is 50% of the amount by which the silver price exceeds $5.23 per ounce. A cost contribution of $0.25 per ounce is also payable by CDE Australia in respect of new ounces of proven and probable silver reserves as they are developed. During the first quarter of 2007, $2.1 million was paid for additional ounces of proven and probable silver reserves under the terms of the contract. This amount was capitalized as a cost of the mineral interest acquired and is being amortized using the units of production method.

On March 28, 2006, CDE Australia reached an agreement with CBH to modify the terms of the original silver purchase agreement. Under the modified terms, CDE Australia owns all silver production and reserves up to a total of 20.0 million payable ounces, up from 17.7 million payable ounces in the original agreement. The silver price-sharing provision was deferred until the later of such time as CDE Australia had received approximately 2 million cumulative ounces of silver from the mine or June 2007. In addition, the silver price-sharing threshold increased to $7.00 per ounce from the previous level of $5.23 per ounce. The conditions relating to the second payment were also modified and tied to certain paste fill plant performance criteria and mill throughput tests. In January 2008, the mine met the criteria for payment of the additional $26.2 million. This amount was paid on April 1, 2008, plus accrued interest at the rate of 7.5% per annum from January 24, 2008. During late November 2008, the mine exceeded the 2.0 million cumulative ounce thresholds and therefore, CDE Australia has since been subject to the silver price sharing provision. CDE Australia has received approximately 2.9 million payable ounces to-date and the current ore reserve contains approximately 9.8 million payable ounces based on current metallurgical recovery and current smelter contract terms. Expansion of the ore reserve will be required to achieve the maximum payable ounces of silver production as set forth in the modified contract. It is expected that future expansion to the ore reserve will occur as a result of the conversion of portions of the property s existing inventory of mineralized material and future exploration discoveries. CBH conducts regular exploration to discover new mineralization and to define reserves from surface and underground drilling platforms.

NOTE 9 LONG-TERM DEBT AND ROYALTY OBLIGATION

	September 30, 2010		**December 31, 2009**	
	Current	**Non-Current**	**Current**	**Non-Current**
3.25% Convertible Senior Notes due March 2028	$	$ 42,669	$	$ 125,323
1.25% Convertible Senior Notes due January 2024	1,859			22,232
Senior Term Notes due December 31, 2012	33,333	41,667		
Capital lease obligations	13,564	20,785	11,102	19,204
Kensington Term Facility	8,645	37,459		15,464
Bank loans	10,252	4,241	4,301	3,174
	$ 67,653	$ 146,821	$ 15,403	$ 185,397

3.25% Convertible Senior Notes due 2028

As of September 30, 2010, the outstanding balance of the 3.25% Convertible Senior Notes was $48.7 million, or $42.7 million net of debt discount. The notes are unsecured and bear interest at a rate of 3.25% per year, payable on March 15 and September 15 of each year. The notes mature on March 15, 2028, unless earlier converted, redeemed or repurchased by the Company.

Each holder of the notes may require that the Company repurchase some or all of such holder s notes on March 15, 2013, March 15, 2015, March 15, 2018 and March 15, 2023 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, in cash, shares of common stock or a combination of cash and shares of common stock, at the Company s election. Holders also have the right, following certain fundamental change transactions, to require the Company to repurchase all or any part of the notes for cash at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest. The Company may redeem the notes for cash in whole or in part at any time on or after March 22, 2015 at 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest.

The notes provide for net share settlement of any conversions. Pursuant to this feature, upon conversion of the notes, the Company (1) will pay the note holder an amount in cash equal to the lesser of the conversion obligation or the principal amount of the notes and (2) will settle any excess of the conversion obligation above the notes principal amount in the Company s common stock, cash or a combination thereof, at the Company s election.

The notes are convertible under certain circumstances, as defined in the indenture agreement, at the holder s option, at an initial conversion rate of 17.60254 shares of the Company s common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $56.81 per share, subject to adjustment in certain circumstances.

During the nine months ended September 30, 2010, $99.7 million of the 3.25% Convertible Notes due 2028 were repurchased in exchange for 6.5 million shares of the Company s common stock. The Company recognized a loss on the repurchase of $8.6 million in Gain (loss) on debt extinguishments. There were no repurchases or exchanges in the third quarter of 2010.

The fair value of the notes outstanding, as determined by market transactions at September 30, 2010 and December 31, 2009, was $46.2 million and $131.3 million, respectively. The carrying value of the equity component at September 30, 2010 and December 31, 2009 was $10.9 million and $33.4 million, respectively.

For the three and nine months ended September 30, 2010, interest expense was $0.4 million and $2.0 million, respectively, and accretion of the debt discount was $0.5 million and $2.5 million, respectively. The debt discount remaining at September 30, 2010 was $6.0 million which will be amortized through March 15, 2013. The effective interest rate on the notes was 8.9%, as a result of adopting the new accounting standard.

During the three and nine months ended September 30, 2009, interest expense was $1.2 million and $4.6 million, respectively, and accretion of the debt discount was $1.5 million and $5.6 million, respectively.

1.25% Convertible Senior Notes due 2024

As of September 30, 2010, the Company had outstanding $1.9 million of its 1.25% Convertible Senior Notes due 2024. The remaining notes are convertible into shares of common stock at the option of the holder on each of January 15, 2011, January 15, 2014, and January 15, 2019, unless previously redeemed, at an initial conversion price of $76.00 per share, subject to adjustment in certain circumstances.

The Company is required to make semi-annual interest payments on January 15 and July 15 of each year. The notes are redeemable at the option of the Company before January 18, 2011, if the closing price of the Company s common stock over a specified number of trading days exceeds 150% of the conversion price, and anytime after January 18, 2011. Before January 18, 2011, the redemption price is equal to 100% of the principal amount of the notes, plus an amount equal to 8.75% of the principal amount of the notes, less the amount of any interest actually paid on the notes on or prior to the redemption date. The notes are due on January 15, 2024.

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

Each holder of the notes may require that the Company repurchase some or all of the holder s notes on January 15, 2011, January 15, 2014 and January 15, 2019 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, in cash, shares of common stock or a combination of cash and shares of common stock, at the Company s election. Holders will also have the right, following certain fundamental change transactions, to require the Company to repurchase all or any part of their notes for cash at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest.

During the nine months ended September 30, 2010, $20.4 million of the 1.25% convertible senior notes due 2024 were repurchased in exchange for 1.2 million shares of the Company s common stock which reduced the principal amount of the notes to $1.9 million as of September 30, 2010. The Company recognized a loss on the repurchase of $1.7 million in Gain (loss) on debt extinguishments. There were no repurchases or exchanges in the third quarter of 2010.

The fair value of the notes outstanding, as determined by market transactions on September 30, 2010 and December 31, 2009, was $1.8 million and $22.8 million, respectively.

Interest on the notes for the three and nine months ended September 30, 2010 was insignificant. Interest on the notes for the three and nine months ended September 30, 2009 was $0.3 million and $1.3 million, respectively.

Senior Term Notes due December 31, 2012

On February 5, 2010 the Company completed the sale of $100 million of Senior Term Notes due in quarterly payments through December 31, 2012. In conjunction with the sale of these notes, the Company also issued 297,455 shares of its common stock valued at $4.2 million as financing costs. The principal of the notes is payable in twelve equal quarterly installments, with the first such installment paid on March 31, 2010. The Company has the option of paying amounts due on the notes in cash, shares of common stock or a combination of cash and shares of common stock. The stated interest rate on the notes is 6.5%, but the payments for principal and interest due on any payment date will be computed to give effect to recent share prices, valuing the shares of common stock at 90% of a weighted average share price over a pricing period ending shortly before the payment date. The Company elected to pay the September 30, 2010 payment all in cash. For the three and nine months ended September 30, 2010, the Company paid $8.3 million and $25.0 million, respectively, in principal and $1.4 million and $3.9 million, respectively, in interest. For the nine months ended September 30, 2010 the Company issued 1,060,413 shares of its common stock in connection with the quarterly payments. The effective interest rate for the nine months ended September 30, 2010 was approximately 10.5%, which includes losses of $0.8 million and $2.4 million, for the three and nine months ended September 30, 2010, respectively, in connection with the quarterly debt payments. The loss is recorded in Gain (loss) on debt extinguishments.

Kensington Term Facility

On October 27, 2009 the Company entered into a term facility with Credit Suisse under which Credit Suisse agreed to provide Coeur Alaska, a wholly-owned subsidiary of Coeur, a $45 million, five-year term facility to fund the remaining construction at the Kensington gold mine in Alaska. The Company began drawing down the facility during the fourth quarter of 2009. Beginning February 2012, Coeur Alaska will repay the loan in 16 equal quarterly payments with interest based on a margin over the three-month LIBOR rate. The facility is secured by the mineral rights and infrastructure at Kensington as well as a pledge of the shares of Coeur Alaska owned by Coeur. Coeur has guaranteed the payment of all amounts owed by Coeur Alaska to Credit Suisse under the Kensington facility.

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

As of September 30, 2010, the Company had $46.1 million outstanding under the Kensington facility bearing interest at 5.3% (three month LIBOR rate plus 5% margin). The Company is subject to a tangible net worth covenant, and Coeur Alaska is subject to the following covenants: (i) borrower tangible net worth; (ii) debt to equity ratio; (iii) debt service coverage ratio; and (iv) maximum production cost. Events of default under the Kensington term facility include (i) cross-default of other indebtedness; (ii) material adverse event; (iii) loss of or failure to obtain applicable permits; and (iv) failure to achieve final completion date.

As a condition of the Kensington term facility with Credit Suisse noted above, the Company agreed to enter into a gold hedging program which protects a minimum of 125,000 ounces of gold production over the life of the facility against the risk associated with fluctuations in the market price of gold. This program took the form of a series of zero cost collars which consist of a floor price and a ceiling price of gold. The required collars of 125,000 ounces of gold were entered into in November and December 2009. The collars mature quarterly beginning September 2010 and conclude in December 2014. Collars protecting 122,500 ounces of gold were outstanding at September 30, 2010. The weighted average put feature of each collar is $862.50 per ounce and the weighted average call feature of each collar is $1,688.50 per ounce.

Bank Loans

On March 3, 2010, the Company s wholly owned Mexican subsidiary, Coeur Mexicana, S.A. de C.V. (Coeur Mexicana) entered into three bank loans in the aggregate amount of approximately $5.2 million with Fideicomiso de Fomento Minero (FIFOMI). These loans are to fund working capital requirements guaranteed by the Company and are secured by certain machinery and equipment. The bank loans bear interest at 13.45% and mature after 36 to 60 months. As of September 30, 2010, Coeur Mexicana had drawn $5.2 million on the three loans.

On July 15, 2009, to fund equipment purchases, Coeur Mexicana entered into an equipment financing agreement bearing interest at 8.26% with Atlas Copco. This agreement is secured by certain machinery and equipment. Twenty-four monthly installments will be made on the loans with the final payment being made on January 31, 2012. As of September 30, 2010, the outstanding balance was $1.7 million.

Empresa Minera Manquiri borrowed $2.5 million pursuant to short-term bank loans from Banco de Crédito de Bolivia bearing interest at rates ranging from 4.5% to 5.25% to fund working capital requirements. The short-term borrowings are expected to mature and renew every 60 days.

On September 1, 2010, Empresa Minera Manquiri borrowed $0.5 million pursuant to a short-term bank loan from Bisa bearing interest at 4% to fund working capital requirements. The short-term loan matures on February 23, 2011.

On November 27, 2009, Empresa Minera Manquiri borrowed $5.0 million pursuant to a bank loan from Banco Bisa bearing an interest rate of 6.5% to fund working capital requirements. As of September 30, 2010, the outstanding balance was $2.9 million. The bank loan matures on November 17, 2011.

On July 6, 2010, the Company entered into a short-term financing agreement with AFCO Credit Corporation for $2.4 million bearing interest at 2.9% to finance insurance premiums. Installments of $0.2 million are paid monthly with the final payment to be made on June 1, 2011. As of September 30, 2010 the outstanding balance was $1.8 million.

Palmarejo Gold Production Royalty Obligation

On January 21, 2009, the Company s wholly owned subsidiary, Coeur Mexicana SA de CV, entered into a gold production royalty transaction with Franco-Nevada Corporation under which

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

Franco-Nevada purchased a royalty covering 50% of the life of mine gold to be produced from its Palmarejo silver and gold mine in Mexico. Coeur Mexicana received total consideration of $78.0 million consisting of $75.0 million in cash plus a warrant to acquire Franco-Nevada Common Shares (the Franco-Nevada warrant), which was valued at $3 million at closing of the Franco-Nevada transaction. On September 19, 2010, the warrant was exercised and the related shares were sold for $10.0 million.

The royalty agreement provides for a minimum obligation to be paid in monthly payments over a total of 400,000 ounces of gold, or 4,167 ounces per month over an initial eight year period. Each monthly payment is an amount equal to the greater of the minimum of 4,167 ounces of gold or 50% of actual gold production per month multiplied by the excess of the monthly average market price of gold above $400 per ounce (which $400 floor is subject to a 1% annual inflation compounding adjustment beginning on January 21, 2013). As of September 30, 2010, payments had been made on a total of 70,764 ounces of gold with further payments to be made on an additional 329,236 ounces of gold. After payments have been made on a total of 400,000 ounces of gold, the royalty obligation is payable in the amount of 50% of actual gold production per month multiplied by the excess of the monthly average market price of gold above $400 per ounce, adjusted as described above. Payments under the royalty agreement are to be made in cash or gold bullion. During the three and nine months ended September 30, 2010, the Company paid $11.3 million and $29.8 million, respectively, in royalty payments to Franco-Nevada Corporation. Payments made during the minimum obligation period will result in a reduction to the remaining minimum obligation. Payments made beyond the minimum obligation period will be recognized as other cash operating expenses and result in an increase to Coeur Mexicana s reported cash cost per ounce of silver.

The Company used an implicit interest rate of 27.7% to discount the original obligation, based on the fair value of the consideration received projected over the expected future cash flows at inception of the obligation. The discounted obligation is accreted to its expected future value over the expected minimum payment period based on the implicit interest rate. The Company recognized accretion expense for the three and nine months ended September 30, 2010, of $5.4 million and $15.4 million, respectively, and $5.2 million and $13.9 million for the three and nine months ended September 30, 2009, respectively. As of September 30, 2010 and December 31, 2009, the remaining minimum obligation under the royalty agreement was $81.9 million and $84.8 million, respectively.

The price volatility associated with the minimum royalty obligation is considered an embedded derivative under U.S. GAAP. Fluctuations in the market price of gold since inception of the agreement have resulted in the recognition of additional fair value adjustments and resulted in higher payments to date. Please see Note 14, Derivative Financial Instruments and Fair Value of Financial Instruments, Palmarejo Gold Production Royalty, for further discussion of the embedded derivative feature of the royalty agreement.

Capitalized Interest

The Company capitalizes interest incurred on its various debt instruments as a cost of properties under development. For the three and nine months ended September 30, 2010 the Company capitalized interest of $0.7 million and $9.1 million, respectively. For the three and nine months ended September 30, 2009, the Company capitalized interest of $3.2 million and $19.1 million, respectively.

NOTE 10 RECLAMATION AND MINE CLOSURE

Reclamation and mine closure costs are based principally on legal and regulatory requirements. Management estimates costs associated with reclamation of mining properties as well as remediation costs for inactive properties. The Company uses assumptions about future costs, mineral prices, mineral processing recovery rates, production levels, capital costs and reclamation costs. Such assumptions are based on the Company s current mining plan and the best available information for making such estimates. On an ongoing basis, management evaluates its estimates and assumptions; however, actual amounts could differ from those based on such estimates and assumptions.

Changes to the Company s asset retirement obligations are as follows (in thousands):

	Three Months Ended September 30,	Nine Months Ended September 30,

	2010	2009	2010	2009
Asset retirement obligation beginning	$ 26,255	$ 35,792	$ 25,112	$ 34,662
Accretion	590	809	1,729	2,399
Addition and changes in estimates		2,972	18	2,972
Settlements	(13)	(203)	(27)	(663)
Asset retirement obligation September	$ 26,832	$ 39,370	$ 26,832	$ 39,370

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

In addition, the Company has accrued $1.5 million and $1.7 million as of September 30, 2010 and December 31, 2009, respectively, for reclamation liabilities related to former mining activities. These amounts are also included in reclamation and mine closure liabilities.

NOTE 11 INCOME TAXES

For the three and nine months ended September 30, 2010, the Company reported an income tax benefit (provision) of approximately $(3.2) million and $18.0 million, respectively, compared to an income tax benefit of $13.4 million and $17.1 million for the three and nine months ended September 30, 2009, respectively. The following table summarizes the components of the Company s income tax provision from continuing operations for the three and nine months ended September 30, 2010 and 2009 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	**2009**	**2010**	**2009**
Current:				
United States Alternative minimum tax	$ (3)	$ (1,533)	$ (3)	$ (1,772)
United States Foreign withholding	(490)	(479)	(1,605)	(1,317)
Argentina	(3,505)	(2,912)	(5,646)	(4,244)
Australia	(82)	427	(139)	1,245
Mexico	(40)	(17)	(123)	(66)
Canada				(53)
Bolivia	(6,973)	(1,931)	(9,863)	(5,088)
Deferred:				
United States	1,918	7,708	23,911	10,074
Australia	228	75	(354)	(22)
Mexico	5,201	10,031	12,897	21,727
Bolivia	513	2,059	(1,098)	(3,417)
Income tax benefit (provision) from continuing operations	$ (3,233)	$ 13,428	$ 17,977	$ 17,067

The income tax benefit (provision) for the three and nine months ended September 30, 2010 and 2009 varies from the statutory rate primarily because of differences in tax rates for the Company s foreign operations and changes in valuation allowances for net deferred tax assets, permanent differences and foreign exchange rate differences. For the nine months ended September 30, 2010, the Company has recorded a tax provision adjustment of $2.1 million related to prior periods. The Company has U.S. net operating loss carryforwards which expire in 2010 through 2025. Net operating losses in foreign countries have an indefinite carryforward period, except in Mexico where net operating loss carryforwards are limited to ten years.

NOTE 12 SHARE-BASED COMPENSATION PLANS

The Company has an annual incentive plan and a long-term incentive plan. The Company s shareholders approved the Amended and Restated 2003 Long-Term Incentive Plan of Coeur d Alene Mines Corporation at the 2010 annual shareholders meeting. Total employee compensation charged to operations and capital projects under these plans was $2.7 million and $2.6 million for the three months ended September 30, 2010 and 2009, respectively, and $6.4 million and $6.9 million for the nine months ended September 30, 2010 and 2009, respectively.

Stock options and stock appreciation rights (SARs) granted under the Company s incentive plans vest over three years and are exercisable over a period not to exceed ten years from the grant date. The exercise price of the stock options and SARs is equal to the greater of the par value of the shares or the fair market value of the shares on the date of the grant. The value of each stock option or SAR award is estimated

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

on the date of grant using the Black-Scholes option pricing model. Stock options granted are accounted for as equity-based awards and SARs are accounted for as liability-based awards. The value of the SARs are remeasured at each reporting date. SARs, when vested, provide the participant the right to receive cash equal to the excess of the market price of the common shares over the exercise price when exercised.

Restricted stock and restricted stock units (RSUs) granted under the Company s incentive plans are accounted for based on the market value of the underlying shares on the date of grant and vest in equal installments annually over three years. Restricted stock awards are accounted for as equity-based awards and restricted stock unit awards are accounted for as liability-based awards. The values of the RSUs are remeasured at each reporting date. Holders of the restricted stock are entitled to vote the shares and to receive any dividends declared on the shares. RSUs are settled in cash based on the number of vested RSUs multiplied by the current market price of the common shares when vested.

Performance shares and performance units granted under the Company s incentive plans are accounted for at fair value. Performance share awards are accounted for as equity-based awards and performance units are accounted for as liability-based awards. Performance shares and performance units are valued using a Monte Carlo simulation valuation model on the date of grant. The value of the performance units is remeasured at each reporting date. Vesting is contingent on meeting certain market conditions based on relative total shareholder return. The performance shares and units vest at the end of a three-year service period if the market conditions are met and the employee remains an employee of the Company. The existence of a market condition requires recognition of compensation cost for the performance share awards over the requisite period regardless of whether the market condition is ever satisfied. Performance units are cash-based awards and are settled in cash based on the current market price of the common shares when vested.

The compensation expense recognized in the Company s consolidated financial statements for the three months ended September 30, 2010 and 2009 for stock based compensation awards was $2.0 million and $1.9 million, respectively, and $4.0 million and $4.5 million for the nine months ended September 30, 2010 and 2009, respectively. The SARs, RSUs and performance units are liability-based awards and are required to be remeasured at the end of each reporting period with corresponding adjustments to previously recognized and future stock-based compensation expense. As of September 30, 2010, there was $3.1 million of total unrecognized compensation cost (net of estimated forfeitures) related to unvested stock options, SARs, restricted stock, RSUs, performance shares and performance units which is expected to be recognized over a weighted-average remaining vesting period of 1.7 years.

The following table sets forth the weighted average fair value of stock options on the date of grant and the weighted average fair value of the SARs at September 30, 2010. Options to purchase 4,089 shares were granted during the three months ended September 30, 2010. The assumptions used to estimate the fair value of the stock options and SARs using the Black-Scholes option valuation model are as follows:

	Date of Grant			**As of September 30,**	
	Stock Options 2010	**SARs 2010**	**SARs and Stock Options 2009**	**SARs 2010**	**SARs 2009**
Weighted average fair value of stock options granted and SARs outstanding	$9.96	$10.19	$3.90	$13.91	$15.58
Expected volatility	73.0%	73.7%	70.8%	76.3%	74.9%
Expected life	6.0 years	6.0 years	6.0 years	5.0 years	5.3 years
Risk-free interest rate	2.0%	2.7%	2.1%	1.3%	2.3%
Expected dividend yield					

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

The expected volatility is determined using historical volatilities based on historical stock prices. The Company estimated the expected life of the options and SARs granted using the midpoint between the vesting date and the original contractual term. The risk free rate was determined using the yield available on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life of the option or SAR. The Company has not paid dividends on its common stock since 1996.

The following table summarizes stock option and SAR activity for the nine months ended September 30, 2010:

	Stock Options		SARs	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2009	392,678	$ 23.48	112,471	$ 10.00
Granted	4,089	15.30	151,287	15.40
Exercised	(25,257)	9.88	(16,639)	10.00
Cancelled/forfeited	(36,823)	23.31	(16,556)	11.17
Outstanding at September 30, 2010	334,687	$ 24.43	230,563	$ 13.46

Options to purchase 229,157 shares were exercisable at September 30, 2010 at a weighted average exercise price of $29.39. SARs for the purchase of 20,855 shares were exercisable at September 30, 2010 at a weighted average exercise price of $10.00.

As of September 30, 2010, there was $0.9 million of unrecognized compensation cost related to non-vested stock options and SARs to be recognized over a weighted average period of 1.4 years.

The following table summarizes restricted stock and RSU activity for the nine months ended September 30, 2010:

	Restricted Stock		Restricted Stock Units	
	Numbers of Shares	Weighted Average Grant Date Fair Value	Number of Units	Weighted Average Fair Value
Outstanding at December 31, 2009	134,389	$ 15.95	67,485	$ 18.06
Granted	2,363	15.30	91,378	15.40
Vested	(57,926)	21.90	(22,500)	15.24
Cancelled/forfeited	(14,203)	12.43	(9,947)	15.76
Outstanding at September 30, 2010	64,623	$ 11.37	126,416	$ 19.92

As of September 30, 2010, there was $0.8 million of total unrecognized compensation cost related to restricted stock and restricted stock unit awards to be recognized over a weighted-average period of 1.5 years.

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

The following table summarizes performance shares and performance unit activity for the nine months ended September 30, 2010:

	Performance Shares		Performance Units	
	Numbers of Shares	Weighted Average Grant Date Fair Value	Number of Units	Weighted Average Fair Value
Outstanding at December 31, 2009	136,298	$ 16.59	67,485	$ 27.53
Granted	2,363	18.65	91,378	19.94
Cancelled/forfeited	(37,833)	17.53	(13,840)	20.12
Outstanding at September 30, 2010	100,828	$ 16.29	145,023	$ 25.19

As of September 30, 2010, there was $1.4 million of total unrecognized compensation cost related to performance shares and performance units to be recognized over a weighted average period of 2.0 years.

NOTE 13 DEFINED CONTRIBUTION AND 401(k)

Defined Contribution Plan

The Company provides a noncontributory defined contribution retirement plan for all eligible U.S. employees. Total contributions, which are based on a percentage of the salary of eligible employees, were $0.3 million and $0.1 million for the three months ended September 30, 2010 and 2009, respectively, and $0.7 million and $0.5 million for the nine months ended September 30, 2010 and 2009, respectively.

401(k) Plan

The Company maintains a retirement savings plan (which qualifies under Section 401(k) of the U.S. Internal Revenue Code) covering all eligible U.S. employees. Under the plan, employees may elect to contribute up to 100% of their cash compensation, subject to ERISA limitations. The Company adopted a Safe Harbor Tiered Match and is required to make matching contributions equal to 100% of the employee s contribution up to 3% of the employee s compensation plus matching contributions equal to 50% of the employee s contribution up to an additional 2% of the employee s compensation. Total plan expenses recognized in the Company s consolidated financial statements for the three months ended September 30, 2010 and 2009 were $0.2 million and $0.1 million, respectively. Total plan expenses for the nine months ended September 30, 2010 and 2009 were $0.6 million and $0.4 million, respectively.

NOTE 14 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Palmarejo Gold Production Royalty

On January 21, 2009, the Company entered into the gold production royalty transaction with Franco-Nevada Corporation described in Note 9, Long-Term Debt and Royalty Obligation, Palmarejo Gold Production Royalty Obligation. The minimum royalty obligation ends when payments have been made on a total of 400,000 ounces of gold. As of September 30, 2010, a total of 329,236 ounces of gold remain outstanding under the minimum royalty obligation. The price volatility associated with the minimum royalty obligation is considered an embedded derivative financial instrument under U.S. GAAP. The fair value of the embedded derivative at September 30, 2010 and December 31, 2009 was a liability of $124.9 million and $78.0 million, respectively. The Franco-Nevada warrant was a contingent option to acquire 316,436 common shares of Franco-Nevada for no additional consideration, once the mine satisfied certain completion tests stipulated in the agreement. During the three months ended September 30, 2010, the Company exercised these warrants and received the related shares, which were sold for net proceeds to the Company of $10.0 million. The

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

Franco-Nevada warrant was considered a derivative instrument. The fair value of the warrant at December 31, 2009 was $6.3 million. These derivative instruments are recorded in prepaid expenses and other and current or non-current portion of royalty obligation on the balance sheet and are adjusted to fair value through current earnings. During the three months ended September 30, 2010, mark-to-market adjustments for the embedded derivative and warrant amounted to a loss of $15.2 million and a gain of $1.1 million, respectively and for the same period in 2009, a loss of $31.0 million and a gain of $1.3 million, respectively. During the nine months ended September 30, 2010, mark-to-market adjustments for the embedded derivative amounted to a loss of $46.8 million and a gain of $3.5 million, respectively, and for the same period in 2009, a loss of $49.2 million and a gain of $3.3 million, respectively. For the three and nine months ended September 30, 2010, realized losses on settlement of the liabilities were $4.8 million and $11.6 million respectively. For the three and nine months ended September 30, 2009, realized losses on settlements of liabilities were $0.9 million and $1.0 million, respectively. The mark-to-market adjustments and realized losses are included in Fair value adjustments, net in the consolidated statement of operations.

Forward Foreign Exchange Contracts

The Company periodically enters into forward foreign currency contracts to reduce the foreign exchange risk associated with forecasted Mexican peso (MXP) operating costs at its Palmarejo mine. At September 30, 2010, the Company had MXP foreign exchange contracts of $20.7 million in U.S. dollars. These contracts require the Company to exchange U.S. dollars for MXP at a weighted average exchange rate of 13.07 MXP to each U.S. dollar and had a fair value of $0.4 million at September 30, 2010. The Company recorded mark-to-market gains (losses) of $0.3 million and $(0.04) million for the three months ended September 30, 2010 and 2009, respectively, which is reflected in fair value adjustments, net and $(0.9) million and $(3.3) million for the nine months ended September 30, 2010 and 2009, respectively, which is reflected in the consolidated statement of operations in Fair value adjustments, net. The Company recorded realized gains of $0.4 million and $0.3 million in Production costs applicable to sales during the three months ended September 30, 2010 and 2009, respectively, and $0.9 million and $0.9 million for the nine months ended September 30, 2010 and 2009, respectively.

Gold Lease Facility

On December 12, 2008, the Company entered into a gold lease facility with Mitsubishi International Corporation (MIC). Under the lease facility, the Company received proceeds of $20 million for the sale of 23,529 ounces of gold leased from MIC to the Company.

On July 16, 2010 the Company and MIC entered into an Amendment No. 4 to the Second Amended and Restated Collateral Agreement to increase the availability under the facility. Under the amended agreement, the maximum amount the Company may lease under the facility, aggregated with lease fees, is $49.5 million. In addition, the amended agreement provides for a customary commitment fee. The Company agreed to secure its obligations under the facility with up to $29.7 million of collateral consisting of silver and gold inventory held at a specified refiner. The amendment also required the Company to lease at least an additional 10,000 ounces of gold within 30 days, which occurred on July 23, 2010.

The collateral agreement contains usual and customary covenants and agreements, including limitations on the Company s ability to sell or grant liens in the collateral, as well as covenants as to cooperation, payment of charges and protection of security.

As of September 30, 2010, the Company had 25,029 ounces of gold leased from MIC. The Company has committed to deliver this number of ounces of gold to MIC on scheduled delivery dates in the fourth quarter of 2010. As of September 30, 2010, the Company is required to pledge certain metal inventory held by a refiner as collateral under the facility. The Company accounts for the gold lease facility as a derivative instrument, which is recorded in accrued liabilities and other in the balance sheet.

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

As of September 30, 2010 and December 31, 2009, based on the current futures metals prices for each of the delivery dates and using a 4.7% and 5.7% discount rate, respectively, the fair value of the instrument was a liability of $32.6 million and $28.5 million, respectively. The pre-credit risk adjusted fair value of the net derivative liability as of September 30, 2010 was $32.7 million. A credit risk adjustment of $0.1 million to the fair value of the derivative reduced the reported amount of the net derivative liability on the Company s consolidated balance sheet to $32.6 million. Mark-to market adjustments for the gold lease facility amounted to a loss of $2.1 million and a loss of $2.9 million, respectively, for the three months ended September 30, 2010 and 2009 and $2.8 million and $4.5 million for the nine months ended September 30, 2010 and 2009, respectively. The Company recorded realized losses of nil for the three months ended September 30, 2010 and 2009 and $2.0 million and $0.2 million for the nine months ended September 30, 2010 and 2009, respectively. The mark-to-market adjustments and realized losses are included in Fair value adjustments, net.

Concentrate Sales Contracts

The Company enters into concentrate sales contracts with third-party smelters. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. The provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates at the forward price at the time of sale. The embedded derivative, which is the final settlement price based on a future price, does not qualify for hedge accounting. These embedded derivatives are recorded as derivative assets (in prepaid expenses and other) or derivative liabilities (in accrued liabilities and other) on the balance sheet and are adjusted to fair value through earnings each period until the date of final settlement. At September 30, 2010, the Company had outstanding provisionally priced sales of $25.0 million, consisting of 0.8 million ounces of silver and 8,219 ounces of gold, which had a fair value of $26.7 million including the embedded derivative. At December 31, 2009, the Company had outstanding provisionally priced sales of $19.1 million consisting of 1.0 million ounces of silver and 1,227 ounces of gold, which had a fair value of approximately $19.1 million including the embedded derivative.

Commodity Derivatives

During 2009, the Company purchased silver put options to reduce the risk associated with potential decreases in the market price of silver. The cost of these put options was largely offset by proceeds received from the sale of gold call options. At September 30, 2010, these contracts have expired.

During the nine months ended September 30, 2010, outstanding put options allowing the Company to deliver 5.4 million ounces of silver at an average strike price of $9.21 per ounce expired. The Company recorded realized losses of $0.5 million and $2.1 million for the three and nine months ended September 30, 2010, respectively, included in Fair value adjustments, net.

During the three and nine months ended September 30, 2009, the Company recorded realized gains of $0.4 million and $0.6 million, respectively, included in Fair value adjustments, net.

In connection with the Kensington Term Facility described in Note 9, Long-Term Debt and Royalty Obligation, Kensington Term Facility, at September 30, 2010, the Company had written outstanding call options requiring it to deliver 122,500 ounces of gold at a weighted average strike price of $1,688.50 per ounce if the market price of gold exceeds the strike price. At September 30, 2010, the Company had outstanding put options allowing it to sell 122,500 ounces of gold at a weighted average strike price of $862.50 per ounce if the market price of gold were to fall below the strike price. The contracts will expire over the next five years. As of September 30, 2010, the fair market value of these contracts was a net liability of $7.7 million. During the three months ended September 30, 2010, 2,500 ounces of gold call options at a weighted average strike price of $1,688.50 per ounce expired resulting in a realized gain of $0.2 million and 2,500 ounces of gold put options at a weighted average strike price of $862.50 per ounce expired resulting in a realized loss of $0.2 million.

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

During the third quarter of 2010, the Company purchased a forward gold contract of 10,000 ounces at a fixed price of $1,183.97. The contract expired in October 2010. During the three and nine months ended September 30, 2010, the company recorded an unrealized gain of $1.2 million. As of September 30, 2010, the fair value of this contract was a net asset of $1.2 million.

As of September 30, 2010, the Company had the following derivative instruments that settle in each of the years indicated in the table (in thousands except average rates, ounces and per share data):

	2010	2011	2012	Thereafter
Palmarejo gold production royalty	$ 5,899	$ 24,027	$ 24,865	$ 107,281
Average gold price in excess of minimum contractual deduction	$ 471.90	$ 480.51	$ 497.27	$ 495.01
Notional ounces	12,501	50,004	50,004	216,727
Mexican peso forward purchase contracts	7,500	13,200		
Average rate (MXP/$)	$ 13.54	$ 12.80	$	$
Mexican peso notional amount	101,520	168,976		
Gold lease forward purchase contracts	$ 24,690	$	$	$
Average gold forward price	$ 986.44	$	$	$
Notional ounces	25,029			
Silver ounces received from Mandalay	$	$ 764	$ 1,535	$
Average silver forward price	$	$ 18.33	$ 18.42	$
Notional ounces		41,667	83,333	
Gold forward contracts	$ 11,840	$	$	$
Average gold forward price	$1,183.97	$	$	$
Notional ounces	10,000			
Silver concentrate sales agreements	$ 14,727	$	$	$
Average silver price	$ 19.31	$	$	$
Notional ounces	762,509			
Gold concentrates sales agreements	$ 10,255	$	$	$
Average gold price	$1,247.78	$	$	$
Notional ounces	8,219			
Gold put options purchased	$ 180	$ 3,240	$ 2,880	$ 2,520
Average gold strike price	$ 862.50	$ 862.50	$ 862.50	$ 862.50
Notional ounces	2,500	45,000	40,000	35,000
Gold call options sold	$ 180	$ 3,240	$ 2,880	$ 2,520
Average gold strike price	$1,688.50	$1,688.50	$1,688.50	$1,688.50
Notional ounces	2,500	45,000	40,000	35,000

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

The following summarizes the classification of the fair value of the derivative instruments as of September 30, 2010 and December 31, 2009 (in thousands):

	As of September 30, 2010					
	Prepaid expenses and other	Other non-current assets	Accrued liabilities and other	Other long-term liabilities	Current portion of royalty obligation	Non-current portion of royalty obligation
Gold lease facility	$	$	$ 32,626	$	$	$
Gold forward contract	1,238					
Silver ounces receivable from Mandalay Resources	452	2,254				
Forward foreign exchange contracts	613		191			
Palmarejo gold production royalty					23,021	101,834
Put and call options, net			774	6,885		
Concentrate sales contracts	1,767		1			
	$ 4,070	$ 2,254	$ 33,592	$ 6,885	$ 23,021	$ 101,834

	As of December 31, 2009			
	Prepaid expenses and other	Accrued liabilities and other	Current portion of royalty obligation	Non-current portion of royalty obligation
Gold lease facility	$	$ 28,506	$	$
Forward foreign exchange contracts	1,490	155		
Palmarejo gold production royalty			12,174	65,839
Franco-Nevada warrant	6,339			
Put and call options, net	121	964		
Concentrate sales contracts	624	580		
	$ 8,574	$ 30,205	$ 12,174	$ 65,839

The following represent mark-to-market gains (losses) on derivative instruments for the three and nine months ended September 30, 2010 and 2009 (in thousands):

	Three Months Ended September 30,	Nine Months Ended September 30,

	2010	2009	2010	2009
Gold lease facility	$ (2,079)	$ (2,921)	$ (2,839)	$ (4,504)
Forward foreign exchange contracts	279	(39)	(913)	(3,338)
Forward gold contract	1,238		1,238	
Silver ounces receivable	447		447	
Palmarejo gold royalty	(15,168)	(30,969)	(46,841)	(49,179)
Franco-Nevada warrant	1,118	1,306	3,451	3,254
Put and call options	381	(2,942)	(4,706)	(1,980)
	$ (13,784)	$ (35,565)	$ (50,163)	$ (55,747)

In the three months ended September 30, 2010 and 2009, the Company recorded realized gains (losses) of $(5.3) million, $(0.2) million, respectively, in Fair value adjustments, net and a gain of $0.4 million and

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

$0.3 million, respectively, in production costs applicable to sales related to forward foreign exchange contracts. During the nine months ended September 30, 2010 and 2009, the Company recorded realized gains (losses) of $(15.7) million and $6.5 million in Fair value adjustments, net respectively, and gains of $0.9 million and $0.9 million in production costs applicable to sales related to forward foreign exchange contracts. Included in realized gains of $6.5 million in the nine months ended 2009, is a $6.6 million realized gain related to a senior secured floating note warrant and conversion option.

Credit Risk

The credit risk exposure related to any potential derivative instruments is limited to the unrealized gains, if any, on outstanding contracts based on current market prices. To reduce counter-party credit exposure, the Company deals only with a group of large credit-worthy financial institutions and limits credit exposure to each. The Company does not anticipate non-performance by any of its counterparties. In addition, to allow for situations where positions may need to be revised the Company deals only in markets that it considers highly liquid.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Labor Union Contracts

The Company maintains two labor agreements in South America, consisting of a labor agreement with Associacion Obrera Minera Argentina at its Martha mine in Argentina and with Sindicato de la Empresa Minera Manquiri at its San Bartolomé mine in Bolivia. The agreement at the Martha mine is effective from June 1, 2010 to October 31, 2010. The labor agreement at the San Bartolomé mine, which became effective October 11, 2007, does not have a fixed term. The Company was a party to a labor agreement with Sindicato de Trabajadores de Compañía Minera Cerro Bayo Ltd. At its Cerro Bayo mine in Chile. In connection with the sale of Cerro Bayo which closed on August 9, 2010, our obligation under the agreement at Cerro Bayo terminated. As of September 30, 2010, approximately 19% of the Company s worldwide labor force was covered by collective bargaining agreements.

Termination Benefits

In September 2005, the Company established a one-time termination benefit program at the Rochester mine as the mine approached what at the time was believed to be the end of its anticipated mine life. Employees were required to render service until they were terminated in order to be eligible for benefits. The workforce had been reduced by approximately 85% by the end of 2008, while the remaining employees were expected to stay on for residual leaching and reclamation activities. As of September 30, 2010, the total amount of employee benefits expected to be incurred under this plan is approximately $5.2 million. The Company has paid $3.9 million to employees previously terminated under the program and expects to pay $1.3 million to the remaining employees upon their termination at the end of residual leaching and reclamation activities. The liability is recognized ratably over the minimum future service period. The amounts accrued for the three and nine months ended September 30, 2010 and 2009 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	**2009**	**2010**	**2009**
Beginning balance	$ 752	$ 533	$ 589	$ 445
Accruals	53	16	216	104
Payments				
Ending balance	$ 805	$ 549	$ 805	$ 549

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

The Company does not have a written severance plan for any of its foreign operations including those in Argentina, Bolivia and Mexico. However, laws in these jurisdictions require payment of certain minimum statutory termination benefits. Accordingly, in situations where minimum statutory termination benefits must be paid to the affected employees, the Company records employee severance costs in accordance with U.S. GAAP. The Company has accrued obligations for statutory termination benefits in these locations of approximately $4.2 million as of September 30, 2010.

Kensington Production Royalty

On July 7, 1995, Coeur, through its wholly-owned subsidiary, Coeur Alaska, Inc., acquired from Echo Bay and Echo Bay Alaska, Inc. a 50% ownership interest of Echo Bay Exploration Inc. or Echo Bay, which provides the Company with indirect 100% ownership of the Kensington property. The property is located on the east side of Lynn Canal between Juneau and Haines, Alaska. Coeur Alaska is obligated to pay Echo Bay a scaled net smelter return royalty on 1.0 million ounces of future gold production after Coeur Alaska recoups the $32.5 million purchase price and its construction and development expenditures incurred after July 7, 1995 in connection with placing the property into commercial production. The royalty ranges from 1% at $400 per ounce gold prices to a maximum of 2 1/2% at gold prices above $475 per ounce, with the royalty to be capped at 1.0 million ounces of production.

NOTE 16 SIGNIFICANT CUSTOMERS

The Company markets its refined metal and doré to credit-worthy bullion trading houses, market makers and members of the London Bullion Market Association, industrial companies and sound financial institutions. The refined metals are sold to end users for use in electronic circuitry, jewelry, silverware, and the pharmaceutical and technology industries. The Company has six trading counterparties (Mitsui, Mitsubishi, Standard Bank, Auramet, Valcambi and INTL Commodities) and the sales of metals to these companies amounted to approximately 83% and 81% of total metal sales for the nine months ended September 30, 2010 and 2009, respectively. Generally, the loss of a single bullion trading counterparty would not adversely affect the Company due to the liquidity of the markets and the availability of alternative trading counterparties.

The Company refines and markets its precious metals, doré and concentrates using a geographically diverse group of third party smelters and refiners, including clients located in Mexico, Switzerland, Australia, China and the United States (Peñoles, Valcambi, Nyrstar, China National Gold and Johnson Matthey). Sales of silver concentrates to third-party smelters amounted to approximately 17% and 19% of total metal sales for the nine months ended September 30, 2010 and 2009, respectively. The loss of any one smelting and refining client may have a material adverse effect if alternative smelters and refineries are not available. The Company believes there is sufficient global capacity available to make up for the loss of any smelter.

NOTE 17 SEGMENT REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that are evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company s chief operating decision-making group is comprised of the Chief Executive Officer, the Chief Financial Officer, the Senior Vice President of Operations and the President of South American Operations.

The operating segments are managed separately because each segment represents a distinct use of Company resources and a separate contribution to the Company s cash flows. The Company s reportable operating segments include the Palmarejo, San Bartolomé, Martha, Rochester and Endeavor mining properties. As of August 9, 2010, the Company completed the sale of its 100% interest in Compañía Minera Cerro Bayo and as of July 30, 2009, the Company completed the sale of its interest in the Broken Hill mine (See Note 4). All operating segments are engaged in the discovery or mining of gold and silver and generate the majority of their revenues from the sale of these precious metal concentrates or refined precious metals. The Martha mine

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

sells precious metal concentrates, typically under long-term contracts, to smelters located in Mexico. The Kensington mine sells precious metal concentrates, typically under long-term contracts, to smelters in China. Refined gold and silver produced by the Rochester, Palmarejo and San Bartolomé mines are principally sold on a spot basis to precious metals trading banks, such as Mitsui, Mitsubishi, Standard Bank, Auramet, Valcambi and INTL Commodities. Concentrates produced at the Endeavor mine are sold to Nyrstar (formerly Zinifex), an Australia smelter. The Company s exploration programs are reported in its other segment. The other segment also includes the corporate headquarters, elimination of intersegment transactions and other items necessary to reconcile to consolidated amounts. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies above. The Company evaluates performance and allocates resources based on profit or loss before interest, income taxes, depreciation and amortization, unusual and infrequent items, and extraordinary items.

Revenues from silver sales were $73.3 million and $68.1 million in the three months ended September 30, 2010 and 2009, respectively, and $206.6 million and $164.7 million for the nine months ended September 30, 2010 and 2009, respectively. Revenues from gold sales were $45.3 million and $22.2 million in the three months ended September 30, 2010 and 2009, respectively, and $101.3 million and $36.8 million for the nine months ended September 30, 2010 and 2009, respectively.

Financial information relating to the Company s segments is as follows (in thousands):

Three months ended September 30, 2010	**Palmarejo Mine**	**Rochester Mine**	**San Bartolomé Mine**	**Martha Mine**	**Endeavor Mine**	**Kensington Mine**	**Other**	**Total**
Sales of metals	$ 61,459	$ 5,828	$ 30,009	$ 11,028	$ 1,720	$ 8,520	$	$ 118,564
Productions costs applicable to sales	31,340	2,770	12,902	5,284	685	7,421		60,402
Depreciation and depletion	22,490	445	4,943	2,244	330	7,220	129	37,801
Exploration expense	1,282	123	1	1,437		438	559	3,840
Other operating expenses	1	152				170	5,722	6,045
Interest and other income	381		(244)	(747)		(28)		(638)
Interest expense	(5,558)		(92)	(247)		(899)	(3,155)	(9,951)
Loss on debt extinguishment							(806)	(806)
Fair market adjustments, net	(18,850)					(142)	(115)	(19,107)
Income tax benefit (expense)	5,200		(6,461)	(3,504)		(7)	1,539	(3,233)
Income (loss) from continuing operations	(12,481)	2,338	5,366	(2,435)	705	(7,805)	(8,947)	(23,259)
Loss from discontinued operations, net of income taxes							(251)	(251)
Gain on sale of discontinued							882	882

operations, net of income taxes								
Net income (loss)	$ (12,481)	$ 2,338	$ 5,366	$ (2,435)	$ 705	$ (7,805)	$ (8,316)	$ (22,628)
Segment assets (A)	$ 2,126,953	$ 30,786	$ 276,150	$ 22,130	$ 39,316	$ 499,958	$ 17,646	$ 3,012,939
Capital expenditures (B)	$ 15,809	$ 139	$ 806	$	$	$ 20,022	$ 7	$ 36,783

34

Table of Contents

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

Three months ended September 30, 2009	Palmarejo Mine	Rochester Mine	San Bartolomé Mine	Martha Mine	Endeavor Mine	Kensington Mine	Other	Total
Sales of metals	$ 32,757	$ 9,283	$ 31,533	$ 15,165	$ 1,567	$	$	$ 90,305
Productions costs applicable to sales	23,417	5,366	25,214	5,123	573			$ 59,693
Depreciation and depletion	19,948	464	5,191	1,595	264		129	$ 27,591
Exploration expense	502		15	940		87	818	$ 2,362
Other operating expenses	157	112				(1)	4,512	$ 4,780
Interest and other income	(594)		(349)	(560)		(4)	262	$ (1,245)
Interest expense	(5,637)		(12)	(31)		(2)	(406)	$ (6,088)
Loss on debt extinguishment							(2,947)	$ (2,947)
Fair market adjustments, net	(30,537)						(5,181)	$ (35,718)
Income tax benefit (expense)	(11,868)		128	(2,913)		12	28,069	$ 13,428
Income (loss) from continuing operations	(59,903)	3,341	880	4,003	730	(80)	14,338	$ (36,691)
Loss from discontinued operations net of income taxes							(3,003)	$ (3,003)
Gain on sale of discontinued operations, net of income taxes							22,411	$ 22,411
Net income (loss)	$ (59,903)	$ 3,341	$ 880	$ 4,003	$ 730	$ (80)	$ 33,746	$ (17,283)
Segment assets (A)	$ 2,119,350	$ 34,863	$ 280,038	$ 37,100	$ 40,390	$ 370,053	$ 13,044	$ 2,894,838
Capital expenditures (B)	$ 42,253	$ 5	$ 1,441	$ 334	$	$ 10,041	$ 296	$ 54,370

Nine months ended September 30, 2010	Palmarejo Mine	Rochester Mine	San Bartolomé Mine	Martha Mine	Endeavor Mine	Kensington Mine	Other	Total
Sales of metals	$ 151,907	$ 28,995	$ 75,876	$ 35,235	$ 7,338	$ 8,520	$	$ 307,871
	92,107	14,154	37,645	16,742	2,726	7,421		170,795

Productions costs applicable to sales								
Depreciation and depletion	63,574	1,368	14,152	7,348	1,440	7,220	401	95,503
Exploration expense	3,069	164	1	3,852		680	1,755	9,521
Other operating expenses	352	925				170	19,125	20,572
Interest and other income	642	1	(388)	(3,697)		(28)	745	(2,725)
Interest expense	(16,426)		(255)	(302)		(899)	(3,520)	(21,402)
Loss on debt extinguishment							(12,714)	(12,714)
Fair market adjustments, net	(55,029)					(6,694)	(4,158)	(65,881)
Income tax benefit (expense)	12,897		(10,962)	(5,677)		(7)	21,726	17,977
Income (loss) from continuing operations	(65,111)	12,385	12,473	(2,383)	3,172	(14,599)	(19,202)	(73,265)
Loss from discontinued operations net of income taxes							(6,029)	(6,029)
Loss on sales of discontinued operations, net of taxes							(2,095)	(2,095)
Net income (loss)	$ (65,111)	$ 12,385	$ 12,473	$ (2,383)	$ 3,172	$ (14,599)	$ (27,326)	$ (81,389)
Segment assets (A)	$ 2,126,953	$ 30,786	$ 276,150	$ 22,130	$ 39,316	$ 499,958	$ 17,646	$ 3,012,939
Capital expenditures (B)	$ 43,128	$ 226	$ 2,677	$ 3	$	$ 83,119	$ 286	$ 129,439

35

Coeur d Alene Mines Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited) (Continued)

Nine months ended September 30, 2009	Palmarejo Mine	Rochester Mine	San Bartolomé Mine	Martha Mine	Endeavor Mine	Kensington Project	Other	Total
Sales of metals	$ 47,006	$ 29,146	$ 87,108	$ 34,060	$ 4,211	$	$	$ 201,531
Productions costs applicable to sales	37,087	16,312	62,792	15,682	1,390			$ 133,263
Depreciation and depletion	32,328	1,391	15,138	4,080	945		400	$ 54,282
Exploration expense	4,082		31	2,092		141	2,286	$ 8,632
Other operating expenses	837	569				39	16,488	$ 17,933