

COEUR D ALENE MINES CORP
Form 10-Q
November 02, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934
For the quarterly period ended September 30, 2007

OR

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 1-8641

COEUR D ALENE MINES CORPORATION

(Exact name of registrant as specified in its charter)

Idaho

(State or other jurisdiction of
incorporation or organization)

82-0109423

(I.R.S. Employer Identification No.)

PO Box I,
505 Front Ave.
Coeur d Alene, Idaho

(Address of principal executive offices)

83816

(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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (See definition of accelerated filer and large accelerated filer in Rule 12b-2 under the Exchange Act). Large accelerated filer Accelerated filer Non-accelerated filer

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

Applicable only to corporate issuers: Indicate the number of shares outstanding of each of Issuer's classes of common stock, as of the latest practicable date: Common stock, par value \$1.00, of which 278,765,840 shares were issued and outstanding as of October 31, 2007.

COEUR D ALENE MINES CORPORATION

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

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COEUR D ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2007	December 31, 2006
	(In Thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 170,490	\$ 270,672
Short-term investments	38,300	70,373
Receivables	45,900	43,233
Ore on leach pad	31,354	31,302
Metal and other inventory	15,369	16,341
Deferred tax assets	3,436	3,629
Prepaid expenses and other	16,517	6,047
	<u>321,366</u>	<u>441,597</u>

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

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	September 30, 2007	December 31, 2006
	<u> </u>	<u> </u>
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	193,087	132,315
Less accumulated depreciation	(69,347)	(64,206)
	<u>123,740</u>	<u>68,109</u>
MINING PROPERTIES		
Operational mining properties	138,211	130,447
Less accumulated depletion	(123,077)	(116,361)
	<u>15,134</u>	<u>14,086</u>
Mineral interests	74,526	72,201
Less accumulated depletion	(10,565)	(7,828)
	<u>63,961</u>	<u>64,373</u>
Non-producing and development properties	288,924	190,988
	<u>368,019</u>	<u>269,447</u>
OTHER ASSETS		
Ore on leach pad, non-current portion	30,959	35,367
Restricted cash and cash equivalents	21,946	19,492
Debt issuance costs, net	4,924	5,151
Deferred tax assets	2,564	2,544
Other	15,973	7,919
	<u>76,366</u>	<u>70,473</u>
TOTAL ASSETS	<u>\$ 889,491</u>	<u>\$ 849,626</u>

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

COEUR D ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2007	December 31, 2006
	<u> </u>	<u> </u>
(In thousands except share data)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 37,175	\$ 22,315
Accrued liabilities and other	8,950	11,865
Accrued income taxes	6,161	10,317
Accrued payroll and related benefits	6,867	8,527
Accrued interest payable	469	1,031

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

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	September 30, 2007	December 31, 2006
Current portion of reclamation and mine closure	4,330	4,460
	<u>63,952</u>	<u>58,515</u>
LONG-TERM LIABILITIES		
1 1/4% Convertible Senior Notes due January 2024	180,000	180,000
Reclamation and mine closure	27,715	27,226
Other long-term liabilities	4,336	2,891
	<u>212,051</u>	<u>210,117</u>
COMMITMENTS AND CONTINGENCIES		
(See Notes H, I, J, L, M and N)		
SHAREHOLDERS EQUITY		
Common Stock, par value \$1.00 per share; authorized 500,000,000 shares, issued 279,525,051 and 279,054,344 shares in 2007 and 2006 (1,059,211 shares held in treasury)	279,525	279,054
Additional paid-in capital	779,960	777,798
Accumulated deficit	(433,650)	(463,221)
Shares held in treasury	(13,190)	(13,190)
Accumulated other comprehensive income	843	553
	<u>613,488</u>	<u>580,994</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>\$ 889,491</u>	<u>\$ 849,626</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
REVENUES	(In thousands except per share data)			
Sales of metal	\$ 52,863	\$ 50,606	\$ 155,388	\$ 149,501
COSTS AND EXPENSES				
Production costs applicable to sales	38,231	21,915	85,991	63,602
Depreciation and depletion	3,895	6,536	16,669	19,843
Administrative and general	4,706	4,045	16,590	13,662
Exploration	3,268	2,572	8,699	6,474
Litigation settlement	--	874	507	1,343
	<u>50,100</u>	<u>35,942</u>	<u>128,456</u>	<u>104,924</u>
OTHER INCOME AND EXPENSE				
Interest and other income	3,436	5,619	12,301	12,933

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

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	(79)	(232)	(249)	(1,120)
Interest expense, net of capitalized interest				
Total other income and expense	3,357	5,387	12,052	11,813
Income from continuing operations before income taxes	6,120	20,051	38,984	56,390
Income tax provision	(2,485)	(1,673)	(9,413)	(4,155)
INCOME FROM CONTINUING OPERATIONS	3,635	18,378	29,571	52,235
Income from discontinued operations, net of income taxes	--	--	--	1,969
Gain (loss) on sale of net assets of discontinued operations	--	(27)	--	11,132
NET INCOME	3,635	18,351	29,571	65,336
Other comprehensive income (loss)	(226)	420	290	2,161
COMPREHENSIVE INCOME	\$ 3,409	\$ 18,771	\$ 29,861	\$ 67,497
BASIC AND DILUTED INCOME PER SHARE				
Basic income per share:				
Income from continuing operations	\$ 0.01	\$ 0.07	\$ 0.11	\$ 0.19
Income from discontinued operations	--	--	--	0.05
Net income	\$ 0.01	\$ 0.07	\$ 0.11	\$ 0.24
Diluted income per share:				
Income from continuing operations	\$ 0.01	\$ 0.06	\$ 0.10	\$ 0.18
Income from discontinued operations	--	--	--	0.05
Net income	\$ 0.01	\$ 0.06	\$ 0.10	\$ 0.23
Weighted average number of shares of common stock				
Basic	277,800	277,543	277,747	269,259
Diluted	302,336	302,172	302,249	293,975

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

COEUR D ALENE MINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
REVENUES				
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 3,635	\$ 18,351	\$ 29,571	\$ 65,336
Add (deduct) non-cash items:				
Depreciation and depletion	3,895	6,536	16,669	19,843

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

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	Three Months Ended September 30,		Nine Months Ended September 30,	
Deferred taxes	(469)	(816)	806	(3,947)
Unrealized loss (gain) on embedded derivative, net	(983)	(954)	107	2,247
Share based compensation	910	655	2,516	1,819
Other charges (credits)	162	(268)	(71)	253
Changes in Operating Assets and Liabilities:				
Receivables	(14,781)	282	(8,996)	1,092
Metal and other inventory	10,773	(5,345)	5,328	(14,290)
Prepaid and other current assets	(7,755)	(846)	(10,915)	(1,872)
Accounts payable and accrued liabilities	(936)	3,196	(6,354)	10,832
Discontinued operations	--	27	--	(11,308)
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(5,549)	20,818	28,661	70,005
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(57,325)	(49,021)	(157,029)	(102,505)
Purchases of short-term investments	(26,455)	(32,983)	(77,034)	(257,131)
Proceeds from sales of short-term investments	24,130	298,390	106,392	399,496
Other	(97)	25	330	(409)
Discontinued operations	--	1,081	--	15,446
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(59,747)	217,492	(127,341)	54,897
CASH FLOWS FROM FINANCING ACTIVITIES:				
Retirement of long-term debt and capital leases	(370)	(377)	(1,148)	(1,066)
Proceeds from issuance of common stock	--	--	--	154,560
Payment of public offering costs	--	59	--	(8,329)
Common stock repurchased	(102)	--	(379)	--
Other	26	167	25	93
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(446)	(151)	(1,502)	145,258
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(65,742)	238,159	(100,182)	270,160
Cash and cash equivalents at beginning of period	236,232	86,897	270,672	54,896
Cash and cash equivalents at end of period	\$ 170,490	\$ 325,056	\$ 170,490	\$ 325,056

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

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

NOTE A BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America 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, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. The balance sheet at December 31, 2006 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 Coeur d Alene Mines Corporation (Coeur or the Company) Annual Report on Form 10-K for the

year ending December 31, 2006.

NOTE B 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 Coeur Rochester, Inc., Coeur Alaska, Inc., Compania Minera CDE Cerro Bayo Ltd., Coeur Argentina, CDE Australia Pty Ltd. and Empresa Minera Manquiri S.A. The consolidated financial statements also include all entities in which voting control of more than 50% is held by the Company. The Company has no investments in entities in which it has greater than 50% ownership interest accounted for using the equity method. Intercompany balances and transactions have been eliminated in consolidation. Investments in corporate joint ventures where the Company has ownership of 50% or less and funds its proportionate share of expenses are accounted for under the equity method. The Company has no investments in entities in which it has a greater than 20% ownership interest accounted for using the cost method.

Revenue Recognition: Pursuant to guidance in Staff Accounting Bulletin (SAB) No. 104, Revenue Recognition for Financial Statements , revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, no obligations remain and collectibility is probable. The passing of title to the customer is based on the terms of the sales contract. Product pricing is determined at the point 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 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 are recorded 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 a 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 and/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 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 assets or as a derivative liability in accrued liabilities and other on the balance sheet 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 in an identical form 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.

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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 \$2.2 million and \$2.0 million during the three months ended September 30, 2007 and 2006, respectively, and \$5.9 million and \$6.4 million during the nine months ended September 30, 2007 and 2006, respectively, are recorded as a reduction of revenue.

At September 30, 2007, the Company had outstanding provisionally priced sales of \$62.0 million, consisting of 3.5 million ounces of silver and 24,350 ounces of gold. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately \$34,900; and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately \$24,400. At September 30, 2006, the Company had outstanding provisionally priced sales of \$48.8 million, consisting of 3.3 million ounces of silver and 15,558 ounces of gold. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately \$33,500; and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately \$15,600.

Short-term Investments: Short-term investments principally consist of highly-liquid United States, foreign government and corporate securities and investment-grade auction rate securities, all classified as available-for-sale and reported at fair value with maturities that range from three months to forty years. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive loss as a separate component of shareholders' equity. Any decline in market value considered to be other than temporary is recognized in determining net income/loss. Realized gains and losses from the sale of these investments are included in determining net income/loss. The Company maintains a pledge of collateral agreement to reserve \$1.0 million against the investment portfolio to cover credit exposure related to ACH transactions.

Prior to December 31, 2006, the Company classified its auction rate securities as cash and cash equivalents because the securities were highly liquid and the periods between interest rate resets generally did not exceed 90 days. During the fourth quarter of 2006, the Company determined that, pursuant to SFAS 95, Statement of Cash Flows , its auction securities should not have been classified as cash equivalents because their contractual maturities exceed 90 days. The Company classified its auction rate securities as of December 31, 2006 as short term investments.

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The Company corrected the classification in its cash flow statement for the three and nine months ended September 30, 2006 by reclassifying \$257.5 million and \$130.7 million of auction rate securities from net changes in cash and cash equivalents to net changes from purchases and/or sales of short-term investments. As a result, the following table shows the amounts, as originally presented in the Company's Form 10-Q, for the three and nine months ended September 30, 2006 and the corrected 2006 amounts as presented in its Form 10-Q for the three and nine months ended September 30, 2007. This reclassification had no effect on total current assets, stockholders' equity, net income, net income per share or on cash provided by operating activities.

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	As Previously Reported	Adjustment	Corrected
For the Three Months Ended September 30, 2006			
	(In Thousands)		
Cash and Cash Equivalents	\$ 354,051	\$ (28,995)	\$ 325,056
Net Cash Used in Investing Activities	(40,008)	257,500	217,492
Increase (decrease) in Cash and Cash Equivalents	(19,341)	257,500	238,159
For the Nine Months Ended September 30, 2006			
	(In Thousands)		
Cash and Cash Equivalents	\$ 354,051	\$ (28,995)	\$ 325,056
Net Cash Used in Investing Activities	(75,828)	130,725	54,897
Increase in Cash and Cash Equivalents	139,435	130,725	270,160

Ore on Leach Pad: 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.

The Company uses several integrated steps to scientifically measure the metal content of ore placed on the leach pads. As the ore body is drilled in preparation for the blasting process, samples are taken of the drill residue which is assayed to determine estimated quantities of contained metal. The Company estimates the quantity of ore by utilizing global positioning satellite survey techniques. The Company then processes the ore through crushing facilities where the output is again weighed and sampled for assaying. A metallurgical reconciliation with the data collected from the mining operation is completed with appropriate adjustments made to previous estimates. The crushed ore is 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 dorè, 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 \$62.3 million as of September 30, 2007. Of this amount, \$31.4 million is reported as a current asset and \$30.9 million is reported as a non-current asset. The distinction between current and non-current 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 the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the broken ore that will be extracted beyond twelve months is classified as non-current. 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 testwork. Testwork consists of 60 day leach columns from which the Company projects metal recoveries up to five years in the future. The quantities of metal contained in the ore are based upon actual weights and assay analysis. The rate at which the leach process extracts gold and silver from the crushed ore is based upon laboratory column tests and actual experience occurring 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. The length of time necessary to achieve ultimate recoveries for silver and gold is currently estimated between 5 and 10 years.

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Metal and Other Inventory: Inventories include concentrate ore, dorè, ore in stockpiles and operating materials and supplies. The classification of inventory is determined by the stage at which the ore is in the production process. Inventories of ore in stock piles 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 estimated processing expense to recover 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, with cost being determined using a weighted average cost method. Concentrate and doré inventory includes product at the mine site and product held by refineries and are also valued at lower of cost or market value. 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, capital leases, new assets or 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 estimated productive lives of such facilities or the useful life 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: Costs incurred to develop new properties are capitalized as incurred, where it has been determined that the property can be economically developed. At the Company's surface mines, these costs include costs to further delineate the ore body. At the Company's underground mines, these costs include the cost of building access ways, shaft sinking and access, lateral development, drift development, ramps and infrastructure development. All such 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. Costs incurred during the start-up phase of a mine are expensed as incurred. Ongoing mining expenditures on producing properties are charged against earnings as incurred. Major development expenditures incurred to increase production or extend the life of the mine are capitalized. Mineral exploration costs are expensed as incurred.

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 an economic 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 recoverable ounces 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.

Asset Impairment: The Company follows Statement of Financial Accounting Standard (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, to evaluate the recoverability of its assets. Management reviews and evaluates its 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 discounted estimated future cash flows or the application of an expected present value technique to estimate fair value in the absence of a market price. 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. If the assets are impaired, a calculation of fair value is performed and if the fair value is lower than the carrying value of the assets, the assets are reduced to their fair market value. Any differences between significant assumptions and market conditions and/or the Company's 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 is identifiable cash flow.

Restricted Cash and Cash Equivalents: The Company, under the terms of its lease, self insurance, and bonding agreements with certain banks, lending institutions and regulatory agencies, is required to collateralize certain portions of the Company's 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 agency. At September 30, 2007 and December 31, 2006, the Company held certificates of deposit and cash under these agreements of \$21.9 million and \$19.5 million, respectively, restricted for this purpose. The ultimate timing for the release of the collateralized amounts is primarily dependent on the timing and closure of each mine. 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 was 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.

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Reclamation and Remediation Costs: The Company follows SFAS No. 143, *Accounting for Asset Retirement Obligations*, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and normal use of the asset. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be 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: Substantially all assets and liabilities of foreign subsidiaries are translated at exchange rates in effect at the end of each period. Revenues and expenses are translated at the average exchange rate for the period. Foreign currency transaction gains and losses are included in the determination of net income.

Derivative Financial Instruments: The Company accounts for derivative financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. These Statements require recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of those instruments at fair value. Appropriate accounting for changes in the fair value of derivatives held is dependent on whether the derivative instrument is designated and qualifies as an accounting hedge and on the classification of the hedge transaction.

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For derivative instruments that are designated and qualify as cash flow hedges, the effective portions of changes in fair value of the derivative are recorded in other comprehensive income (loss), and are recognized in the Statement of Consolidated Operations when the hedged item affects net income (loss) for the period. Ineffective portions of changes in the fair value of cash flow hedges and derivative instruments that are not designated as hedges are recognized currently in earnings. Refer to Note I *Derivative Financial Instruments and Fair Value of Financial Instruments*.

Stock-based Compensation Plans: Effective January 1, 2006, the Company began recording compensation expense associated with awards of equity instruments in accordance with SFAS No. 123(R), *Share-Based Payment*. Prior to January 1, 2006, the Company accounted for awards of equity instruments according to the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, and related interpretations, and therefore no related compensation expense was recorded for awards granted with no intrinsic value. The Company adopted the modified prospective transition method provided for under SFAS No. 123(R), and, consequently, has not retroactively adjusted results from prior periods. Under this transition method, compensation cost associated with awards of equity instruments recognized includes: 1) amortization related to the remaining unvested portion of all awards granted for the fiscal years 1995 to 2005, based on the grant date fair value, estimated in accordance with the original provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*; and 2) amortization related to all equity instrument awards granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). The compensation costs are included in administrative and general expenses, production costs applicable to sales and the cost of self-constructed property, plant and equipment as deemed appropriate.

The Company continues to estimate the fair value of each stock option award on the date of grant using the Black-Scholes option valuation model. The Company now estimates forfeitures of stock based awards based on historical data and adjusts the forfeiture rate periodically. The adjustment of the estimated forfeiture rate will result in a cumulative adjustment in the period the forfeiture estimate is changed.

Income Taxes: The Company computes income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. SFAS No. 109 requires 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 in 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 they will not be realized.

Comprehensive Income: Comprehensive income includes net income as well as changes in stockholders' equity that result from transactions and events other than those with stockholders. Items of comprehensive income include the following:

(In Thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	Net income	\$ 3,635	\$ 18,351	\$ 29,571
Unrealized gain (loss) on marketable securities	(65)	(51)	96	71
Change in fair value of cash flow hedges, net of settlements	(161)	471	188	(127)
Minimum pension liability	--	--	--	2,219
Other	--	--	6	(2)
	<u>\$ 3,409</u>	<u>\$ 18,771</u>	<u>\$ 29,861</u>	<u>\$ 67,497</u>

Net Income Per Share: The Company follows SFAS No. 128, Earnings Per Share, which requires the presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing net income 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. The effect of potentially dilutive stock options and convertible senior notes outstanding in the three and nine months ended September 30, 2007 and 2006 are as follows:

(In thousands except for EPS)	Three Months Ended September 30, 2007			Nine Months Ended September 30, 2007		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS						
Net income	\$ 3,635	277,800	\$ 0.01	\$ 29,571	277,747	\$ 0.11
Effect of Dilutive Securities						
Equity awards	--	852	--	--	818	--
1.25% Convertible Notes	74	23,684	--	223	23,684	--
Diluted EPS						
Net income	\$ 3,709	302,336	\$ 0.01	\$ 29,794	302,249	\$ 0.10

(In thousands except for EPS)	Three Months Ended September 30, 2006			Nine Months Ended September 30, 2006		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS						
Net income from continuing operations	\$ 18,378	277,543	\$ 0.07	\$ 52,235	269,259	\$ 0.19
Income (loss) from discontinued operations	(27)	277,543	--	13,101	269,259	0.05
Net income	18,351	277,543	0.07	65,336	269,259	0.24
Effect of Dilutive Securities						
Equity awards	--	945	--	--	1,031	--
1.25% Convertible Notes	209	23,684	--	1,030	23,685	--
Diluted EPS						
Net income from continuing operations	18,587	302,172	0.06	53,265	293,975	0.18

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	Three Months Ended September 30, 2006			Nine Months Ended September 30, 2006		
Income (loss) from discontinued operations	(27)	302,172	--	13,101	293,975	0.05
Net income	\$ 18,560	302,172	\$ 0.06	\$ 66,366	293,975	\$ 0.23

For the three and nine months ended September 30, 2007, options to purchase 1,441,941 shares of common stock at prices between \$3.92 and \$8.94 and options to purchase 995,525 shares of common stock at prices between \$3.99 to \$8.94, respectively, were not included in the computation of diluted EPS because the exercise price of the options was greater than the average market price of the common shares. The options, which expire between 2008 to 2017, are outstanding at September 30, 2007.

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

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Use of Estimates: The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in their consolidated financial statements and accompanying notes. The areas requiring the use of management's 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; the amount and timing of reclamation and remediation costs; valuation allowance for deferred tax assets; and post-employment and other employee benefit liabilities. Actual results could differ from these estimates.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year's presentation. These reclassifications had no impact on the Company's consolidated financial position, results of operations or cash flows for the periods presented. The most significant reclassifications were to reclassify investments in auction rate securities from cash and cash equivalents to short-term investments and corresponding adjustments to the consolidated statements of cash flows for the periods ended September 30, 2006.

Recent Accounting Pronouncements: In February 2007, the FASB issued FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FAS 159). FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with the objective of improving financial reporting by mitigating volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of FAS 159 are effective for the Company's fiscal year ending December 31, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company's consolidated financial position, results of operations and disclosures.

In September 2006, the FASB issued FASB Statement No. 157 "Fair Value Measurements" (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of FAS 157 are effective for the Company's fiscal year ending December 31, 2008. The Company is currently evaluating the impact of the adoption of this statement on the Company's consolidated financial position, results of operations and disclosures.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48) an Interpretation of FASB Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. FIN 48 requires that the Company recognize in its financial statements the impact of a tax position, if that tax position is more likely than not of being sustained on audit, based on the effective technical merits of the position. FIN 48 also provides guidance on derecognition, classification of interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 were adopted beginning January 1, 2007. The adoption of FIN 48 did not have a material effect on the Company's financial position, results of operations or cash flows.

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 2006 are subject to examination. The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. There were no significant accrued interest or penalties at September 30, 2007.

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NOTE C METAL AND OTHER INVENTORIES

Inventories consist of the following:

	September 30, 2007	December 31, 2006
	<u> </u>	<u> </u>
	(in thousands)	
Concentrate and dore inventory	\$ 7,746	\$ 9,680
Supplies	7,623	6,661
	<u> </u>	<u> </u>
Metal and other inventories	\$ 15,369	\$ 16,341
	<u> </u>	<u> </u>

NOTE D DISCONTINUED OPERATIONS

During the first quarter of 2006, the Company committed to a plan to sell Coeur Silver Valley Inc. (CSV), a wholly owned subsidiary of the Company, that owned and operated the Galena underground silver mine and adjoining properties in Northern Idaho. On April 10, 2006, the Company announced that it had entered into an agreement to sell 100% of the shares of CSV to U.S. Silver Corporation for \$15 million in cash. On June 1, 2006, the Company completed the sale of 100% of CSV to U.S. Silver Corporation for a total of \$15 million in cash, plus a post closing working capital adjustment of \$1.1 million. The Company recorded, within discontinued operations, a gain of approximately \$11.1 million in the quarter ended June 30, 2006. Pursuant to SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, CSV was classified as held for sale and the results of its operations reported in discontinued operations beginning in the period ended June 30, 2006.

The following table details selected financial information included in income from discontinued operations in the consolidated statements of operations for the nine months ended September 30, 2006 (in thousands):

	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2006
	<u> </u>	<u> </u>
Sales of metal	\$ --	\$ 11,223
Production costs applicable to sales	--	(8,233)
Depreciation and depletion	--	(681)
Mining exploration	--	(279)
Other	--	(61)
	<u> </u>	<u> </u>
Income from discontinued operations	--	1,969
Gain on sale of net assets of discontinued operations	(27)	11,132
	<u> </u>	<u> </u>
Net income from discontinued operations	\$ (27)	\$ 13,101
	<u> </u>	<u> </u>

NOTE E STOCK-BASED COMPENSATION PLANS

The Company has an Annual Incentive Plan, a Long-Term Incentive Plan (the 2003 Long-Term Incentive Plan) and the 2005 Non-Employee Directors Equity Incentive Plan (2005 Non-Employee Directors Plan). Total employee compensation expense under these Plans charged to operations and capital projects was \$1.6 million, \$1.1 million, \$4.7 million and \$3.4 million for the three and nine months ended September 30, 2007 and 2006, respectively.

Annual Incentive Plan

Under the Annual Incentive Plan, the Board of Directors may annually approve cash-based awards to the executive officers and salaried employees based on certain Company and employee performance measures. Cash payments for the nine months ended September 30, 2007 and 2006, amounted to \$2.2 million and \$2.7 million, respectively.

Long-Term Incentive Plan

The 2003 Long-Term Incentive Plan (the "LTIP") was approved by our shareholders on May 20, 2003, and replaced our prior 1989 Long-Term Incentive Plan. Under the plan, we may grant nonqualified stock options, incentive stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards to our executive officers.

The number of shares authorized for grant under this plan was 6.8 million shares. There were 5.8 million shares reserved for issuance under this plan at September 30, 2007. Of the 5.8 million shares, 4.0 million shares can be issued for future grants. There are 1.4 million options and 0.4 million performance shares outstanding under this plan. Under the previous long-term incentive plan, the number of shares authorized to be issued was 2.9 million. There were 0.6 million shares reserved for issuance at September 30, 2007 for stock options previously awarded. No further awards will be made under this previous plan.

Non-Employee Directors' Equity Incentive Plan

On June 3, 2005, the Company's shareholders approved the 2005 Non-Employee Directors' Equity Incentive Plan and authorized 500,000 shares of common stock for issuance under the plan. During the nine months ended September 30, 2007 and 2006, 59,476 and 35,042 shares were issued in lieu of \$0.2 million and \$0.2 million, respectively, of Directors' fees. At September 30, 2007, 0.4 million shares are reserved for issuance under this plan. Under the previous Directors' plan, options were granted only in lieu of annual directors' fees. At September 30, 2007, 0.5 million shares are reserved for issuance under this plan for stock options previously awarded. No further grants of options will be made under this previous plan.

As of September 30, 2007, options to purchase 2,390,949 shares of common stock were outstanding under the LTIP and the Directors' Plans described above. The options are exercisable at prices ranging from \$0.74 to \$8.94 per share.

Stock options 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. Exercise prices are equal to the fair market value of the shares on the date of the grant. The value of each option award is estimated on the date of grant using the Black-Scholes option pricing model.

Restricted stock grants are based on the fair market value of the underlying shares on the date of grant and vest in equal installments annually over three years. Holders of the restricted stock are entitled to vote the shares and to receive any dividends declared on the shares.

Performance share grants are based on the fair market value of the underlying shares on the date of grant. Vesting is contingent on meeting certain performance measures based on relative total shareholder return. The performance shares vest at the end of the three-year service period. Performance share grants under the plan initially assume that the performance measure will be achieved. If such performance measures are not met, no further compensation cost is recognized and, if determined improbable of achieving the performance measures, any previously recognized compensation is reversed.

Effective January 1, 2006, the Company began recording compensation expense associated with awards of equity instruments in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment". Prior to January 1, 2006, the Company accounted for awards of equity instruments according to the provisions of SFAS No. 123 and related interpretations, and therefore no related compensation expense was recorded for awards granted with no intrinsic value. The Company adopted the modified prospective transition method provided for under SFAS No. 123(R), and, consequently, has not retroactively adjusted results from prior periods. Under this transition method, compensation cost associated with awards of equity instruments recognized includes: 1) amortization related to the remaining unvested portion of all awards granted for the fiscal years 1995 to 2005, based on the grant date fair value, estimated in accordance with the original provisions of SFAS No. 123, "Accounting for Stock-Based Compensation"; and 2) amortization related to all equity instrument awards granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). The compensation cost is included in administrative and general expenses, production costs and the cost of self-constructed property, plant and equipment as deemed appropriate.

Prior to the Company's adoption of SFAS No. 123(R), benefits of tax deduction in excess of recognized compensation costs were reported as operating cash flows. SFAS No. 123(R) requires excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid. There were no significant excess tax benefits for the three and nine months ended September 30, 2007 and 2006.

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The compensation expense recognized in the Company's consolidated financial statements for the three and nine months ended September 30, 2007 for awards of equity instruments was \$1.0 million and \$2.7 million, respectively, of which \$0.1 million and \$0.2 million, respectively, was capitalized as part of the mine construction activities. As of September 30, 2007, there was \$2.8 million of total unrecognized compensation cost (net of estimated forfeitures) related to unvested stock options, restricted stock grants and performance share grants which is expected to be recognized over a weighted-average vesting period of 2.1 years.

The impact of adopting SFAS No. 123(R) as of January 1, 2006 resulted in a decrease in net income of \$0.3 million, or less than \$0.01 per basic and diluted share, for the nine months ended September 30, 2006. The impact of adoption excludes the amortization of restricted stock awards in the amount of \$0.6 million for the nine months ended September 30, 2006. Compensation expense related to the amortization of restricted stock awards was recognized prior to the implementation of SFAS No. 123(R). Cash received from share options exercised under the LTIP for the nine months ended September 30, 2007 and 2006 was \$0.0 million and \$0.8 million, respectively, and is reflected as an other financing activity in the Company's consolidated statements of cash flows.

The weighted average fair value of stock options on the date of grant, and the assumptions used to estimate the fair value of the stock options using the Black-Scholes option valuation model were as follows:

	Nine Months Ended	
	September 30,	
	2007	2006
	<u> </u>	<u> </u>
Weighted average fair value of options granted	\$2.35	\$3.35
Expected volatility	58.9%	68.5%
Expected life	6 years	6 years
Risk-free interest rate	4.5%	4.6%
Expected dividend yield	--	--

The expected volatility of the option is determined using historical volatilities based on historical stock prices. The Company estimated the expected life of options 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. The Company has not paid dividends on its common stock since 1996.

The following table summarizes stock option activity during the nine months ended September 30, 2007:

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	Shares	Weighted Average Exercise Price
	<u> </u>	<u> </u>
Stock options outstanding at December 31, 2006	2,089,650	\$3.56
Granted	462,015	3.99
Exercised	(16,105)	1.61
Canceled/expired	(144,611)	6.41
	<u> </u>	<u> </u>
Stock options outstanding at September 30, 2007	2,390,949	\$3.48
	<u> </u>	<u> </u>

Options exercisable at September 30, 2007, were 1,672,645 with a weighted average exercise price of \$3.14. At September 30, 2007, the total intrinsic value was \$2.2 million for stock options outstanding and exercisable.

As of September 30, 2007, the total future compensation cost related to non-vested options not yet recognized in the statement of income was \$0.6 million and the weighted average period over which these awards are expected to be recognized was 2.1 years.

The following table summarizes restricted stock activity during the nine months ended September 30, 2007:

Number of Shares	Weighted Average Grant Date Fair Value
<u> </u>	<u> </u>

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	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2006	413,032	\$ 4.83
Granted	497,990	3.99
Vested	(241,784)	4.82
Canceled/expired	(43,732)	4.32
	<hr/>	<hr/>
Outstanding at September 30, 2007	625,506	\$ 4.20

The fair value of restricted stock is determined based on the closing stock price on the grant date. As of September 30, 2007, there was \$1.0 million of total unrecognized compensation cost related to restricted stock awards to be recognized over a weighted-average period of 2.3 years.

The following table summarizes performance shares activity during the nine months ended September 30, 2007:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2006	210,445	\$ 5.14
Granted	306,852	3.99
Vested	(30,298)	4.48
Canceled/Expired	(45,783)	4.47
	<hr/>	<hr/>
Outstanding at September 30, 2007	441,216	\$ 4.46

The fair value of performance shares is determined based on the closing price on the grant date. As of September 30, 2007, there was \$1.1 million of total unrecognized compensation cost related to performance shares to be recognized over a weighted average period of 2.1 years.

NOTE F- INCOME TAXES

The Company computes income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 requires an asset and liability approach which results in the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of those assets and liabilities, as well as net operating loss and tax credit carryforwards, using enacted tax rates in effect in the years in which the differences are expected to reverse. The Company has U.S. net operating loss carryforwards which expire in 2008 through 2025. Net operating losses in foreign countries have an indefinite carryforward period.

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For the nine months ended September 30, 2007, the Company reported an income tax provision of approximately \$9.4 million compared to an income tax provision of \$4.2 million at September 30, 2006. The following table summarizes the components of the Company's income tax provision for the three and nine months ended September 30, 2007 and 2006:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Current:				
United States - Alternative minimum tax	\$ 3	\$ (278)	\$ (306)	\$ (747)
United States - Foreign withholding	(131)	(113)	(797)	(606)
Foreign - Argentina	(1,566)	(1,162)	(4,472)	(3,673)
Foreign - Australia	(1,260)	(937)	(3,033)	(3,078)
Deferred:				

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	Three Months Ended September 30,		Nine Months Ended September 30,	
Foreign - Argentina	73	(183)	(101)	309
Foreign - Australia	(271)	(368)	(632)	(169)
Foreign - Chile	667	1,368	(72)	3,809
Income tax provision	\$ (2,485)	\$ (1,673)	\$ (9,413)	\$ (4,155)

The income tax provision for the nine months ended September 30, 2007 and 2006 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. During the nine months ended September 30, 2007, the Company recorded \$0.5 million in additional income tax provision resulting from its assessment of prior period tax contingencies across its various tax jurisdictions.

NOTE G- SEGMENT REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that is 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, Chief Financial Officer, the Senior Vice President of North American Operations and the President of South American Operations.

The operating segments are managed separately because each segment represents a distinct use of company resources which contribute to Company cash flows in its respective geographic area. The Company's reportable operating segments include the Rochester, Cerro Bayo, Martha, San Bartolome, Kensington and CDE Australia (Endeavor and Broken Hill) mining properties. On June 1, 2006, the Company completed its sale of Coeur Silver Valley (Galena). For the nine months ending September 30, 2006, CSV was reported in discontinued operations (see Note D). All operating segments are engaged in the discovery and/or mining of gold and silver and generate the majority of their revenues from the sale of these precious metal concentrates and/or refined precious metals. The Cerro Bayo and Martha mines sell precious metal concentrates, typically under long-term contracts, to smelters located in Japan (Sumitomo Corporation and Dowa Mining Ltd.), Mexico (Met-Mex Penoles) and Germany (Nordeutsche). Refined gold and silver produced by the Rochester mine is principally sold on a spot basis to precious metals trading banks such as Standard Bank and Mitsui. Concentrates produced at CDE Australia (Endeavor and Broken Hill mines) are sold by the mines operators to Zinifex, an Australian smelter. The Company's exploration programs are reported under the 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 (segment profit).

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Segment operating results and capital expenditures for the three and nine months ended September 30, 2007 and segment assets as of September 30, 2007 were as follows:

Segment Reporting
(In Thousands)

	Rochester Mine	Cerro Bayo Mine	Martha Mine	Endeavor	Broken Hill	San Bartolome	Kensington	Corporate and Other	Total
Three Months Ended September 30, 2007									
Sales of metal	\$ 23,250	\$ 12,410	\$ 9,986	\$ 1,817	\$ 5,400	\$ --	\$ --	\$ --	\$ 52,863
Segment profit (loss)	5,378	(2,448)	3,688	1,676	4,530	--	(49)	(2,681)	10,094
Depreciation and depletion	911	1,443	487	174	756	--	--	124	3,895
Interest income	--	256	20	--	--	--	--	3,218	3,494
Interest expense	--	3	--	--	--	--	--	76	79
Income tax (benefit) expense	--	(667)	1,967	--	--	--	10	1,175	2,485
Segment assets ^(A)	77,342	55,702	17,764	17,131	28,881	137,833	290,464	14,159	639,276
Capital expenditures	632	3,016	4,854	--	1	21,430	26,623	769	57,325

NOTE G- SEGMENT REPORTING

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	Rochester Mine	Cerro Bayo Mine	Martha Mine	Endeavor	Broken Hill	San Bartolome	Kensington	Corporate and Other	Total
Three Months Ended September 30, 2006									
Sales of metal	\$ 24,409	\$ 7,895	\$ 10,872	\$ 1,219	\$ 6,211	\$ --	\$ --	\$ --	\$ 50,606
Segment profit (loss)	13,629	340	7,472	1,132	5,165	(3)	(485)	443	27,693
Depreciation and depletion	3,654	1,222	316	119	1,151	--	--	74	6,536
Interest income	--	241	--	--	--	--	4	5,060	5,305
Interest expense	--	19	--	--	--	--	--	213	232
Litigation settlement	--	--	--	--	--	--	--	(874)	(874)
Income tax (benefit) expense	--	(1,368)	1,369	--	--	--	--	1,672	1,673
Segment assets ^(A)	86,473	41,944	11,257	15,290	34,059	40,888	175,493	5,928	411,332
Capital expenditures	343	2,103	433	--	--	4,093	41,910	139	49,021
Nine Months Ended September 30, 2007									
Sales of metal	\$ 75,547	\$ 32,178	\$ 28,052	\$ 5,191	\$ 14,420	\$ --	\$ --	\$ --	\$ 155,388
Segment profit (loss)	32,797	3,835	11,091	4,762	12,088	--	(245)	(7,919)	56,409
Depreciation and depletion	8,091	4,245	1,238	453	2,284	--	--	358	16,669
Interest income	--	844	34	--	--	--	--	11,269	12,147
Interest expense	--	22	--	--	--	--	--	227	249
Litigation settlement	--	--	--	--	--	--	--	(507)	(507)
Income tax (benefit) expense	--	72	5,128	--	--	--	20	4,193	9,413
Segment assets ^(A)	77,342	55,702	17,764	17,131	28,881	137,833	290,464	14,159	639,276
Capital expenditures	1,737	8,773	8,484	2,112	213	49,134	85,254	1,322	157,029
20									
Nine Months Ended September 30, 2006									
Sales of metal	\$ 72,226	\$ 30,169	\$ 26,103	\$ 2,555	\$ 18,448	\$ --	\$ --	\$ --	\$ 149,501
Segment profit (loss)	39,225	10,941	14,741	2,374	14,997	(6)	(575)	(3,001)	78,696
Depreciation and depletion	10,172	4,124	864	334	4,136	--	--	213	19,843
Interest income	--	412	4	--	--	--	4	12,566	12,986
Interest expense	--	68	--	--	--	--	--	1,052	1,120
Litigation settlement	--	--	--	--	--	--	--	(1,343)	(1,343)
Income tax (benefit) expense	--	(3,809)	3,452	--	--	--	--	4,512	4,155
Segment assets ^(A)	86,473	41,944	11,257	15,290	34,059	40,888	175,493	5,928	411,332
Capital expenditures	1,086	5,017	1,810	--	--	7,558	86,590	444	102,505

^(A) Segment assets consist of receivables, prepaids, inventories, property, plant and equipment, and mining properties

The following tables reconcile total segment profit and segment assets to those presented in the Company's consolidated financial statements:

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(In Thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
<u>Income from continuing operations before income taxes</u>				
Total segment profit	\$ 10,094	\$ 27,693	\$ 56,409	\$ 78,696
Depreciation and amortization	(3,895)	(6,536)	(16,669)	(19,843)
Interest expense	(79)	(232)	(249)	(1,120)
Litigation settlements	--	(874)	(507)	(1,343)
Income from continuing operations before income taxes	\$ 6,120	\$ 20,051	\$ 38,984	\$ 56,390

As of September 30, 2007 2006

	As of September 30,	
	2007	2006
<u>Assets</u>		
Total assets for reportable segments	\$ 638,127	\$ 411,332
Cash and cash equivalents	170,490	354,051
Short-term investments	38,300	11,180
Other assets	41,425	40,175
Total consolidated assets	888,342	\$ 816,738

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Geographic Information

Three Months Ended September 30, 2007	Long-Lived	
	Revenues	Assets
United States	\$ 23,250	\$ 292,814
Australia	7,217	43,843
Chile	12,410	25,226
Argentina	9,986	10,943
Bolivia	--	114,932
Other foreign countries	--	190
Total	\$ 52,863	\$ 487,948

Three Months Ended September 30, 2006	Long-Lived	
	Revenues	Assets
	\$ 24,409	\$ 186,603

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Three Months Ended September 30, 2007	Revenues	Long-Lived Assets
United States		
Australia	7,430	45,393
Chile	7,895	20,675
Argentina	10,872	3,513
Bolivia	--	40,184
Other foreign countries	--	209
	\$ 50,606	\$ 296,577

Nine Months Ended September 30, 2007	Revenues	Long-Lived Assets
United States	\$ 75,547	\$ 292,814
Australia	19,611	43,843
Chile	32,178	25,226
Argentina	28,052	10,943
Bolivia	--	114,932
Other foreign countries	--	190
	\$ 155,388	\$ 487,948

Nine Months Ended September 30, 2006	Revenues	Long-Lived Assets
United States	\$ 72,226	\$ 186,603
Australia	21,003	45,393
Chile	30,169	20,675
Argentina	26,103	3,513
Bolivia	--	40,184
Other foreign countries	--	209
	\$ 149,501	\$ 296,577

NOTE H- RECLAMATION AND REMEDIATION

Reclamation and remediation costs are based principally on legal and regulatory requirements. Management estimates costs associated with reclamation of mining properties as well as remediation cost for inactive properties. The Company uses assumptions about future costs, mineral prices, mineral processing recovery rates, production levels and capital 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:

Three Months Ended September 30, 2007	2006	Nine Months Ended September 30, 2007	2006
---	------	--	------

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	(in thousands)			
Beginning balance	\$ 30,647	\$ 23,877	\$ 29,909	\$ 23,524
Accretion	565	441	1,695	1,331
Settlements	(629)	(218)	(1,021)	(755)
Ending balance	\$ 30,583	\$ 24,100	\$ 30,583	\$ 24,100

In addition, the Company has accrued \$1.5 million and \$0.9 million as of September 30, 2007 and 2006, respectively, for reclamation liabilities related to former mining activities. These amounts are also included in reclamation and mine closure liabilities.

NOTE I DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company enters into derivative instruments to manage the Company's exposure to foreign currency exchange rates and market prices associated with changes in gold and silver commodity prices. The Company accounts for its derivative contracts in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended. Accordingly, unrealized gains and losses related to the change in fair market value of derivative contracts, which qualify and are designated as cash flow hedges, are recorded as other comprehensive income or loss and such amounts are recognized in earnings as the associated contracts are settled.

Forward Foreign Exchange Contracts

The Company, from time to time, enters into forward foreign currency exchange contracts to reduce the foreign exchange risk associated with forecasted Chilean peso operating costs for 2007 at its Cerro Bayo mine. The contracts require the Company to exchange U.S. dollars for Chilean pesos at a weighted average exchange rate of 535 pesos to each U.S. dollar. At September 30, 2007, the Company had foreign exchange contracts covering \$3.6 million U.S. dollars which settle monthly throughout the remainder of 2007. For the nine months ended September 30, 2007 and September 30, 2006, the Company recorded a realized (gain) loss of approximately \$(0.1) million and \$0.3 million, respectively in connection with its foreign currency hedging program. As of September 30, 2007, the fair value of the foreign exchange contracts was an asset of \$0.1 million. Change in gains (losses) accumulated in other comprehensive income (loss) for cash flow hedging contracts are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Beginning balance	\$ 289	\$ (769)	\$ (60)	\$ (171)
Reclassification to earnings	(99)	155	(125)	304
Change in fair value	(62)	316	313	(431)
Ending balance	\$ 128	\$ (298)	\$ 128	\$ (298)

Commodity Derivatives

The Company has occasionally entered into forward metal sales contracts to manage the price risk on a portion of its cash flows against fluctuating gold prices. As of September 30, 2007, the Company had no outstanding forward sales contracts for either gold or silver. For metal delivery contracts, the realized price pursuant to the contract is recognized when physical gold or silver is delivered in satisfaction of the contract.

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 and 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 other current liabilities), on the balance sheet and are adjusted to fair value through earnings each period until the date of final settlement.

At September 30, 2007 the Company had outstanding receivables for provisionally priced sales of \$62.0 million, consisting of 3.5 million ounces of silver and 24,350 ounces of gold, which had a fair value of approximately \$63.0 million, including the embedded derivative.

NOTE J- LONG-TERM DEBT

1 ¼% Senior Convertible Notes

The \$180.0 million principal amount of 1¼% Senior Convertible Notes due January 2024 outstanding at September 30, 2007 are convertible into shares of common stock at the option of the holder on January 15, 2011, 2014 and 2019, unless previously redeemed, at a conversion price of \$7.60 per share, subject to adjustment in certain events.

The Company is required to make semi-annual interest payments. The Senior Convertible 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 has exceeded 150% of the conversion price, and anytime thereafter. 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 Senior Convertible Notes are due at maturity on January 15, 2024.

The fair value of the Senior Convertible Notes is determined by market transactions on or near September 30, 2007 and December 31, 2006, respectively. The fair value of the Senior Convertible Notes as of September 30, 2007 and December 31, 2006 was \$151.2 million and \$163.8 million, respectively.

NOTE K- DEFINED CONTRIBUTION, 401(k), DEFINED BENEFIT AND POST-RETIREMENT MEDICAL PLANS

Defined Contribution Plan and 401(k) Plan

The Company provides a noncontributory defined contribution retirement plan for all eligible U.S. employees. Total plan expenses recognized in the Company's consolidated financial statements were \$0.1 million and \$0.3 million for the three months ended September 30, 2007 and 2006, respectively, and plan expenses charged to operations for the nine months ended September 30, 2007 and 2006 were \$1.1 million and \$0.9 million, respectively.

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The Company maintains a 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 is required to make matching cash contributions equal to 50% of the employees' contribution to a maximum of 3% of the employees' compensation. Employees have the option of investing in thirteen different types of investment funds. Total plan expenses recognized in the Company's consolidated financial statements were \$0.1 million and \$0.1 million for the three months ended September 30, 2007 and 2006, respectively, and plan expenses charged to operations for the nine months ended September 30, 2007 and 2006 were \$0.6 million and \$0.5 million, respectively.

As a result of the sale of Coeur Silver Valley, the Company no longer maintains post-retirement medical or defined benefit pension plans.

NOTE L- COMMITMENTS AND CONTINGENCIES

Labor Union Contracts

The Company maintains two labor agreements in South America, consisting of a labor agreement with Sindicato de Trabajadores de Compañía Minera Cerro Bayo Ltd. at its Cerro Bayo mine in Chile and with Asociacion Obrera Minera Argentina at its Martha mine in Argentina. The agreement at Cerro Bayo is effective from December 22, 2005 to December 21, 2007 and the agreement at Mina Martha is

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effective from June 11, 2007 to June 10, 2008. As of September 30, 2007, the Company had approximately 43% of its worldwide labor force 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 approaches the end of its mine life. The employees will be required to render service until they are terminated in order to be eligible for benefits. Approximately 77% of the workforce was severed by September 30, 2007; most of the remaining employees are expected to stay on for residual leaching and reclamation activities. As of September 30, 2007, the total amount expected to be incurred under this plan is approximately \$4.8 million. The liability is recognized ratably over the minimum future service period with a corresponding charge to production expense. The amount accrued as of September 30, 2007 was \$0.8 million.

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
	(in thousands)		(in thousands)	
Beginning Balance	\$ 2,181	\$ 1,119	\$ 1,959	\$ 542
Accruals	1,177	383	1,819	1,319
Payments	(2,560)	(26)	(2,980)	(385)
Ending Balance	\$ 798	\$ 1,476	\$ 798	\$ 1,476

NOTE M- SIGNIFICANT CUSTOMERS

The Company markets its metals products and concentrates primarily to bullion trading banks and five third party smelters. These customers then sell the metals to end users for use in industry applications such as electronic circuitry, jewelry and silverware production and the manufacture and development of photographic film. Sales of metals to bullion trading banks amounted to approximately 48.6% and 48.3% of total metals sales for the nine months ended September 30, 2007 and 2006, respectively. Generally, the loss of a single bullion trading bank customer would not adversely affect the Company in view of the liquidity of the markets and availability of alternative trading banks.

The Company currently markets its silver and gold concentrates to third party smelters in Japan, Mexico, Australia and Germany. Sales of metals concentrates to third party smelters amounted to approximately 51.4% and 51.7% of metals sales for the nine months ended September 30, 2007 and 2006, respectively. The loss of any one smelter customer could have a material adverse effect in the event of the possible unavailability of alternative smelters.

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NOTE N- LITIGATION AND OTHER EVENTS

Federal Natural Resources Action

On March 22, 1996, an action was filed in the United States District Court for the District of Idaho by the United States against various defendants, including the Company, asserting claims under CERCLA and the Clean Water Act for alleged damages to federal natural resources in the Coeur d'Alene River Basin of Northern Idaho. The damages are claimed to result from alleged releases of hazardous substances from mining activities conducted in the area since the late 1800s.

In May 2001, the Company and representatives of the U.S. Government, including the Environmental Protection Agency, the Department of Interior and the Department of Agriculture, reached an agreement to settle the lawsuit. The terms of settlement, which have been fully satisfied by the Company as of June 30, 2007, are set forth in a Consent Decree issued by the court. Pursuant to the terms of the Consent Decree, dated May 14, 2001, the Company paid the U.S. Government a total of approximately \$3.9 million in 2001. In addition, the Company (i) will pay the United States 50% of any future recoveries from insurance companies for claims for defense and indemnification under general liability insurance policies in excess of \$0.6 million, (ii) has accomplished certain cleanup work on the Mineral Point property and Caladay property, and (iii) has made a conveyance to the U.S. of certain real property to be used as a waste repository. Finally, commencing five years after effectiveness of the settlement (or May 14, 2006), the Company was obligated to pay royalties on all of its domestic and foreign operating properties, up to a cumulative of \$3 million, amounting to a 2% net smelter royalty on silver production if the price of silver exceeds \$6.50 per ounce, and a \$5.00 per ounce royalty on gold production if the price of gold exceeds \$325 per ounce. The royalty payment obligation commenced on May 14, 2006 and was to expire May 14, 2021. A total of \$0.5 million and \$2.5 million was paid in 2007 and 2006, respectively.

Federal Natural Resources Action

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As of June 30, 2007, the entire \$3.0 million has been paid. The Company does not anticipate that there will be any future recoveries from insurance companies. Therefore, the terms of settlement have been fully satisfied.

States of Maine, Idaho And Colorado Superfund Sites Related to Callahan Mining Corporation

During 2001, the United States Forest Service (USFS) made a formal request for information regarding the Deadwood Mine Site located in central Idaho. Callahan Mining Corporation had operated at this site during the 1940 s. The USFS believes that some cleanup action is required at the location. However, Coeur d Alene Mines Corporation did not acquire Callahan until 1991, more than 40 years after Callahan disposed of its interest in the Deadwood property. The Company did not make any decisions with respect to generation, transport or disposal of hazardous waste at the site. Therefore, it is believed that the Company is not liable for any cleanup, and if Callahan might be liable, it has no substantial assets with which to satisfy any such liability. To date, no claim has been made by the United States for any cleanup costs against either the Company or Callahan.

During 2002, the EPA made a formal request for information regarding a Callahan mine site in the State of Maine. Callahan operated there in the late 1960 s, shut the operations down in the early 1970 s and disposed of the property. The EPA contends that some cleanup action is warranted at the site, and listed it on the National Priorities List in late 2002. The Company believes that because it made no decisions with respect to generation, transport or disposal of hazardous waste at this location, it is not liable for any cleanup costs. If Callahan might have liability, it has no substantial assets with which to satisfy such liability. To date, no claim has been made for any cleanup costs against either the Company or Callahan.

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In January 2003, the USFS made a formal request for information regarding a Callahan mine site in the State of Colorado known as the Akron Mine Site. Callahan operated there in approximately the late 1930s through the 1940s, and to the Company s knowledge, disposed of the property. The Company is not aware of what, if any, cleanup action the USFS is contemplating. However, the Company did not make decisions with respect to generation, transport or disposal of hazardous waste at this location, and therefore believes it is not liable for any cleanup costs. If Callahan might have liability, it has no substantial assets with which to satisfy such liability. To date, no claim has been made for any cleanup costs against either the Company or Callahan.

Federal District Court of Alaska Permit Challenge

On September 12, 2005 three environmental groups (Plaintiffs) filed a lawsuit in Federal District Court in Alaska the (District Court) against the U.S. Army Corps of Engineers (Corps of Engineers) and the U.S. Forest Service (USFS) seeking to invalidate the permit issued to Coeur Alaska, Inc. for the Company s Kensington mine. The Plaintiffs claim the Clean Water Act (CWA) Section 404 permit issued by the Corps of Engineers authorizing the deposition of mine tailings into Lower Slate Lake conflicts with the CWA and is thus illegal. They additionally claim the USFS s approval of the Amended Plan of Operations is arbitrary and capricious because it relies on the 404 permit issued by the Corps of Engineers.

Following District Court s remand of the Section 404 permit to the Corps of Engineers for further review, the Corps reinstated the Company s permit on March 29, 2006. The lawsuit challenging the permit was re-opened on April 6, 2006; Coeur filed its answer to the Amended Complaint; and Coeur, the State of Alaska, and Goldbelt, Inc., a local native corporation, were granted Defendant-Intervenor status to join the agencies in their defense of the permit. On August 4, 2006, the District Court dismissed the Plaintiffs challenge and upheld the Section 404 permit. Plaintiffs appealed that decision to the Ninth Circuit Court of Appeals (the Circuit Court), and on August 24, 2006, the Circuit Court granted a temporary injunction pending appeal enjoining certain activities relating to the Lake Tailings facility.

On March 7, 2007, the Department of Justice (DOJ), on behalf of the Corps of Engineers, filed a motion for authorization under injunction pending appeal to permit construction of a western interception ditch which related to site stabilization due to spring snowmelt. On March 16, 2007, the Circuit Court panel issued an Order which denied the western interception ditch work plan. On May 22, 2007 the Ninth Circuit Court of Appeals reversed the District Court s August 4, 2006 decision which had upheld the Company s 404 permit and issued its opinion that remanded the case to the District Court with instructions to vacate the Company s 404 permit as well as the USFS Record of Decision approving the general tailings disposal plan as well as the Goldbelt 404 permit to construct the Cascade Point Marine Facility. The DOJ, on behalf of the Corps of Engineers and the USFS, filed for an extension of time to file a Petition for Rehearing with the Ninth Circuit. The extension was granted on June 29, 2007. On August 20, 2007, Coeur Alaska filed a Petition for Rehearing En Banc with the Ninth Circuit Court of Appeals, as did the State of Alaska and Goldbelt, Inc. The DOJ, on behalf of the Corps of Engineers, and USFS additionally filed a limited Petition for Rehearing with the Ninth Circuit panel seeking reconsideration of the mandate of the May 22, 2007 panel decision. The Ninth Circuit Court ordered a response from the Plaintiffs to all the Petitions for Rehearing. The Plaintiffs filed their responses on October 11, 2007. On October 29, 2007, the Ninth Circuit denied the Petitions for Rehearing En Banc filed by Coeur Alaska, the State of Alaska and Goldbelt, Inc. as well the limited Petition for Rehearing filed by the DOJ, representing the USFS and the Corps of Engineers.

The Company is continuing its discussions with the Plaintiffs to explore options for the Kensington Mine to begin production as well as reviewing a possible appeal to the Supreme Court of the United States. Coeur cannot predict the potential for obtaining a Supreme Court appeal or if one is granted, if it will prevail upon appeal.

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This litigation has contributed to an increase in capital costs to complete the mine. While the Company cannot now predict with certainty the outcome of this litigation, it believes it should ultimately prevail. In the event that the Company does not prevail, it could be necessary to seek an alternate site for the tailings disposal facility. The Company is not aware of an alternate site that could be permitted or would be economic. Therefore, it is possible that the failure to obtain reversal upon appeal could render the project uneconomic and an asset impairment would be necessary. In addition, based upon the Company's current estimates, an impairment writedown could be necessary should the expectation of the long-term price for gold decrease below approximately \$548 per ounce. As of September 30, 2007, the Kensington project has a carrying value of its long-lived assets of \$284.3 million. The Company reviews the carrying value of its assets whenever events or changes in circumstances indicate that the carrying amount of its assets may not be fully recoverable. During the first and second quarters of 2007, the Company performed an asset impairment assessment on the Kensington project as a result of the above described court action. The Company did not record any write-downs during the periods ended September 30, 2007.

NOTE O PROPOSED TRANSACTION

On May 3, 2007, the Company entered into definitive agreements with Bolnisi Gold NL (Bolnisi) and Palmarejo Silver and Gold Corporation (Palmarejo) to combine the three companies. Bolnisi is the majority shareholder of Palmarejo, holding approximately 73% of its outstanding shares. Under the terms of the agreements, Bolnisi shareholders will receive 0.682 Coeur shares for each Bolnisi share they own (or, at the election of the Bolnisi shareholder, CHES Depositary Interests representing Coeur shares), and Palmarejo shareholders (other than Bolnisi) will receive 2.715 Coeur shares for each Palmarejo share they own. It is anticipated that this will result in Coeur issuing a total of approximately 261.0 million new shares. In addition, Bolnisi and Palmarejo shareholders will receive a nominal cash payment equal to A\$0.004 (US\$0.003) per Bolnisi share (or approximately US\$0.9 million) and C\$0.004 (US\$0.003) per Palmarejo share (or approximately US\$0.2 million in aggregate), respectively.

The transaction is subject to approval by the shareholders of Coeur, Bolnisi and Palmarejo and the satisfaction of customary closing conditions (including completion of regulatory reviews and receipt of regulatory approvals). The Coeur shareholder meeting has been scheduled for December 3, 2007 and the Bolnisi and Palmarejo shareholder meetings are expected to be held on or about December 4, 2007. The consummation of each of the Bolnisi transaction and the Palmarejo transaction is also conditioned upon the consummation of the other transaction, although Coeur has the right to waive this condition if the Palmarejo transaction does not proceed, and still proceed with the Bolnisi transaction. The arrangements require approval by the applicable courts in Canada and Australia. Assuming timely completion of the required regulatory processes and receipt of the required shareholder and Court approvals, the Company expects the transaction to be completed in the fourth quarter of 2007.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This document contains numerous forward-looking statements relating to the Company's gold and silver mining business. The United States Private Securities Litigation Reform Act of 1995 provides a safe harbor for certain forward-looking statements. Operating, exploration and financial data, and other statements in this document are based on information the Company believes reasonable, but involve significant uncertainties as to future gold and silver prices, costs, ore grades, estimation of gold and silver reserves, mining and processing conditions, changes that could result from the Company's future acquisition of new mining properties or businesses, the risks and hazards inherent in the mining business (including environmental hazards, industrial accidents, weather or geologically related conditions), regulatory and permitting matters, and risks inherent in the ownership and operation of, or investment in, mining properties or businesses in foreign countries. Actual results and timetables could vary significantly from the estimates presented. Readers are cautioned not to put undue reliance on forward-looking statements. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

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Management's Discussion and Analysis includes references to total cash costs per ounce of silver produced both on an individual mine basis and on a consolidated basis. Total cash costs per ounce represent a non-U.S. generally accepted accounting principles (GAAP) measurement that management uses to monitor and evaluate the performance of its mining operations. A reconciliation of total cash costs per ounce to U.S. GAAP Production Expenses is also provided herein and should be referred to when reading the total cash cost per ounce measurement.

General

The results of the Company's operations are significantly affected by the market prices of silver and gold which may fluctuate widely and are affected by many factors beyond the Company's control, including, without limitation, interest rates, expectations regarding inflation, currency values, governmental decisions regarding the disposal of precious metals stockpiles, global and regional political and economic conditions, and other factors.

The average price of silver (Handy & Harman) and gold (London Final) for the nine months ended September 30, 2007 was \$13.19 and \$675 per ounce, respectively. The market price of silver and gold on October 31, 2007 was \$14.46 per ounce and \$790 per ounce, respectively.

The Company's operating mines are the Rochester mine in Nevada, the Cerro Bayo mine in Chile and the Martha mine in Argentina. In addition, the Company owns all of the silver production and reserves, up to certain limits, at the Endeavor and Broken Hill mines in Australia, which are owned and operated by other companies. As of June 1, 2006, the Company completed the sale of Coeur Silver Valley to U.S. Silver Corporation for \$15 million in cash plus an estimated \$1.1 million working capital adjustment.

Operating Highlights and Statistics

South American Operations

Cerro Bayo Mine:

At the Cerro Bayo mine in Southern Chile, silver production was 424,206 ounces and gold production was 7,229 ounces in the third quarter of 2007 compared to 405,586 ounces of silver and 7,325 ounces of gold in the third quarter of 2006. The increase in silver production was primarily due to a 6% increase in ore grades. Total cash cost per silver ounce in the third quarter of 2007 was \$15.58 per ounce compared to \$8.33 per ounce in 2006. The increase in cash costs per ounce is primarily due to an increase in contract and outside services, supplies, diesel, explosives, supervision and other operating costs associated with the Company's transition to bulk mining methods. The Company has yet to receive the expected benefit from this transition which the Company believes will occur commencing with the fourth quarter of 2007.

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For the nine months ended September 30, 2007, silver production was 1,145,654 ounces and gold production was 26,874 ounces compared to 1,711,153 ounces of silver and 26,054 ounces of gold for the same period of 2006. The decrease in silver production was primarily due to an 18% decline in ore grades and an 18% decrease in tons mined as a result of the Company focusing its mining activities on narrower vein systems of the mine as it transitioned to wider, more productive vein systems during the third quarter of 2007. It is expected that ore grades will improve during the fourth quarter of 2007. Total cash costs per ounce for the first nine months of 2007 amounted to \$8.45 compared to \$3.86 during the same period in 2006. The higher cash costs per ounce were due to the lower production attributed to lower ore grades and lower tons mined related to the transition to wider-vein systems and is expected to improve in the fourth quarter of 2007.

Martha Mine:

At the Martha mine in Southern Argentina, silver production was 543,803 ounces in the third quarter of 2007 compared to 806,384 ounces in the third quarter of 2006. The decrease in silver production was primarily due to a decrease in ore grades. Total cash costs per ounce in the third quarter of 2007 were \$8.33 per ounce compared to \$4.01 per ounce in 2006. The higher cash costs per ounce were primarily due to decreases in silver production as a result of the lower ore grade and increases in operating expenses, including labor. Royalties and export taxes also increased as a result of higher realized metals prices.

For the nine months ended September 30, 2007, silver production was 1,975,927 ounces compared to 1,982,884 ounces in the same period last year. The decrease in silver production was primarily due to lower ore grades offset by increased tons mined. Total cash costs per ounce in the nine-month period were \$6.34 per ounce in 2007 compared to \$4.51 per ounce in 2006. The increase in cash costs per ounce was primarily due to increases in operating expenses, including labor, increased royalties resulting from higher realized metals prices and export taxes during the first nine months of 2007 as compared to the same period in 2006.

North American Operations

Rochester Mine:

At the Rochester mine, silver production was 1,144,622 ounces and gold production was 12,244 ounces during the third quarter of 2007 compared to 1,403,302 ounces of silver and 21,583 ounces of gold in the third quarter of 2006. Total cash costs per ounce decreased to \$0.65 from \$1.14 in the third quarter of 2007. The decrease in cash costs per ounce is due to decreased mining and crushing costs during the third quarter of 2007 due to the fact that mining and crushing operations were terminated in August of 2007 as the ore reserve was fully mined. Residual heap leaching activities are expected to continue through 2011. The increase in production costs is primarily due to a higher cost per ounce of heap leach inventory associated with historic ore production, which is recognized as expense as the ounces are recovered from the leaching process and sold. In addition, during the third quarter of 2007, the Rochester mine recorded a \$1.5 million expense due to cessation of mining and crushing activities and a \$1.0 million expense associated with early termination of employees associated with mining and crushing operations.

Silver production for the nine months ended September 30, 2007 was 3,554,651 ounces compared to 3,704,960 ounces for the nine months ended September 30, 2006 and gold production was 40,679 ounces compared to 55,965 ounces for the nine months ended September 30, 2006. Total cash costs per ounce increased to \$2.72 compared to \$2.58 for the same period of 2006. This increase in cash costs per ounce is due to decreased by-product credits due to lower gold production and higher operating costs.

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Australia Operations

Endeavor Mine:

On May 23, 2005, the Company 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 \$42.0 million. The Endeavor Mine is located 720 km northwest of Sydney in New South Wales and has been in production since 1983. Under the terms of the original agreement, CDE Australia, a wholly-owned subsidiary of Coeur, paid Cobar \$15.4 million of cash at the closing. In addition, CDE Australia, subject to certain conditions, will pay Cobar approximately \$26.6 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, Coeur originally committed to pay Cobar an operating cost contribution of \$1.00 (currently indexed for inflation at \$1.06) 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 the 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 Coeur in respect of new ounces of proven and probable silver reserves as they are discovered. During the first quarter of 2007, \$2.0 million was paid for new ounces of proven and probable silver reserves.

On March 28, 2006, CDE Australia Pty, Ltd. (CDE Australia) reached an agreement with CBH Resources Ltd. 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 ounces, up from 17.7 million ounces in the original agreement. The Company has received approximately 1.1 million payable ounces to date and the current ore reserve contains approximately 14.4 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. The silver price-sharing provision is deferred until such time as Coeur has received approximately two million cumulative ounces of silver from the mine or June 2007, whichever is later. In addition, the silver price-sharing threshold increased to US\$7.00 per ounce, from the previous level of US\$5.23 per ounce. As of September 30, 2007, Coeur has received approximately 1.1 million payable ounces of cumulative production from the Endeavor mine.

In connection with the modification of the terms of the agreement, CDE Australia agreed to provide CBH with an advance of up to A\$15.0 million of the A\$30 million that remains to be paid under the terms of the original agreement. The remaining payment from Coeur to CBH is subject to the Endeavor mine achieving certain operational benchmarks. The advance, in the form of a loan facility, will bear interest at 7.75% per annum once drawn by CBH. The term is for a twelve month period with an option to extend an additional six months. No advances have been drawn under the facility as of September 30, 2007.

Production at the Endeavor mine during the third quarter of 2007 was 171,834 ounces of silver compared to 136,849 ounces in the third quarter of 2006. Total cash costs per ounce increased to \$2.65 from \$2.52. For the nine months ended September 30, 2007, production was 456,552 ounces of silver compared to 302,019 ounces for the same period in 2006. The cash costs per ounce of silver production increased to \$2.91 compared to \$2.48 due to higher smelting and refining costs.

Broken Hill Mine:

On September 8, 2005, the Company acquired all of the silver production and reserves, up to 17.2 million payable ounces, contained at the Broken Hill mine in Australia, which is owned and operated by Perilya Broken Hill Ltd. (PBH) for \$36.0 million. Pursuant to the agreement, the transaction includes up to a maximum of approximately 24.5 million contained ounces (or 17.2 million payable ounces) of silver to be mined by PBH at Broken Hill on the Company's behalf. In addition CDE Australia will pay PBH an operating cost contribution of approximately \$2.00 (currently indexed for inflation at \$2.12) for each ounce of payable silver. Under the terms of the agreement, PBH may earn up to US\$6.0 million of additional consideration, \$0.75 million per year, by meeting certain silver production thresholds over the first eight years of production. Production fell short of the thresholds in the 2007 and 2006 periods by 0.6 million ounces and 0.5 million ounces, respectively. As of September 30, 2007, Coeur has received approximately 3.7 million payable ounces of cumulative production from the Broken Hill mine.

Production at the Broken Hill mine during the third quarter of 2007 was 427,254 ounces of silver compared to 587,360 ounces for the third quarter of 2006. The cash costs per ounce of silver production increased to \$3.10 compared to \$3.05. For the nine months ended September 30, 2007, silver production was 1,206,595 ounces compared to 1,672,713 ounces in the same period of 2006. The cash costs per ounce of silver production increased to \$3.16 compared to \$3.07. The increase in cash costs per ounce is the result of increased smelting and refining costs.

Discontinued Operations**Coeur Silver Valley (Galena) Mine:**

On June 1, 2006, the Company completed the sale of 100% of the shares of its wholly owned subsidiary Coeur Silver Valley, Inc. to U.S. Silver Corporation for \$15 million in cash and additional consideration to be received of \$1.1 million for working capital. At the Galena Mine, silver production for the nine months ended September 30, 2006 was 768,674 ounces.

The Bolnisi and Palmarejo Transactions

On May 3, 2007, the Company entered into definitive agreements with Bolnisi Gold NL (Bolnisi) and Palmarejo Silver and Gold Corporation (Palmarejo) to combine the three companies. Bolnisi is the majority shareholder of Palmarejo, holding approximately 73% of its outstanding shares. Under the terms of the agreements, Bolnisi shareholders will receive 0.682 Coeur shares for each Bolnisi share they own (or, at the election of the Bolnisi shareholder, CHES Depositary Interests representing Coeur shares), and Palmarejo shareholders (other than Bolnisi) will receive 2.715 Coeur shares for each Palmarejo share they own. It is anticipated that this will result in Coeur issuing a total of approximately 261.0 million new shares. In addition, Bolnisi and Palmarejo shareholders will receive a nominal cash payment equal to A\$0.004 (US\$0.003) per Bolnisi share (or approximately US\$0.9 million) and C\$0.004 (US\$0.003) per Palmarejo share (or approximately US\$0.2 million in aggregate), respectively.

The transaction is subject to approval by the shareholders of Coeur, Bolnisi and Palmarejo and the satisfaction of customary closing conditions (including completion of regulatory reviews and receipt of regulatory approvals). The Coeur shareholder meeting has been scheduled for December 3, 2007 and the Bolnisi and Palmarejo shareholder meetings are expected to be held on or about December 4, 2007. The consummation of each of the Bolnisi transaction and the Palmarejo transaction is also conditioned upon the consummation of the other transaction, although Coeur has the right to waive this condition if the Palmarejo transaction does not proceed, and still proceed with the Bolnisi transaction. The arrangements require approval by the applicable courts in Canada and Australia. Assuming timely completion of the required regulatory processes and receipt of the required shareholder and Court approvals, the Company expects the transaction to be completed in the fourth quarter of 2007.

Operating Statistics From Continuing Operations

The following table presents information by mine and consolidated sales information for the three- and nine-month periods ended September 30, 2007 and 2006:

Three Months Ended September		Nine Months Ended September 30,	
30,		2007	2006
2007	2006		

Rochester

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	Three Months Ended September 30,		Nine Months Ended September 30,	
Tons processed	911,925	2,648,263	4,861,935	7,917,710
Ore grade/Ag oz	0.51	0.83	0.65	0.75
Ore grade/Au oz	0.00	0.01	0.01	0.01
Recovery/Ag oz ^(A)	244.6%	63.9%	108.9%	62.0%
Recovery/Au oz ^(A)	465.0%	93.0%	135.3%	68.1%
Silver production ounces	1,144,622	1,403,302	3,554,651	3,704,960
Gold production ounces	12,244	21,583	40,679	55,965
Cash cost/oz	\$0.65	\$1.14	\$2.72	\$2.58
Total cost/oz	\$2.47	\$4.02	\$5.51	\$5.68
Cerro Bayo				
Tons milled	105,767	105,945	263,312	321,581
Ore grade/Ag oz	4.28	4.04	4.60	5.64
Ore grade/Au oz	0.076	0.075	0.11	0.088
Recovery/Ag oz	93.8%	94.9%	94.5%	94.4%
Recovery/Au oz	90.0%	92.0%	92.7%	92.1%
Silver production ounces	424,206	405,586	1,145,654	1,711,153
Gold production ounces	7,229	7,325	26,874	26,054
Cash cost/oz	\$15.58	\$8.33	\$8.45	\$3.86
Total cost/oz	\$18.92	\$11.25	\$12.09	\$6.20
Martha Mine				
Tons milled	9,382	9,101	27,246	24,767
Ore grade/Ag oz	60.10	92.82	76.27	84.56
Ore grade/Au oz	0.118	0.123	0.116	0.111
Recovery/Ag oz	96.5%	95.5%	95.1%	94.7%
Recovery/Au oz	91.7%	91.9%	92.8%	91.9%
Silver production ounces	543,803	806,384	1,975,927	1,982,884
Gold production ounces	1,015	1,026	2,939	2,535
Cash cost/oz	\$8.33	\$4.01	\$6.34	\$4.51
Total cost/oz	\$9.03	\$4.39	\$6.83	\$4.94
Endeavor ^(B)				
Tons milled	280,978	218,997	818,844	440,776
Ore grade/Ag oz	1.27	0.94	1.07	1.07
Recovery/Ag oz	48.3%	66.1%	52.3%	63.9%
Silver production ounces	171,834	136,849	456,552	302,019
Cash cost/oz	\$2.65	\$2.52	\$2.91	\$2.48
Total cost/oz	\$3.66	\$3.39	\$3.90	\$3.59
Broken Hill				
Tons milled	472,531	614,620	1,221,918	1,721,512
Ore grade/Ag oz	1.12	1.27	1.19	1.33
Recovery/Ag oz	80.4%	75.1%	83.3%	73.3%
Silver production ounces	427,254	587,360	1,206,595	1,672,713
Cash cost/oz	\$3.10	\$3.05	\$3.16	\$3.07
Total cost/oz	\$4.87	\$5.01	\$5.05	\$5.54
CONSOLIDATED PRODUCTION TOTALS				
Silver ounces	2,711,719	3,339,481	8,339,379	9,373,729
Gold ounces	20,488	29,934	70,492	84,554
Cash cost per oz/silver	\$5.04	\$3.10	\$4.44	\$3.31
Total cost/oz	\$6.82	\$5.14	\$6.57	\$5.53
CONSOLIDATED SALES TOTALS				
Silver ounces sold	2,984,932	3,020,351	8,466,845	9,148,095
Gold ounces sold	22,249	26,595	72,401	81,486
Realized price per silver ounce	\$12.87	\$11.55	\$13.34	\$11.73
Realized price per gold ounce	\$702	\$634	\$669	\$625

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(A) The leach cycle at Rochester requires 5 to 10 years to recover gold and silver contained in the ore. The Company estimates the ultimate recovery to be approximately 61.5% for silver and 93% for gold. However, ultimate recoveries will not be known until leaching operations cease which is currently estimated to occur in 2011. Current recovery may vary significantly from ultimate recovery. See Critical Accounting Policies and Estimates - Ore on Leach Pad.

Operating Statistics From Discontinued Operation

The following table presents information for Coeur Silver Valley which was sold on June 1, 2006:

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	Three Months		Nine Months	
	Ended September 30, 2007	2006	Ended September 30, 2007	2006 ⁽¹⁾
Silver Valley/Galena				
Tons milled	--	--	--	52,876
Ore grade/Silver oz	--	--	--	15.15
Recovery/Silver oz	--	--	--	96.0%
Silver production ounces	--	--	--	768,674
Cash cost/oz	--	--	--	\$9.75
Total cost/oz	--	--	--	\$10.64
Gold production	--	--	--	180

(1) Amounts represent five months ended May 31, 2006.

Cash Costs per Ounce are calculated by dividing the cash costs computed for each of the Company's mining properties for a specified period by the amount of gold ounces or silver ounces produced by that property during that same period. Management uses cash costs per ounce as a key indicator of the profitability of each of its mining properties. Gold and silver are sold and priced in the world financial markets on a US dollar per ounce basis.

Cash Costs are costs directly related to the physical activities of producing silver and gold, and include mining, processing and other plant costs, third-party refining and smelting costs, marketing expense, on-site general and administrative costs, royalties, in-mine drilling expenditures that are related to production and other direct costs. Sales of by-product metals are deducted from the above in computing cash costs. Cash costs exclude depreciation, depletion and amortization, corporate general and administrative expense, exploration, interest, and pre-feasibility costs and accruals for mine reclamation. Cash costs are calculated and presented using the Gold Institute Production Cost Standard applied consistently for all periods presented.

Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are urged to read all GAAP accounting disclosures presented in the consolidated financial statements and accompanying footnotes. In addition, see the reconciliation of cash costs to production costs under Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs set forth below.

Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs

The tables below present reconciliations between Non-GAAP cash costs per ounce to production costs applicable to sales including depreciation, depletion and amortization (GAAP).

Total cash costs include all direct and indirect operating cash costs related directly to the physical activities of producing metals, including mining, processing and other plant costs, third-party refining and marketing expense, on-site general and administrative costs, royalties and mining production taxes, net of by-product revenues earned from all metals other than the primary metal produced at each unit. Total cash costs are a performance measure and provide management and investors an indication of net cash flow, after consideration of the realized price received for production sold. Management also uses this measurement for the comparative monitoring of performance of our mining operations period-to-period from a cash flow perspective. Total cash cost per ounce is a measure developed by precious metals companies in an effort to provide a comparable standard, however, there can be no assurance that our reporting of this non-GAAP measure is similar to that reported by other mining companies.

Production costs applicable to sales including depreciation, depletion and amortization, is the most comparable financial measure calculated in accordance with GAAP to total cash costs. The sum of the production costs applicable to sales and depreciation, depletion and amortization for our mines as set forth in the tables below is included in our Consolidated Statement of Operations and Comprehensive Loss.

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THREE MONTHS ENDED SEPTEMBER 30, 2007

(In thousands except ounces and per ounce costs)

	Rochester	Cerro Bayo	Martha	Endeavor	Broken Hill	Total
Production of Silver (ounces)	1,144,622	424,206	543,803	171,834	427,254	2,711,719
Cash Costs per ounce	\$ 0.65	\$ 15.58	\$ 8.33	\$ 2.65	\$ 3.10	\$ 5.04
Total Cash Costs (Non-GAAP)	\$ 739	\$ 6,611	\$ 4,532	\$ 456	\$ 1,325	\$ 13,663
Add/Subtract:						
Third party smelting costs	--	(901)	(420)	(294)	(482)	(2,097)
By-product credit ⁽¹⁾	8,332	4,912	692	--	--	13,936
Other adjustments	1,177	--	--	--	--	1,177
Change in inventory	7,572	3,974	(1)	(21)	28	11,552

Reconciliation of Non-GAAP Cash Costs to GAAP Production Costs

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Depreciation, depletion and amortization	2,088	1,416	382	174	756	4,816
Production costs applicable to sales, including depreciation, depletion and amortization (GAAP)	\$ 19,908	\$ 16,012	\$ 5,185	\$ 315	\$ 1,627	\$ 43,047

THREE MONTHS ENDED SEPTEMBER 30, 2006

(In thousands except ounces and per ounce costs)

	Rochester	Cerro Bayo	Martha	Endeavor	Broken Hill	Total
Production of Silver (ounces)	1,403,302	405,586	806,384	136,849	587,360	3,339,481
Cash Costs per ounce	\$ 1.14	\$ 8.33	\$ 4.01	\$ 2.52	\$ 3.05	\$ 3.10
Total Cash Costs (Non-GAAP)	\$ 1,598	\$ 3,380	\$ 3,230	\$ 346	\$ 1,791	\$ 10,345
Add/Subtract:						
Third party smelting costs	--	(672)	(552)	(224)	(666)	(2,114)
By-product credit ⁽¹⁾	13,423	4,542	630	--	--	18,595
Other adjustments	383	--	--	--	--	383
Change in inventory	(4,635)	(546)	--	(35)	(78)	(5,294)
Depreciation, depletion and amortization	4,037	1,184	313	119	1,152	6,805
Production costs applicable to sales, including depreciation, depletion and amortization (GAAP)	\$ 14,806	\$ 7,888	\$ 3,621	\$ 206	\$ 2,199	\$ 28,720

NINE MONTHS ENDED SEPTEMBER 30, 2007

(In thousands except ounces and per ounce costs)

	Rochester	Cerro Bayo	Martha	Endeavor	Broken Hill	Total
Production of Silver (ounces)	3,554,651	1,145,654	1,975,927	456,552	1,206,595	8,339,379
Cash Costs per ounce	\$ 2.72	\$ 8.45	\$ 6.34	\$ 2.91	\$ 3.16	\$ 4.44
Total Cash Costs (Non-GAAP)	\$ 9,673	\$ 9,682	\$ 12,531	\$ 1,328	\$ 3,809	\$ 37,023
Add/Subtract:						
Third party smelting costs	--	(2,352)	(1,402)	(910)	(1,451)	(6,115)
By-product credit ⁽¹⁾	27,028	17,827	1,962	--	--	46,817
Other adjustments	1,828	--	--	--	--	1,828
Change in inventory	4,296	1,641	517	10	(26)	6,438
Depreciation, depletion and amortization	9,919	4,165	966	453	2,284	17,787
Production costs applicable to sales, including depreciation, depletion and amortization (GAAP)	\$ 52,744	\$ 30,963	\$ 14,574	\$ 881	\$ 4,616	\$ 103,778

NINE MONTHS ENDED SEPTEMBER 30, 2006

(In thousands except ounces and per ounce costs)

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	Rochester	Cerro Bayo	Martha	Endeavor	Broken Hill	Total
Production of Silver (ounces)	3,704,960	1,711,153	1,982,884	302,019	1,672,713	9,373,729
Cash Costs per ounce	\$ 2.58	\$ 3.86	\$ 4.51	\$ 2.48	\$ 3.07	\$ 3.31
Total Cash Costs (Non-GAAP)	\$ 9,570	\$ 6,602	\$ 8,939	\$ 750	\$ 5,127	\$ 30,988
Add/Subtract:						
Third party smelting costs	--	(2,464)	(1,333)	(481)	(2,000)	(6,278)
By-product Credit ⁽¹⁾	33,899	15,713	1,523	--	--	51,135
Other adjustments	1,320	--	--	--	--	1,320
Change in inventory	(11,657)	(2,142)	--	(89)	325	(13,563)
Depreciation, depletion and amortization	11,491	4,004	853	334	4,137	20,819
Production costs applicable to sales, including depreciation, depletion and amortization (GAAP)	\$ 44,623	\$ 21,713	\$ 9,982	\$ 514	\$ 7,589	\$ 84,421

The following tables present a reconciliation between non-GAAP cash costs per ounce to GAAP production costs applicable to sales reported in Discontinued Operations (see Note D):

	NINE MONTHS ENDED SEPTEMBER 30, 2006 ⁽²⁾
<u>Coeur Silver Valley/Galena</u>	
Production of Silver (ounces)	768,674
Cash Costs per ounce	\$ 9.75
Total Cash Costs (Non-GAAP)	\$ 7,498
Add/Subtract:	
Third party smelting costs	(1,464)
By-Product credit ⁽¹⁾	1,473
Change in inventory	726
Depreciation, depletion and amortization	681
Production costs applicable to sales, including depreciation, depletion and amortization (GAAP)	\$ 8,914

(1) By-product credits are based upon production units and the period's average metal price for the purposes of reporting cash costs per ounce.

(2) Amounts represent five months ended May 31, 2006.

Exploration Activity

Cerro Bayo Mine (Chile)

Exploration at Cerro Bayo during the third quarter of 2007 was conducted on two programs related to discovery of new mineralization and delineation/definition of known mineralization to reserve status. Approximately 19,000 meters (65,000 feet) were drilled in the quarter, roughly evenly split between the two programs. Exploration and discovery drilling was focused on two of the new veins discovered in the second quarter, the Dagny and Fabiola veins, and on two new veins in that area, Dalila and Yasna. All of these veins, five in total now, are located in an

area about 1 kilometer east of the ore processing facilities. Drilling to define mineralization to reserve status was confined to the known veins near the area around the mining areas active in the quarter; Javiera, Wendy, Marta, Lucero, and Raul. Both programs are expected to contribute to new mineralization and reserves by year-end. Drilling will continue throughout the remainder of the year on these and other targets in the Cerro Bayo mine district.

Martha Mine (Argentina)

At Martha, nearly 4,300 meters (14,000 feet) of drilling was completed during the third quarter to expand reserves and discover new mineralization. As during the second quarter, the majority of this drilling (64%) was devoted to discovery of new mineralization. As a result, a new silver and gold vein set, termed Isabel Oeste, was discovered. This vein occurs less than 1 kilometer north of the main Martha mine and southwest of the Betty West vein discovered previously. Under the reserve development/delineation program, drilling was focused on Betty West, Catalina and R4 veins. Favorable results from all drilling is expected to result in increase mineralization and reserves by year-end. Drilling will continue throughout the remainder of the year on these and other targets in the Martha mine district.

Other Properties

In addition to exploration at its operating and development properties, Coeur conducts a large grassroots (greenfields) exploration program to find new mineral deposits and define new mining opportunities. Currently the largest components of this program are devoted to the Santa Cruz Province of southern Argentina and to the Lake Victoria Gold Belt of Tanzania but the Company has also budgeted for exploration in other parts of the world as well.

Argentina, Santa Cruz Province

In addition to its exploration program near the Martha mine, the Company also conducts exploration in other parts of the Santa Cruz province of Argentina. In the third quarter of 2007, the Company focused this on the Aguila property, located in the eastern, lower elevations, of the province which is normally accessible during the winter months of the southern hemisphere. This is the second phase of drilling on Aquila, designed to test extension of new gold and silver mineralization encountered in drilling in the first quarter. The second phase of drilling totaled approximately 2,000 meters (6,700 feet) of core at Aquila. If results warrant, further drilling will be conducted on this and other Company greenfields properties in the province in the future.

Tanzania (Africa)

In the third quarter, the Company continued exploration on its properties in the Lake Victoria Goldfields District of northern Tanzania. In a continuation of the second quarter's program, core and reverse circulation drilling was conducted on the Saragurwa and Kiziba Hill properties in the quarter totaling a little over 3,000 meters (+10,000 feet). The majority of this work (72%) was devoted to Kiziba Hill and assays from both core and reverse circulation drilling has been successful in defining coherent zones of gold mineralization in this property located in the western portion of the Geita greenstone belt. Follow-up drilling is planned for 2008 to test the lateral and depth extension of the new zones and other targets on the Company's concessions in Tanzania.

In the quarter, the Company completed an option-to-purchase agreement from Barrick Gold to acquire certain land positions located in Tanzania.

Development Projects:

San Bartolome (Bolivia)

During 2004, the Company completed an updated feasibility study, obtained all required permits and commenced construction of the San Bartolome mine. The Company estimates the direct capital cost of the project, excluding political risk insurance premiums, taxes and capitalized interest, to be approximately \$174 million, and the annual production to be approximately 6 to 9 million ounces of silver over a mine life of approximately 14 years.

During the first nine months of 2007, construction work activity has increased in all project areas. Mechanical equipment installation has commenced in the crushing and stockpile areas and in the mill, leaching and counter current decantation thickener facilities. Current work includes construction of the crusher, stockpile and mill areas, tank installation in the leach and counter current decantation thickener areas and

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continued work at the tailings facility. Construction continues at the tailing facility with primary focus on completion of diversion channel and basin contouring in preparation for commencement of HDPE lining installation. Detailed engineering and procurement activities have been completed and the major construction contracts have been committed. As of September 30, 2007, fifteen major contractors were employed on site with a total employment of approximately 1,549 workers, most of whom are Bolivian, and the project has recorded nearly two million man-hours without a lost time accident. At the end of July, the Company began stockpiling oxide dump material adjacent to the plant site in anticipation of the mill start up, and by the end of September 167,500 tons of ore had been stockpiled.

During the nine months ended September 30, 2007, Coeur expended approximately \$49.1 million and plans to incur additional engineering, procurement and construction costs of approximately \$81.9 million in the remainder of 2007. The Company plans to begin plant commissioning and initial production in February 2008.

The San Bartolome project involves risks that are inherent in any mining venture, as well as particular risks associated with the location of the project. The estimate of mineralized material indicated by the geologic studies performed to date are preliminary in nature and may differ materially after further metallurgical testing is completed. Also, managing mining projects in the altiplano area of Bolivia, where Cerro Rico is located, presents logistical challenges. The political and cultural differences of Bolivia may also present challenges.

We have obtained a political risk insurance policy from the Overseas Private Insurance Corporation (OPIC) and another private insurer. The policy is in the amount of \$155 million and covers 85% of any loss arising from expropriation, political violence or currency inconvertibility. The policy is expected to cost approximately \$3.4 million during the course of construction and \$0.21 per ounce of silver produced when the project commences commercial production.

The Company updated its ore reserves for San Bartolome in the second quarter of 2007 using additional sampling, revised operating and capital costs and silver price.

Kensington (Alaska)

The Kensington project consists of approximately 6,000 acres, of which approximately 750 acres are patented claims. 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 gold prices to a maximum of 2 ½% at gold prices above \$475, with the royalty to be capped at 1.0 million ounces of production.

During the fourth quarter of 2004, the U.S. Forest Service (USFS) issued its Record of Decision (ROD) for the Final Supplemental Environmental Impact Statement (FSEIS). On June 28, 2005, the Company received the Environmental Protection Agency's (EPA) National Pollution Discharge Elimination System (NPDES) Permit. In addition, the Company received the U.S. Army Corps of Engineers (Corps of Engineers) 404 Wetlands Permit, which authorized the construction of a Lower Slate Lake tailings facility, millsite road improvements and a Slate Creek Cove dock facility. All permits were reviewed for consistency by both the Alaska Coastal Management and Department of Governmental Coordination, which issued its final ACMP permit certification.

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On September 12, 2005 three environmental groups (Plaintiffs) filed a lawsuit in Federal District Court in Alaska (the District Court) against the Corps of Engineers and the USFS seeking to invalidate permits issued to Coeur Alaska, Inc. for the Company's Kensington mine. The Plaintiffs claim the Clean Water Act (CWA) Section 404 permit issued by the Corps of Engineers authorizing the deposition of mine tailings into Lower Slate Lake conflicts with the CWA and is thus illegal. They additionally claim the USFS's approval of the Amended Plan of Operations is arbitrary and capricious because it relies on the 404 permit issued by the Corps of Engineers.

On August 4, 2006, the District Court dismissed the Plaintiffs' challenge and upheld the Section 404 permit. On August 7, 2006 the Plaintiffs filed a Notice of Appeal of the decision to the Ninth Circuit Court of Appeals (Circuit Court) and on August 9, 2006 the Plaintiffs additionally filed a Motion for Injunction Pending Appeal with the Circuit Court. The Circuit Court granted a temporary injunction pending appeal on August 24, 2006, enjoining certain activities relating to the lake tailings facility.

On May 22, 2007 the Ninth Circuit Court of Appeals reversed the District Court's August 4, 2006 decision which had upheld the Company's 404 permit and issued its opinion that remanded the case to the District Court with instructions to vacate the Company's 404 permit as well as the USFS Record of Decision approving the general tailings disposal plan as well as the Goldbelt 404 permit to construct the Cascade Point Marine Facility. The DOJ, on behalf of the Corps of Engineers and the USFS, filed for an extension of time to file a Petition for Rehearing with the Ninth Circuit. The extension was granted on June 29, 2007. On August 20, 2007, Coeur Alaska filed a Petition for Rehearing En Banc with the Ninth Circuit Court of Appeals, as did the State of Alaska and Goldbelt, Inc. The DOJ, on behalf of the Corps of Engineers, and USFS

additionally filed a limited Petition for Rehearing with the Ninth Circuit panel seeking reconsideration of the mandate of the May 22, 2007 panel decision. The Ninth Circuit Court ordered a response from the Plaintiffs to all the Petitions for Rehearing. The Plaintiffs filed their responses on October 11, 2007. On October 29, 2007, the Ninth Circuit denied the Petitions for Rehearing En Banc filed by Coeur Alaska, the State of Alaska and Goldbelt, Inc. as well the limited Petition for Rehearing filed by the DOJ, representing the USFS and the Corps of Engineers. The Company is continuing its discussions with the Plaintiffs to explore options for the Kensington Mine to begin production as well as reviewing a possible appeal to the Supreme Court of the United States. Coeur cannot predict the potential for obtaining a Supreme Court appeal or if one is granted, if it will prevail upon appeal.

No assurance can be given as to whether or when regulatory permits and approvals granted to the Company may be further challenged, appealed or contested by third parties or issuing agencies, or as to whether the Company will place the Kensington project into commercial production. The Company is currently working to identify alternate tailings disposal sites. As of September 30, 2007, the Company estimates the total cost of construction activities to be approximately \$238 million. The date of resumption of the remaining construction activities which are critical to commencement of production is uncertain and dependent upon the ultimate outcome of the legal challenge and the appeals.

Total expenditures by the Company at the Kensington property in the nine months ended September 30, 2007 were \$85.3 million. Such expenditures were used to continue the permitting and development activities. The Company plans to incur additional construction cost of approximately \$5.7 million during the remainder of 2007, subject to the ultimate outcomes of the litigation appeal process.

Critical Accounting Policies and Estimates

Management considers the following policies to be most critical in understanding the judgments that are involved in preparing the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows. Our consolidated financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. We have identified the policies below as critical to our business operations and the understanding of our results of operations. Management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The preparation of these statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. We base these estimates on historical experience and on assumptions that we consider reasonable under the circumstances; however, reported results could differ from those based on the current estimates under different assumptions or conditions. The impact and any associated risks related to these policies on our business operations are discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations. The areas requiring the use of management's 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, amortization and accretion of future cash flows for long lived assets; estimates of recoverable gold and silver ounces in ore on leach pad; reclamation and remediation costs; valuation allowance for deferred tax assets; and post-employment and other employee benefit liabilities. For a detailed discussion on the application of these and other accounting policies, see Note B in the Notes to the Consolidated Financial Statements of this Form 10-Q.

Revenue Recognition. Revenue includes sales value received for our principal product, silver, and associated by-product revenues from the sale of by-product metals consisting primarily of gold and copper. Revenue is recognized when title to silver and gold passes to the buyer and when collectibility is reasonably assured. The passing of title to the customer is based on terms of the sales contract. Product pricing is determined at the point 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 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 are recorded 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 a 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 and/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 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 does not qualify for hedge accounting. The embedded derivative is recorded as a derivative asset in prepaid expenses and other, or a derivative liability on the balance sheet 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 in an identical form 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.

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 are recorded as a reduction of revenue.

At September 30, 2007, the Company had outstanding provisionally priced sales of \$62.0 million consisting of 3.5 million ounces of silver and 24,350 ounces of gold. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately \$34,900; and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately \$24,400.

Estimates. The preparation of this Quarterly Report on Form 10-Q requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates. The most critical accounting principles upon which the Company's financial status depends are those requiring estimates of recoverable ounces from proven and probable reserves and/or assumptions of future commodity prices. There are a number of uncertainties inherent in estimating quantities of reserves, including many factors beyond our control. Ore reserves estimates are based upon engineering evaluations of samplings of drill holes and other openings. These estimates involve assumptions regarding future silver and gold prices, the geology of our mines, the mining methods we use and the related costs we incur to develop and mine our reserves. Changes in these assumptions could result in material adjustments to our reserve estimates. We use reserve estimates in determining the units-of-production depreciation and amortization expense, as well as in evaluating mine asset impairments.

We review and evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. We utilize the methodology set forth in Statement of Financial Accounting Standard (SFAS) No. 144,

Accounting for the Impairment or Disposal of Long-Lived Assets, to evaluate the recoverability of capitalized mineral property costs. An impairment is considered to exist if total estimated future cash flows or probability-weighted cash flows on an undiscounted basis is less than the carrying amount of the assets, including property, plant and equipment, mineral property, development property, and any deferred costs. The accounting estimates related to impairment are critical accounting estimates because the future cash flows used to determine whether an impairment exists is dependent on reserve estimates and other assumptions, including silver and gold prices, production levels, and capital and reclamation costs, all of which are based on detailed engineering life-of-mine plans. An impairment loss exists when estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value. The Company reviews the carrying value of its assets whenever events or changes in circumstances indicate that the carrying amount of its assets may not be fully recoverable. During the first and second quarters of 2007, the Company performed an asset impairment assessment on the Kensington project as a result of a triggering event. The Company did not record any write-downs during the periods ended September 30, 2007.

We depreciate our property, plant and equipment, mining properties and mine development using the units-of-production method over the estimated life of the ore body based on our proven and probable recoverable reserves or on a straight-line basis over the useful life, whichever is shorter. The accounting estimates related to depreciation and amortization are critical accounting estimates because 1) the determination of reserves involves uncertainties with respect to the ultimate geology of our reserves and the assumptions used in determining the economic feasibility of mining those reserves and 2) changes in estimated proven and probable reserves and useful asset lives can have a material impact on net income.

Ore on leach pad. The Rochester Mine utilizes the heap leach process to extract silver and gold from ore. 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.

The key stages in the conversion of ore into silver and gold are (i) the blasting process in which the ore is broken into large pieces; (ii) the processing of the ore through a crushing facility that breaks it into smaller pieces; (iii) the transportation of the crushed ore to the leach pad where the leaching solution is applied; (iv) the collection of the leach solution; (v) subjecting the leach solution to the precipitation process, in which gold and silver is converted back to a fine solid; (vi) the conversion of the precipitate into dorè; and (vii) the conversion by a third party refinery of the dorè into refined silver and gold bullion.

We use several integrated steps to scientifically measure the metal content of ore placed on the leach pads during the key stages. As the ore body is drilled in preparation for the blasting process, samples of the drill residue are assayed to determine estimated quantities of contained metal. We estimate the quantity of ore by utilizing global positioning satellite survey techniques. We then process the ore through a crushing facility where the output is again weighed and sampled for assaying. A metallurgical reconciliation with the data collected from the mining operation is completed with appropriate adjustments made to previous estimates. We then transport the crushed ore to the leach pad for application of the leaching solution. As the leach solution is collected from the leach pads, we continuously sample for assaying. We measure the quantity of leach solution by flow meters throughout the leaching and precipitation process. After precipitation, the product is converted to

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dorè, which is the final product produced by the mine. We again sample and assay the dorè. Finally, a third party smelter converts the dorè into refined silver and gold bullion. At this point we are able to determine final ounces of silver and gold available for sale. We then review this end result and reconcile it to the estimates we had used and developed throughout the production process. Based on this review, we adjust our estimation procedures when appropriate.

Our reported inventories include metals estimated to be contained in the ore on leach pad of \$62.3 million as of September 30, 2007. Of this amount, \$31.4 million is reported as a current asset and \$30.9 million is reported as a noncurrent asset. The distinction between current and noncurrent 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 the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the broken ore that will be extracted beyond twelve months is classified as noncurrent. The ore on leach pad inventory is stated at actual production costs incurred to produce and place ore on the leach pad during the current period, adjusted for the effects on monthly production costs of abnormal production levels.

The estimate of both the ultimate recovery expected over time, and the quantity of metal that may be extracted relative to such twelve month period, requires the use of estimates which are inherently inaccurate since they rely upon laboratory testwork. Testwork consists of 60 day leach columns from which we project metal recoveries into the future. The quantities of metal contained in the ore are based upon actual weights and assay analysis. The rate at which the leach process extracts gold and silver from the crushed ore is based upon laboratory column tests and actual experience occurring over approximately twenty years of leach pad operation at the Rochester Mine. The assumptions we use to measure metal content during each stage of the inventory conversion process includes estimated recovery rates based on laboratory testing and assaying. We periodically review our estimates compared to actual experience and revise our estimates when appropriate. The length of time necessary to achieve our currently estimated ultimate recoveries of 61.5% for silver and 93% for gold is estimated to be between 5 and 10 years. However, the ultimate recovery will not be known until leaching operations cease, which is currently estimated for 2011.

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When we began operations at the Rochester mine in 1986, based solely on laboratory testing, we estimated the ultimate recovery of silver and gold at 50% and 80%, respectively. Since 1986, we have adjusted the expected ultimate recovery 3 times (once in each of 1989, 1997 and 2003) based upon actual experience gained from leach operations. In 1989, we increased our estimated recoveries for silver and gold to 55% and 85%, respectively. The change was accounted for prospectively as a change in estimate, which had the effect of increasing the estimated recoverable ounces of silver and gold contained in the heap by 1.6 million ounces and 10,000 ounces, respectively. In 1997, we revised our estimated recoveries for silver and gold to 59% and 89%, respectively, which increased the estimated recoverable ounces of silver and gold contained in the heap by 4.7 million ounces and 39,000 ounces, respectively. Finally, in 2003, we revised our estimated recoveries for silver and gold to 61.5% and 93%, respectively, which increased the estimated recoverable ounces of silver and gold contained in the heap by 1.8 million ounces and 41,000 ounces, respectively.

If our estimate of ultimate recovery requires adjustment, the impact upon our inventory valuation and upon our income statement would be as follows:

	Positive/Negative Change in Silver Recovery			Positive/Negative Change in Gold Recovery		
	1%	2%	3%	1%	2%	3%
Quantity of recoverable ounces	1.7 million	3.5 million	5.2 million	13,240	26,480	39,720
Positive impact on future cost of production per silver equivalent ounce for increases in recovery rates	\$ 1.40	\$ 2.38	\$ 3.10	\$ 0.66	\$ 1.21	\$ 1.69
Negative impact on future cost of production per silver equivalent ounce for decreases in recovery rates	\$ 2.18	\$ 6.05	\$14.80	\$ 0.79	\$ 1.76	\$ 2.97

Inventories of ore on leach pads are valued based upon actual production costs incurred to produce and place such ore on the leach pad during the current period, adjusted for the effects on monthly production of costs of abnormal production levels, less costs allocated to minerals recovered through the leach process. The costs consist of those production activities occurring at the mine site and include the costs, including depreciation, associated with mining, crushing and precipitation circuits. In addition, refining is provided by a third party refiner to place the

metal extracted from the leach pad in a saleable form. These additional costs are considered in the valuation of inventory.

Reclamation and remediation costs. Reclamation and remediation costs are based principally on legal and regulatory requirements. Management estimates costs associated with reclamation of mining properties as well as remediation cost for inactive properties. Such costs related to active mines are accrued and charged over the expected operating lives of the mines using the units-of-production method.

The estimated undiscounted cash flows generated by our assets and the estimated liabilities for reclamation and remediation are determined using the Company's assumptions about future costs, mineral prices, mineral processing recovery rates, production levels and capital 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.

Income taxes. The Company computes income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 requires 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 in the years in which the differences are expected to reverse.

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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 they will not be realized.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

Revenues

Sales of metal from continuing operations in the third quarter of 2007 increased by \$2.3 million, or 4.5%, from the third quarter of 2006 to \$52.9 million. The increase in sales of metal is attributable to increased metals prices realized, partially offset by decreased ounces of gold sold during the third quarter of 2007 as compared to the same period in 2006. In the third quarter of 2007, the Company sold 3.0 million ounces of silver and 22,249 ounces of gold compared to 3.0 million ounces of silver and 26,595 ounces of gold for the same period in 2006. Realized silver and gold prices were \$12.87 and \$702 per ounce, respectively, in the third quarter of 2007 compared to \$11.55 and \$634, respectively, in the comparable quarter of 2006.

Included in revenues is the by-product revenue associated with by-product metal sales consisting primarily of gold. In the third quarter of 2007, by-product revenues totaled \$14.9 million compared to \$15.8 million for the same period of 2006. The decrease in by-product revenues is primarily due to an increase in the realized prices for gold, which offsets the decline in gold ounces. The Company believes, based on the best estimates, that presentation of these revenue streams as by-products will continue to be appropriate in the future.

In the third quarter of 2007, the Company's operations produced a total of 2,711,719 ounces of silver and 20,488 ounces of gold, compared to 3,339,481 ounces of silver and 29,934 ounces of gold in the third quarter of 2006. The decrease in silver production is primarily due to decreased silver production at the Rochester, Martha and Broken Hill mines, offset by higher silver production from the Cerro Bayo and Endeavor Mines.

Costs and Expenses

Production costs applicable to sales from continuing operations in the third quarter of 2007 increased by \$16.3 million, or 74.5%, from the third quarter of 2006 to \$38.2 million. The increase in the third quarter of 2007 is primarily due to a higher cost per ounce of heap leach inventory at the Rochester mine associated with historic ore production, which is recognized as expense as ounces are recovered from the leaching process and sold. Increase in costs incurred are also a result of higher costs of labor, fuel, power and other consumables at the Company's other properties. In addition, during the third quarter of 2007, the Rochester mine recorded a \$1.5 million expense due to cessation of mining and crushing activities and a \$1.0 million expense associated with early termination of employees associated with mining and crushing operations.

Depreciation and depletion decreased by \$2.6 million, or 40%, in the third quarter of 2007 compared to the prior year's third quarter, primarily due to the decreased depreciation and depletion expense from the Rochester mine due to cessation of mining and crushing activities.

Administrative and general expenses increased by \$0.7 million in the third quarter of 2007 compared to the same period in 2006 and is primarily due to business development activities related to the proposed Bolnisi and Palmarejo merger and increases in compensation costs and other corporate expenses.

Exploration expenses increased by \$0.7 million in the third quarter of 2007 compared to the same period in 2006 as a result of increased exploration activity.

Litigation settlement expenses decreased by \$0.9 million from the third quarter of 2006. During the first quarter of 2007, the Company accrued the remainder of its final royalty payment to the U.S. government, called for under the May 2001 settlement agreement relating to the federal natural resources action.

Other Income and Expenses

Interest and other income in the third quarter of 2007 decreased by \$2.2 million to \$3.4 million compared with the third quarter of 2006. The decrease was primarily due to lower levels of invested cash and short-term investments on hand during the third quarter of 2007 compared to the prior year's comparable quarter.

Interest expense, net of capitalized interest, was \$0.1 million in the third quarter of 2007 compared to \$0.2 million in the third quarter of 2006. The decrease in interest expense is related to an increase in the amount of interest expense capitalized as a result of higher capitalized expenditures at the Kensington and San Bartolome development projects. Capitalized interest was \$0.6 million in the third quarter of 2007 compared to \$0.4 million in the prior year's third quarter.

Income Taxes

For the three months ended September 30, 2007, the Company reported an income tax provision of approximately \$2.5 million compared to an income tax provision of \$1.7 million in the third quarter of 2006. The following table summarizes the components of the Company's income tax provision for the three months ended September 30, 2007 and 2006.

	Three Months Ended September 30,	
	2007	2006
Current:		
United States - Alternative minimum tax	\$ 3	\$ (278)
United States - Foreign withholding	(131)	(113)
Foreign - Argentina	(1,566)	(1,162)
Foreign - Australia	(1,260)	(937)
Deferred:		
Foreign - Argentina	73	(183)
Foreign - Australia	(271)	(368)
Foreign - Chile	667	1,368
Income tax provision	<u>\$ (2,485)</u>	<u>\$ (1,673)</u>

During the third quarter of 2007, due to higher metals prices, the Company recognized a current provision in the U.S. and certain foreign operating jurisdictions. Further, the Company accrued foreign withholding taxes of approximately \$0.1 million on inter-company transactions from the U.S. parent to the Argentina and Australia subsidiaries. Finally, the Company recognized a \$0.5 million deferred tax benefit in foreign jurisdictions from the benefit of net operating losses in Chile for tax purposes and the recognition of the benefit of taxable temporary differences in Argentina and Australia.

During the third quarter of 2006, due to significantly higher metals prices, the Company recognized a current provision in the U.S. and certain foreign operating jurisdictions. Further, the Company recognized a \$1.4 million deferred tax benefit in Chile related to the release of valuation allowance on net operating loss carryforwards due to significantly higher metal prices and additional proven and probable reserves.

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Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Revenues

Sales of metal from continuing operations in the nine months ended September 30, 2007 increased by \$5.9 million, or 3.9%, over the same period of 2006 to \$155.4 million. The increase in product sales of metal is attributable to an increase in the realized prices for both silver and gold partially offset by a decrease in the ounces of silver and gold sold. In the nine months ended September 30, 2006, the Company sold 8.5 million ounces of silver and 72,401 ounces of gold compared to 9.1 million ounces of silver and 81,486 ounces of gold for the same period in 2006. Realized silver and gold prices were \$13.34 and \$669 per ounce, respectively, in the nine months ended September 30, 2007 compared to \$11.73 and \$625 in the comparable period of 2006.

Included in revenues is the by-product revenue associated with by-product metal sales consisting primarily of gold. In the nine months ended September 30, 2007, by-product revenues totaled \$47.1 million compared to \$47.9 million for the same period of 2006. The decrease in by-product revenues is primarily due to an increase in the realized prices for gold, which offsets the decline in gold ounces. The Company believes, based on its best estimates, that presentation of these revenue streams as by-products will continue to be appropriate in the future.

In the nine months ended September 30, 2006, the Company's continuing operations produced a total of 8,339,379 ounces of silver and 70,492 ounces of gold, compared to 9,373,729 ounces of silver and 84,554 ounces of gold in the same period of 2006. The decrease in silver production is primarily due to decreased production from the Rochester, Cerro Bayo and Broken Hill mines.

Costs and Expenses

Production costs applicable to sales from continuing operations in the nine months ended September 30, 2007 increased by \$22.4 million, or 35.2%, from the same period of 2006 to \$86.0 million. The increase in the nine months ended September 30, 2007 is primarily due to a higher cost per ounce of heap leach inventory at the Rochester mine associated with historic ore production, which is recognized as expense as ounces are recovered from the leaching process and sold. Increase in costs incurred are also a result of higher costs of labor, fuel, power and other consumables at the Company's other properties. In addition, during the third quarter of 2007, the Rochester mine recorded a \$1.5 million expense due to cessation of mining and crushing activities and a \$1.0 million expense associated with early termination of employees associated with mining and crushing operations.

Depreciation and depletion decreased by \$3.2 million, or 16%, for the first nine months of 2007 compared to the first nine months of 2006 primarily due to lower depreciation and depletion expense from the Rochester mine due to cessation of mining and certain activities.

Administrative and general expenses increased by \$2.9 million, or 21.4%, in the nine months ended September 30, 2007 compared to the same period in 2006 due to business development activities related to the proposed Bolnisi and Palmarejo merger and increases in other corporate expenses.

Exploration expenses increased by \$2.2 million in the nine months ended September 30, 2007 compared to the same period in 2006 as a result of increased exploration activity.

Litigation settlement expenses decreased by \$0.8 million in the first nine months of 2007 to \$0.5 million. During 2006, the Company commenced payments pursuant to the Federal Natural Resource settlement decree dated May 14, 2001. Under the terms of the settlement, the Company was required to pay a net smelter royalty on all of its domestic and foreign operations until the earlier of May 14, 2021 or once the cumulative amount of \$3.0 million has been paid. The Company made its final payment to the U.S. government called for under the May 2001 settlement agreement in the first quarter of 2007.

Other Income and Expenses

Interest and other income in the nine months ended September 30, 2007 decreased by \$0.6 million to \$12.3 million compared with the same period of 2006. The decrease was primarily due to lower levels of invested cash and short-term investments on hand.

Interest expense, net of capitalized interest, was \$0.2 million in the nine months ended September 30, 2007 compared to \$1.1 million in the nine months ended September 30, 2006. The decrease in interest expense is related to an increase in the amounts of interest expense capitalized as a result of higher capital expenditures at the Kensington and San Bartolome development projects. Capitalized interest was \$1.7 million in the nine months ended September 30, 2007 compared to \$0.9 million in the same period of 2006.

Income Taxes

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For the nine months ended September 30, 2007, the Company reported an income tax provision of approximately \$9.4 million compared to an income tax provision of \$4.2 million in the same period of 2006. The following table summarizes the components of the Company's income tax provision for the nine months ended September 30, 2007 and 2006.

	Nine Months Ended September 30,	
	2007	2006
Current:		
United States - Alternative minimum tax	\$ (306)	\$ (747)
United States - Foreign withholding	(797)	(606)
Foreign - Argentina	(4,472)	(3,673)
Foreign - Australia	(3,033)	(3,078)
Deferred:		
Foreign - Argentina	(101)	309
Foreign - Australia	(632)	(169)
Foreign - Chile	(72)	3,809
	\$ (9,413)	\$ (4,155)

During the nine months ended September 30, 2007, due to higher metals prices, the Company recognized a current provision in the U.S. and certain foreign operating jurisdictions. Further, the Company accrued foreign withholding taxes of approximately \$0.8 million on inter-company transactions from the U.S. parent to the Argentina and Australia subsidiaries. Finally, the Company recognized a \$0.8 million deferred tax provision in foreign jurisdictions from the recognition of the benefit of tax loss carryforwards in Chile and the recognition of the benefit of taxable temporary differences in Argentina and Australia. During the nine months ended September 30, 2007, the Company recorded \$0.5 million in income tax provision resulting from its assessment of prior period tax contingencies across its various tax jurisdictions.

During the nine months ended September 30, 2006, due to significantly higher metals prices, the Company recognized a current provision in the U.S. and certain foreign operating jurisdictions. Further, the Company recognized a \$3.8 million deferred tax benefit in Chile related to the release of valuation allowance on net operating loss carryforwards due to significantly higher metal prices and additional proven and probable reserves.

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Results of Discontinued Operations

On June 1, 2006, the Company completed the sale of 100% of the shares of Coeur Silver Valley Inc. to U.S. Silver Corporation for \$15 million in cash. Pursuant to FAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, Coeur Silver Valley has been classified as an asset held for sale and reported in discontinued operations for the nine month period ended September 30, 2006 and 2005. The Company recognized a gain of approximately \$11.1 million on the sale in the nine months ended September 30, 2006.

The following is a summary of the Company's discontinued operations included in the consolidated statements of operations for the nine months ended September 30, 2006 (in thousands):

	Nine Months Ended September 30, 2006
Sales of metal	\$ 11,223
Production costs applicable to sales	(8,233)
Depreciation and depletion	(681)
Mining exploration	(279)
Other	(61)
	\$ 1,969
Income from discontinued operations	\$ 1,969
Gain on sale of net assets of discontinued operations	11,132

Nine Months
Ended
September 30,
2006

Net income for discontinued operations

\$ 13,101

LIQUIDITY AND CAPITAL RESOURCES

Working Capital; Cash and Cash Equivalents

The Company's working capital at September 30, 2007, decreased by \$124.5 million to approximately \$257.4 million compared to \$383.1 million at December 31, 2006. The decrease in working capital was primarily attributed to capital spending related to the Kensington and San Bartolome projects. The ratio of current assets to current liabilities was 5.0 to 1 at September 30, 2007, compared to 7.5 to 1 at December 31, 2006.

Net cash used in operating activities in the third quarter of 2007 was \$5.5 million compared to net cash provided by operating activities of \$20.8 million in the third quarter of 2006. The decrease of \$26.4 million in cash flow from operations is primarily due to decreases in net income and changes in operating assets and liabilities. The increase in operating assets and liabilities is due to normal working capital fluctuations and consists mainly of a \$14.8 million increase in receivables and a \$7.8 million increase in prepaid and other current assets which was partially offset by a \$10.8 million decrease in inventories. Net cash used in investing activities in the third quarter of 2007 was \$59.7 million compared to net cash provided by investing activities of \$217.5 million in the prior year's comparable period. The decrease of \$277.2 million in cash provided by investing activities is primarily due to an increase in proceeds from sales of short-term investments in 2006 offset by an increase in 2007 in capital expenditures related to construction activities at the Kensington and San Bartolome projects. Net cash used in financing activities was \$0.4 million in the third quarter of 2007, compared to \$0.2 million in the third quarter of 2006. As a result of the above, cash and cash equivalents decreased by \$65.7 million in the third quarter of 2007 compared to an increase of \$238.2 million for the comparable period in 2006.

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Net cash provided by operating activities in the nine months ended September 30, 2007 was \$28.7 million compared to net cash provided by operating activities of \$70.0 million in the nine months ended September 30, 2006. The decrease of \$41.3 million in cash flow from operations is primarily due to a decrease in net income. Net cash used in investing activities in the first nine months of 2007 was \$127.3 million compared to net cash used in investing activities of \$54.9 million in the prior year's comparable period. The increase of \$72.4 million in cash used in investing activities is due to an increase of \$399.5 million in proceeds from the sale of short-term investments in 2006 offset by an increase in capital expenditures related to construction activities at the Kensington and San Bartolome projects. Net cash used in financing activities was \$1.5 million in the first nine months of 2007, compared to net cash provided by financing activities of \$145.3 million in the first nine months of 2006. The decrease was primarily due to the sale of 27.6 million shares of common stock during the first quarter of 2006. As a result of the above, cash and cash equivalents decreased by \$100.2 million in the first nine months of 2007 compared to an increase of \$270.2 for the comparable period in 2006.

Debt and Capital Resources

At September 30, 2007, the Company had \$208.8 million of cash, cash equivalents and short-term investments. Management therefore believes that its existing available cash and cash flow from operations will allow it to meet its obligations for the next twelve months. The Company estimates approximately \$86.6 million will be spent in the remainder of 2007 on capital expenditures at its operating mines and development-stage properties.

Issuance of Common Stock

During the first quarter of 2006, the Company completed a public offering of 27.6 million shares of common stock at a public offering price of \$5.60 per share. The Company realized net proceeds of \$146.2 million after payment of the underwriters' discount and offering expenses.

Litigation and Other Events

Federal Natural Resources Action

On March 22, 1996, an action was filed in the United States District Court for the District of Idaho by the United States against various defendants, including the Company, asserting claims under CERCLA and the Clean Water Act for alleged damages to federal natural resources in the Coeur d'Alene River Basin of Northern Idaho. The damages are claimed to result from alleged releases of hazardous substances from mining activities conducted in the area since the late 1800s.

In May 2001, the Company and representatives of the U.S. Government, including the Environmental Protection Agency, the Department of Interior and the Department of Agriculture, reached an agreement to settle the lawsuit. The terms of settlement, which have been fully satisfied by the Company as of June 30, 2007, are set forth in a Consent Decree issued by the court. Pursuant to the terms of the Consent Decree, dated May 14, 2001, the Company paid the U.S. Government a total of approximately \$3.9 million in 2001. In addition, the Company (i) will pay the United States 50% of any future recoveries from insurance companies for claims for defense and indemnification under general liability insurance policies in excess of \$0.6 million, (ii) has accomplished certain cleanup work on the Mineral Point property and Caladay property, and (iii) has made a conveyance to the U.S. of certain real property to be used as a waste repository. Finally, commencing five years after effectiveness of the settlement (or May 14, 2006), the Company was obligated to pay royalties on all of its domestic and foreign operating properties, up to a cumulative of \$3 million, amounting to a 2% net smelter royalty on silver production if the price of silver exceeds \$6.50 per ounce, and a \$5.00 per ounce royalty on gold production if the price of gold exceeds \$325 per ounce. The royalty payment obligation commenced on May 14, 2006 and was to expire May 14, 2021. As of June 30, 2007, the entire \$3.0 million has been paid. The Company does not anticipate that there will be any future recoveries from insurance companies. Therefore, the terms of settlement have been fully satisfied.

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States of Maine, Idaho And Colorado Superfund Sites Related to Callahan Mining Corporation

During 2001, the United States Forest Service (USFS) made a formal request for information regarding the Deadwood Mine Site located in central Idaho. Callahan Mining Corporation had operated at this site during the 1940s. The USFS believes that some cleanup action is required at the location. However, Coeur d'Alene Mines Corporation did not acquire Callahan until 1991, more than 40 years after Callahan disposed of its interest in the Deadwood property. The Company did not make any decisions with respect to generation, transport or disposal of hazardous waste at the site. Therefore, it is believed that the Company is not liable for any cleanup, and if Callahan might be liable, it has no substantial assets with which to satisfy any such liability. To date no claim has been made by the United States for any cleanup costs against either the Company or Callahan.

During 2002, the EPA made a formal request for information regarding a Callahan mine site in the State of Maine. Callahan operated there in the late 1960s, shut the operations down in the early 1970s and disposed of the property. The EPA contends that some cleanup action is warranted at the site, and listed it on the National Priorities List in late 2002. The Company believes that because it made no decisions with respect to generation, transport or disposal of hazardous waste at this location, it is not liable for any cleanup costs. If Callahan might have liability, it has no substantial assets with which to satisfy such liability. To date, no claim has been made for any cleanup costs against either the Company or Callahan.

In January 2003, the USFS made a formal request for information regarding a Callahan mine site in the State of Colorado known as the Akron Mine Site. Callahan operated there in approximately the late 1930s through the 1940s, and to the Company's knowledge, disposed of the property. The Company is not aware of what, if any, cleanup action the Forest Service is contemplating. However, the Company did not make decisions with respect to generation, transport or disposal of hazardous waste at this location, and therefore believes it is not liable for any cleanup costs. If Callahan might have liability, it has no substantial assets with which to satisfy such liability. To date, no claim has been made for any cleanup costs against either the Company or Callahan.

Federal District Court of Alaska Permit Challenge

On September 12, 2005 three environmental groups (Plaintiffs) filed a lawsuit in Federal District Court in Alaska (the District Court) against the U.S. Army Corps of Engineers (Corps of Engineers) and the U.S. Forest Service (USFS) seeking to invalidate the permit issued to Coeur Alaska, Inc. for the Company's Kensington mine. The Plaintiffs claim the Clean Water Act (CWA) Section 404 permit issued by the Corps of Engineers authorizing the deposition of mine tailings into Lower Slate Lake conflicts with the CWA and is thus illegal. They additionally claim the USFS's approval of the Amended Plan of Operations is arbitrary and capricious because it relies on the 404 permit issued by the Corps of Engineers.

Following District Court's remand of the Section 404 permit to the Corps of Engineers for further review, the Corps reinstated the Company's permit on March 29, 2006. The lawsuit challenging the permit was re-opened on April 6, 2006; Coeur filed its answer to the Amended Complaint; and Coeur, the State of Alaska, and Goldbelt, Inc., a local native corporation, were granted Defendant-Intervenor status to join the agencies in their defense of the permit. On August 4, 2006, the District Court dismissed the Plaintiffs' challenge and upheld the Section 404 permit. Plaintiffs appealed that decision to the Ninth Circuit Court of Appeals (the Circuit Court), and on August 24, 2006, the

Circuit Court granted a temporary injunction pending appeal enjoining certain activities relating to the Lake Tailings facility.

On March 7, 2007, the Department of Justice (DOJ), on behalf of the Corps of Engineers, filed a motion for authorization under injunction pending appeal to permit construction of a western interception ditch which related to site stabilization due to spring snowmelt. On March 16, 2007, the Circuit Court panel issued an Order which denied the western interception ditch work plan.

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On May 22, 2007 the Ninth Circuit Court of Appeals reversed the District Court's August 4, 2006 decision which had upheld the Company's 404 permit and issued its opinion that remanded the case to the District Court with instructions to vacate the Company's 404 permit as well as the USFS Record of Decision approving the general tailings disposal plan as well as the Goldbelt 404 permit to construct the Cascade Point Marine Facility. The DOJ, on behalf of the Corps of Engineers and the USFS, filed for an extension of time to file a Petition for Rehearing with the Ninth Circuit. The extension was granted on June 29, 2007. On August 20, 2007, Coeur Alaska filed a Petition for Rehearing En Banc with the Ninth Circuit Court of Appeals, as did the State of Alaska and Goldbelt, Inc. The DOJ, on behalf of the Corps of Engineers, and USFS additionally filed a limited Petition for Rehearing with the Ninth Circuit panel seeking reconsideration of the mandate of the May 22, 2007 panel decision. The Ninth Circuit Court ordered a response from the Plaintiffs to all the Petitions for Rehearing. The Plaintiffs filed their responses on October 11, 2007. On October 29, 2007, the Ninth Circuit denied the Petitions for Rehearing En Banc filed by Coeur Alaska, the State of Alaska and Goldbelt, Inc. as well the limited Petition for Rehearing filed by the DOJ, representing the USFS and the Corps of Engineers.

The Company is continuing its discussions with the Plaintiffs to explore options for the Kensington Mine to begin production as well as reviewing a possible appeal to the Supreme Court of the United States. Coeur cannot predict the potential for obtaining a Supreme Court appeal or if one is granted, if it will prevail upon appeal. No assurance can be given as to whether or when regulatory permits and approvals granted to the Company may be further challenged, appealed or contested by third parties or issuing agencies, or as to whether the Company will place the Kensington project into commercial production.

This litigation has contributed to an increase in capital costs. While the Company cannot now predict with certainty the outcome of this litigation, it believes it should ultimately prevail. In the event that the Company does not prevail, it could be necessary to seek an alternate site for the tailings disposal facility. The Company is not aware of an alternate site that could be permitted or would be economic. Therefore, it is possible that the failure to obtain reversal upon appeal could render the project uneconomic and an asset impairment would be necessary. In addition, based upon the Company's current estimates, an impairment writedown could be necessary should the expectation of the long-term price for gold decrease below approximately \$548 per ounce. As of September 30, 2007, the carrying value of the Kensington project's long-lived assets was \$284.3 million.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company is exposed to various market risks as a part of its operations. In an effort to mitigate losses associated with these risks, the Company may, at times, enter into derivative financial instruments. These may take the form of forward sales contracts, foreign currency exchange contracts and interest rate swaps. The Company does not actively engage in the practice of trading derivative securities for profit. This discussion of the Company's market risk assessments contains forward looking statements that contain risks and uncertainties. Actual results and actions could differ materially from those discussed below.

The Company's operating results are substantially dependent upon the world market prices of silver and gold. The Company has no control over silver and gold prices, which can fluctuate widely and are affected by numerous factors, such as supply and demand and investor sentiment. In order to mitigate some of the risk associated with these fluctuations, the Company will at times, enter into forward sale contracts. The Company continually evaluates the potential benefits of engaging in these strategies based on current market conditions. The Company may be exposed to nonperformance by counterparties as a result of its hedging activities. This exposure would be limited to the amount that the market price of the metal falls short of the contract price. The Company has historically sold silver and gold produced by our mines pursuant to forward contracts and at spot prices prevailing at the time of sale. Since 1999, the Company has not engaged in any silver hedging activities and is currently not engaged in any gold hedging activities.

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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 and 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.

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At September 30, 2007, the Company had outstanding provisionally priced sales of \$62.0 million, consisting of 3.5 million ounces of silver and 24,350 ounces of gold, which had a fair value of approximately \$63.0 million including the embedded derivative. For each one cent per ounce change in realized silver price, revenue would vary (plus or minus) approximately \$34,900; and for each one dollar per ounce change in realized gold price, revenue would vary (plus or minus) approximately \$24,400.

The Company operates in several foreign countries, specifically Bolivia, Chile, and Argentina, which exposes it to risks associated with fluctuations in the exchange rates of the currencies involved. As part of its program to manage foreign currency risk, from time to time, the Company enters into foreign currency forward exchange contracts. These contracts enable the Company to purchase a fixed amount of foreign currencies. Gains and losses on foreign exchange contracts that are related to firm commitments are designated and effective as hedges and are deferred and recognized in the same period as the related transaction. All other contracts that do not qualify as hedges are marked to market and the resulting gains or losses are recorded in income. The Company continually evaluates the potential benefits of entering into these contracts to mitigate foreign currency risk and proceeds when it believes that the exchange rates are most beneficial. The Company, from time to time, enters into forward foreign currency exchange contracts to reduce the foreign exchange risk associated with forecasted Chilean peso operating costs for 2007 at its Cerro Bayo mine. The contracts require the Company to exchange U.S. dollars for Chilean pesos at a weighted average exchange rate of 535 pesos to each U.S. dollar. At September 30, 2007, the Company had foreign exchange contracts of \$3.6 million in U.S. dollars which settle monthly through the remainder of 2007. For the nine months ended September 30, 2007, the Company recorded a realized gain of approximately \$0.1 million in connection with its foreign currency hedging program. As of September 30, 2007, the fair value of the foreign exchange contracts was an asset of \$0.1 million.

All of the Company's long-term debt at September 30, 2007, is fixed-rate based. The fair value of the Company's long-term debt at September 30, 2007 was \$151.2 million. The fair value was estimated based upon bond market closing prices at September 30, 2007.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by it in its periodic reports filed with the Securities and Exchange Commission is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Based on an evaluation of the Company's disclosure controls and procedures conducted by the Company's Chief Executive Officer and Chief Financial Officer, such officers concluded at September 30, 2007, that the Company's disclosure controls and procedures were effective at a reasonable level.

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(b) Changes in Internal Control Over Financial Reporting

Based on an evaluation by the Company's Chief Executive Officer and Chief Financial Officer, such officers concluded that there was no change in the Company's internal control over financial reporting during the quarter ending September 30, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings.

Kensington Project Permit Challenge

On September 12, 2005 three environmental groups (Plaintiffs) filed a lawsuit in Federal District Court in Alaska (the District Court) against the U.S. Army Corps of Engineers (Corps of Engineers) and the U.S. Forest Service (USFS) seeking to invalidate the permit issued to Coeur Alaska, Inc. for the Company's Kensington mine. The Plaintiffs claim the Clean Water Act (CWA) Section 404 permit issued by the Corps of Engineers authorizing the deposition of mine tailings into Lower Slate Lake conflicts with the CWA and is thus illegal. They additionally claim the USFS's approval of the Amended Plan of Operations is arbitrary and capricious because it relies on the 404 permit issued by the Corps of Engineers.

Following District Court's remand of the Section 404 permit to the Corps of Engineers for further review, the Corps reinstated the Company's permit on March 29, 2006. The lawsuit challenging the permit was re-opened on April 6, 2006; Coeur filed its answer to the Amended Complaint; and Coeur, the State of Alaska, and Goldbelt, Inc., a local native corporation, were granted Defendant-Intervenor status to

join the agencies in their defense of the permit. On August 4, 2006, the District Court dismissed the Plaintiffs' challenge and upheld the Section 404 permit. Plaintiffs appealed that decision to the Ninth Circuit Court of Appeals (the Circuit Court), and on August 24, 2006, the Circuit Court granted a temporary injunction pending appeal enjoining certain activities relating to the Lake Tailings facility.

On March 7, 2007, the Department of Justice (DOJ), on behalf of the Corps of Engineers, filed a motion for authorization under injunction pending appeal to permit construction of a western interception ditch which related to site stabilization due to spring snowmelt. On March 16, 2007, the Circuit Court panel issued an Order which denied the western interception ditch work plan.

On May 22, 2007 the Ninth Circuit Court of Appeals reversed the District Court's August 4, 2006 decision which had upheld the Company's 404 permit and issued its opinion that remanded the case to the District Court with instructions to vacate the Company's 404 permit as well as the USFS Record of Decision approving the general tailings disposal plan as well as the Goldbelt 404 permit to construct the Cascade Point Marine Facility. The DOJ, on behalf of the Corps of Engineers and the USFS, filed for an extension of time to file a Petition for Rehearing with the Ninth Circuit. The extension was granted on June 29, 2007. On August 20, 2007, Coeur Alaska filed a Petition for Rehearing En Banc with the Ninth Circuit Court of Appeals, as did the State of Alaska and Goldbelt, Inc. The DOJ, on behalf of the Corps of Engineers, and USFS additionally filed a limited Petition for Rehearing with the Ninth Circuit panel seeking reconsideration of the mandate of the May 22, 2007 panel decision. The Ninth Circuit Court ordered a response from the Plaintiffs to all the Petitions for Rehearing. The Plaintiffs filed their responses on October 11, 2007. Coeur Alaska subsequently filed a motion for leave to file a Reply in Support of its Petition for Rehearing on October 19, 2007. The Petitions are pending with the Court. Coeur cannot predict the potential for obtaining an appeal or if one is granted, if it will prevail upon appeal.

Item 1A. Risk Factors

Item 1A (Risk Factors) of the Company's Annual Report on Form 10-K for the year ended December 31, 2006 sets forth information relating to important risks and uncertainties that could materially adversely affect the Company's business, financial condition or operating results. Those risk factors continue to be relevant to an understanding of the Company's business, financial condition and operating results. Certain of those risk factors have been updated in this Form 10-Q to provide updated information, as set forth below. References to we, our and us in these risk factors refer to the Company.

We may have to record additional write-downs, which could negatively impact our results of operations.

Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144) established accounting standards for impairment of the value of long-lived assets such as mining properties. SFAS 144 requires a company to review the recoverability of the cost of its assets by estimating the future undiscounted cash flows expected to result from the use and eventual disposition of the asset. Impairment must be recognized when the carrying value of the asset exceeds these cash flows, and recognizing impairment write-downs could negatively impact our results of operations.

If silver or gold prices decline or we fail to control production costs or realize the mineable ore reserves at our mining properties, we may be required to recognize further asset write-downs. We also may record other types of additional mining property write-downs in the future to the extent a property is sold by us for a price less than the carrying value of the property, or if reclamation liabilities have to be increased in connection with the closure and reclamation of a property. Additional write-downs of mining properties could negatively impact our results of operations.

The Kensington property has been the subject of litigation involving a permit required to complete construction of a required tailings facility. On September 12, 2005 three environmental groups (Plaintiffs) filed a lawsuit in Federal District Court in Alaska against the U.S. Army Corps of Engineers (Corps of Engineers) and the U.S. Forest Service (USFS) seeking to invalidate the permit issued to Coeur Alaska, Inc. for the Company's Kensington mine. The Plaintiffs claim the Clean Water Act (CWA) Section 404 permit issued by the Corps of Engineers authorizing the deposition of mine tailings into Lower Slate Lake conflicts with the CWA. They additionally claim the USFS's approval of the Amended Plan of Operations is arbitrary and capricious because it relies on the 404 permit issued by the Corps of Engineers.

On August 4, 2006, the Federal District Court in Alaska dismissed the Plaintiffs' challenge and upheld the Section 404 permit. On August 7, 2006 the Plaintiffs filed a Notice of Appeal of the decision to the Ninth Circuit Court of Appeals (Circuit Court) and on August 9, 2006 the Plaintiffs additionally filed a Motion for Injunction Pending Appeal with the Circuit Court. The Circuit Court granted a temporary injunction pending appeal on August 24, 2006, enjoining certain activities relating to the lake tailings facility.

On May 22, 2007 the Ninth Circuit Court of Appeals reversed the District Court's August 4, 2006 decision which had upheld the Company's 404 permit and issued its opinion that remanded the case to the District Court with instructions to vacate the Company's 404 permit as well as the

USFS Record of Decision approving the general tailings disposal plan as well as the Goldbelt 404 permit to construct the Cascade Point Marine Facility. The DOJ, on behalf of the Corps of Engineers and the USFS, filed for an extension of time to file a Petition for Rehearing with the Ninth Circuit. The extension was granted on June 29, 2007. On August 20, 2007, Coeur Alaska filed a Petition for Rehearing En Banc with the Ninth Circuit Court of Appeals, as did the State of Alaska and Goldbelt, Inc. The DOJ, on behalf of the Corps of Engineers, and USFS additionally filed a limited Petition for Rehearing with the Ninth Circuit panel seeking reconsideration of the mandate of the May 22, 2007 panel decision. The Ninth Circuit Court ordered a response from the Plaintiffs to all the Petitions for Rehearing. The Plaintiffs filed their responses on October 11, 2007. The Ninth Circuit Court ordered a response from the Plaintiffs to all the Petitions for Rehearing. The Plaintiffs filed their responses on October 11, 2007. On October 29, 2007, the Ninth Circuit denied the Petitions for Rehearing En Banc filed by Coeur Alaska, the State of Alaska and Goldbelt, Inc. as well the limited Petition for Rehearing filed by the DOJ, representing the USFS and the Corps of Engineers. The Company cannot now predict the potential for obtaining further appeal or if it will prevail upon appeal if one is granted.

This litigation has contributed to an increase in capital costs. While the Company cannot now predict with certainty the outcome of this litigation, it believes it should ultimately prevail. In the event that the Company does not prevail, it could be necessary to seek an alternate site for the tailings disposal facility. The Company is not aware of an alternate site that could be permitted or would be economic. Therefore, it is possible that the failure to obtain reversal upon appeal could render the project uneconomic and an asset impairment would be necessary. In addition, based upon the Company's current estimates, an impairment writedown could be necessary should the expectation of the long-term price for gold decrease below approximately \$548 per ounce. As of September 30, 2007, the carrying value of the Kensington project's long-lived assets was \$284.3 million.

We are required to obtain government permits to expand operations or begin new operations. The acquisition of such permits can be materially impacted by third party litigation seeking to prevent the issuance of such permits. The costs and delays associated with such approvals could affect our operations, reduce our revenues, and negatively affect our business as a whole.

Mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations such as the Kensington development project. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. The duration and success of permitting efforts are contingent on many factors that are out of our control. The governmental approval process may increase costs and cause delays depending on the nature of the activity to be permitted, and could cause us to not proceed with the development of a mine. Accordingly, this approval process could harm our results of operations.

Reference is made to the discussion of the current litigation regarding the validity of the mine tailings permit at the Kensington property in Alaska that is set forth under the above risk factor entitled "We may have to record additional write-downs, which could negatively impact our results of operations."

We may be required to incur additional indebtedness to fund our capital expenditures.

We have historically financed our operations through the issuance of common stock and convertible debt, and may be required to incur additional indebtedness in the future. During 2004, we commenced construction at the San Bartolome project and in 2005 we commenced construction at the Kensington project. Construction of both projects could require a total capital investment of approximately \$412.0 million of which approximately \$142.8 million will be required in future periods. While we believe that our cash, cash equivalents and short-term investments combined with cash flow generated from operations will be sufficient for us to make this level of capital investment, no assurance can be given that additional capital investments will not be required to be made at these or other projects. If we are unable to generate enough cash to finance such additional capital expenditures through operating cash flow and the issuance of common stock, we may be required to issue additional indebtedness. Any additional indebtedness would increase our debt payment obligations, and may negatively impact our results of operations.

Prior to 2005, we did not have sufficient earnings to cover fixed charges, which deficiency could occur in future periods.

As a result of our net losses prior to 2005, our earnings were not adequate to satisfy fixed charges (i.e., interest, preferred stock dividends and that portion of rent deemed representative of interest) in each of those periods prior to 2005. The amounts by which earnings were inadequate to cover fixed charges were approximately \$80.8 million in 2002, \$63.9 million in 2003 and \$22.7 million in 2004. Earnings have been sufficient to cover fixed charges subsequent to 2004. We are required to make fixed payments on the \$180 million principal amount of our 1¼% Senior Convertible Notes due 2024, requiring annual interest payments of approximately \$2.25 million until their maturity.

Prior to 2005, we did not have sufficient earnings to cover fixed charges, which deficiency could occur in future periods.

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We expect to satisfy our fixed charges and other expense obligations in the future from cash flow from operations and, if cash flow from operations is insufficient, from working capital, which amounted to approximately \$257.4 million at September 30, 2007. Prior to 2005, we experienced negative cash flow from operating activities. The amount of net cash used in our operating activities amounted to approximately \$8.5 million in 2002, \$5.1 million in 2003 and \$18.6 million in 2004. During the nine months ended September 30, 2007 and years ended December 31, 2006 and 2005, we generated \$28.7 million, \$91.2 million and \$6.7 million, respectively, of operating cash flow. The availability of future cash flow from operations or working capital to fund the payment of interest on the notes and other fixed charges will be dependent upon numerous factors, including our results of operations, silver and gold prices, levels and costs of production at our mining properties and the amount of our capital expenditures and expenditures for acquisitions, developmental and exploratory activities.

The market prices of silver and gold are volatile. If we experience low silver and gold prices it may result in decreased revenues and decreased net income or losses, and may negatively affect our business.

Silver and gold are commodities. Their prices fluctuate, and are affected by many factors beyond our control, including interest rates, expectations regarding inflation, speculation, currency values, governmental decisions regarding the disposal of precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors. Because we currently derive approximately 69% of our revenues from continuing operations from sales of silver, our earnings are primarily related to the price of this metal.

The market prices of silver (Handy & Harman) and gold (London Final) on October 31, 2007 were \$14.46 and \$790 per ounce, respectively. The prices of silver and gold may decline in the future. Factors that are generally understood to contribute to a decline in the price of silver include sales by private and government holders, and a general global economic slowdown.

If the prices of silver and gold are depressed for a sustained period and our net losses resume, we may be forced to suspend mining at one or more of our properties until the prices increase, and to record additional asset impairment write-downs. Any lost revenues, continued or increased net losses or additional asset impairment write-downs would adversely affect our results of operations.

The estimation of the ultimate recovery of metals contained within the heap leach pad inventory is inherently inaccurate and subjective and requires the use of estimation techniques. Actual recoveries can be expected to vary from estimations.

The Rochester mine utilizes the heap leach process to extract silver and gold from ore. 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.

The key stages in the conversion of ore into silver and gold are (i) the blasting process in which the ore is broken into large pieces; (ii) the processing of the ore through a crushing facility that breaks it into smaller pieces; (iii) the transportation of the crushed ore to the leach pad where the leaching solution is applied; (iv) the collection of the leach solution; (v) subjecting the leach solution to the precipitation process, in which gold and silver is converted back to a fine solid; (vi) the conversion of the precipitate into doré; and (vii) the conversion by a third party refinery of the doré into refined silver and gold bullion.

We use several integrated steps to scientifically measure the metal content of ore placed on the leach pads during the key stages. As the ore body is drilled in preparation for the blasting process, samples of the drill residue are assayed to determine estimated quantities of contained metal. We estimate the quantity of ore by utilizing global positioning satellite survey techniques. We then process the ore through a crushing facility where the output is again weighed and sampled for assaying. A metallurgical reconciliation with the data collected from the mining operation is completed with appropriate adjustments made to previous estimates. We then transport the crushed ore to the leach pad for application of the leaching solution. As the leach solution is collected from the leach pads, we continuously sample for assaying. We measure the quantity of leach solution with 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. We again weigh, sample and assay the doré. Finally, a third party smelter converts the doré and determines final ounces of silver and gold available for sale. We then review this end result and reconcile it to the estimates we developed and used throughout the production process. Based on this review, we adjust our estimation procedures when appropriate.

Our reported inventories include metals estimated to be contained in the ore on leach pad of \$62.3 million as of September 30, 2007. Of this amount, \$31.4 million is reported as a current asset and \$30.9 million is reported as a noncurrent asset. The distinction between current and noncurrent is based upon the expected length of time necessary for the leaching process to remove the metals from the crushed ore. The historical cost of the metal that is expected to be extracted within twelve months is classified as current and the historical cost of metals contained within the crushed ore that will be extracted beyond twelve months is classified as noncurrent. The ore on leach pad inventory is stated at actual production costs incurred to produce and place ore on the leach pad during the current period, adjusted for the effects on monthly production costs of abnormal production levels.

Prior to 2005, we did not have sufficient earnings to cover fixed charges, which deficiency could occur in future periods.

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The estimate of both the ultimate recovery expected over time, and the quantity of metal that may be extracted relative to such twelve month period, requires the use of estimates which are inherently inaccurate since they rely upon laboratory test work. Test work consists of 60 day leach columns from which we project metal recoveries into the future. The quantities of metal contained in the ore are based upon actual weights and assay analysis. The rate at which the leach process extracts gold and silver from the crushed ore is based upon laboratory column tests and actual experience occurring over approximately nineteen years of leach pad operation at the Rochester mine. The assumptions we use to measure metal content during each stage of the inventory conversion process includes estimated recovery rates based on laboratory testing and assaying. We periodically review our estimates compared to actual experience and revise our estimates when appropriate. The length of time necessary to achieve our currently estimated ultimate recoveries of between 59% and 61.5% for silver, depending on the area being leached, and 93% for gold is estimated to be between 5 and 10 years. However, the ultimate recovery will not be known until leaching operations cease, which is currently estimated for approximately 2011.

When we began leach operations in 1986, based solely on laboratory testing, we estimated the ultimate recovery of silver and gold at 50% and 80%, respectively. Since 1986, we have adjusted the expected ultimate recovery three times (once in each of 1989, 1997 and 2003) based upon actual experience gained from leach operations. In 2003, we increased our estimated recoveries for silver and gold, respectively, to between 59% and 61.5%, depending on the area being leached for silver, and 93% for gold. The leach cycle at the Rochester Mine requires leaching to approximately the year 2011 for all recoverable metal to be recovered.

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If our estimate of ultimate recovery requires adjustment, the impact upon our inventory valuation and upon our income statement would be as follows:

	Positive/Negative Change in Silver Recovery			Positive/Negative Change in Gold Recovery		
	1%	2%	3%	1%	2%	3%
Quantity of recoverable ounces	1.7 million	3.5 million	5.2 million	13,240	26,480	39,720
Positive impact on future cost of production per silver equivalent ounce for increases in recovery rates	\$ 1.40	\$ 2.38	\$ 3.10	\$ 0.66	\$ 1.21	\$ 1.69
Negative impact on future cost of production per silver equivalent ounce for decreases in recovery rates	\$ 2.18	\$ 6.05	\$14.80	\$ 0.79	\$ 1.76	\$ 2.97

Inventories of ore on leach pads are valued based upon actual production costs incurred to produce and place such ore on the leach pad during the current period, adjusted for the effects on monthly production costs of abnormal production levels, less costs allocated to minerals recovered through the leach process. The costs consist of those production activities occurring at the mine site and include the costs, including depreciation, associated with mining, crushing and precipitation circuits. In addition, refining is provided by a third party refiner to place the metal extracted from the leach pad in a saleable form. These additional costs are considered in the valuation of inventory. Negative changes in our inventory valuations and correspondingly on our income statement would have an adverse impact on our results of operations.

Our business depends on good relations with our employees.

The Company could experience labor disputes, work stoppages or other disruptions in production that could adversely affect us. As of September 30, 2007, unions represented approximately 43% of our worldwide workforce. On that date, the Company had 281 employees at its Cerro Bayo mine and 90 employees at its Martha mine who were working under a collective bargaining agreement. The agreement covering the Cerro Bayo mine expires on December 21, 2007 and a collective bargaining agreement covering the Martha mine expires on June 11, 2008.

Our proposed merger agreements with Bolnisi and Palmarejo may not be completed and the expected benefits from such mergers may not be realized.

There are a number of risks and uncertainties relating to the proposed merger between the Company and Bolnisi Gold NL (Bolnisi) and Palmarejo Silver and Gold Corporation (Palmarejo). Those risks include the possibility that the transactions may be delayed or may not be

Our proposed merger agreements with Bolnisi and Palmarejo may not be completed and the expected benefits from

completed as a result of failure to obtain necessary shareholder approval, the failure to obtain or any delay in obtaining necessary court or regulatory approvals or a failure to satisfy other closing conditions. The Company cannot predict if the transaction will be approved by the shareholders or if it will close. Any delay in completing, or failure to complete, the mergers could have a negative impact on our business and stock price, and our results of operations and cash flows could be adversely affected if the expected benefits of the proposed acquisitions are not realized.

We are continuously considering possible acquisitions of additional mining properties or interests therein that are located in other countries, and could be exposed to significant risks associated with any such acquisitions.

In the ordinary course of our business, we are continuously considering the possible acquisition of additional significant mining properties or interests therein that may be located in countries other than those in which we now have operations or interests. Consequently, in addition to the risks inherent in the valuation and acquisition of such mining properties, as well as the subsequent development, operation or ownership thereof, we could be subject to additional risks in such countries as a result of governmental policies, economic instability, currency value fluctuations and other risks associated with the development, operation or ownership of mining properties or interests therein. Such risks could adversely effect our results of operations.

We are subject to significant governmental regulations, and their related costs and delays may negatively affect our business.

As more fully explained in this risk factor, as set forth in our Annual Report on Form 10-K for the year ended December 31, 2006, our mining activities are subject to extensive federal, state, local and foreign laws and regulations related to our business. Possible future laws and regulations could adversely affect our operations. On October 23, 2007, the Natural Resources Committee of the U.S. House of Representatives reported out its amended version of H.R. 2262, the Hardrock Mining and Reclamation Act of 2007. The bill contains new proposed royalties on gross revenues for new and existing mining operations on public lands, among other provisions. The bill will next go to the full House of Representatives for action and ultimate enactment would require Senate approval. The ultimate content of the proposed legislation, if enacted, is uncertain. If a royalty on unpatented mining claims were to be imposed under any ultimately enacted law, the Company's operations could be adversely affected, although the majority of the Company's operations are either outside of the United States or on private patented lands and unaffected by potential legislation.

Item 6. Exhibits

Exhibits.

- 2.1 Conditional extension dated September 24, 2007 to Merger Implementation Agreement dated May 3, 2007 by and among Coeur d'Alene Mines Corporation, Coeur d'Alene Mines Australia Pty Ltd, Coeur Sub Two, Inc. and Bolnisi Gold NL and other consents/amendments. (Incorporated herein by reference to Exhibit 2.1 to the Registrant's Form 8-K dated September 25, 2007.)
- 2.2 Extension dated September 24, 2007 to Merger Implementation Agreement dated May 3, 2007 by and between Coeur d'Alene Mines Corporation and Palmarejo Silver and Gold Corporation. (Incorporated herein by reference to Exhibit 2.2 to the Registrant's Form 8-K dated September 25, 2007.)
- 3 Amendment to the Company's By-Laws dated July 16, 2007.
- 31.1 Certification of the CEO
- 31.2 Certification of the CFO
- 32.1 Certification of the CEO (18 U.S.C. Section 1350)
- 32.2 Certification of the CFO (18 U.S.C. Section 1350)
- 99.1 Amendments dated September 24, 2007 to Option Deed dated May 3, 2007 by and between Coeur d'Alene Mines Corporation and Kenneth M. Phillips. (Incorporated herein by reference to Exhibit 99.1 to the Registrant's Form 8-K dated September 25, 2007.)

We are subject to significant governmental regulations, and their related costs and delays may negatively affect our

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- 99.2 Amendments dated September 24, 2007 to Option Deed dated May 3, 2007 by and between Coeur d Alene Mines Corporation and Altinova Nominees Pty Ltd. (Incorporated herein by reference to Exhibit 99.2 to the Registrant's Form 8-K dated September 25, 2007.)
- 99.3 Amendments dated September 24, 2007 to Option Deed dated May 3, 2007 by and between Coeur d Alene Mines Corporation and Dragonlyn Pty Ltd. (Incorporated herein by reference to Exhibit 99.3 to the Registrant's Form 8-K dated September 25, 2007.)
- 99.4 Amendments dated September 24, 2007 to Option Deed dated May 3, 2007 by and between Coeur d Alene Mines Corporation and Rosignol Consultants Pty Ltd. (Incorporated herein by reference to Exhibit 99.4 to the Registrant's Form 8-K dated September 25, 2007.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COEUR D ALENE MINES CORPORATION
(Registrant)

Dated October 31, 2007

/s/ Dennis E. Wheeler
DENNIS E. WHEELER
Chairman, President and
Chief Executive Officer

Dated October 31, 2007

/s/ James A. Sabala
JAMES A SABALA
Executive Vice President and
Chief Financial Officer

