COEUR D ALENE MINES CORP
Form DEFM14A
October 19, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
The Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to § 240.14a-12

COEUR D ALENE MINES CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
o No fee required.
o Fee computed on table below per Exchange Act Rules 14(a)-6(i)(4) and 0-11.
þ Fee paid previously with preliminary materials.

(1) Title of each class of securities to which transaction applies:

Common stock, par value $1.00 per share, of Coeur d Alene Mines Corporation

(2) Aggregate number of securities to which transaction applies:

260,976,363 shares of common stock

4,049,000 options to purchase shares of common stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based upon the sum of (A) 260,976,363 shares of common stock multiplied by $3.41 per share; (B) options to purchase 4,049,000 shares of common stock multiplied by $3.01 (which is the difference between $3.41 and the weighted average exercise price of such options of $0.40 per share) and (C) $1,052,000 in cash that is payable in the transaction. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.00003070 by the sum calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

$903,168,888.30

(5) Total fee paid:

$27,727.28

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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COEUR D ALENE MINES CORPORATION
505 Front Avenue
Post Office Box I
Coeur d Alene, Idaho 83814

October 19, 2007

Dear Coeur Shareholder:

You are cordially invited to attend a special meeting of shareholders of Coeur d Alene Mines Corporation, to be held at The Coeur d Alene Resort and Conference Center, Second Street and Front Avenue, Coeur d Alene, Idaho at 9:30 am, local time, on December 3, 2007 to consider matters relating to the proposed acquisitions of Bolnisi Gold NL and Palmarejo Silver and Gold Corporation (the Transactions), as described in the attached proxy statement. Coeur s Board of Directors unanimously believes that the Transactions are in the best interests of Coeur and its shareholders, because the combined company will be:

The world s leading primary silver company in terms of: annual silver production and low production costs (once the Palmarejo Project commences operations), expected growth rate of production over the next two years, and exploration potential, along with a leading silver resource base;

Diversified geographically, with mining operations in North America, South America and Australia, ranging from exploration stage properties to development and operating properties;

Highly leveraged to commodity prices with unhedged production;

One of the world s most liquid publicly-traded silver mining companies with listings on the NYSE and the Toronto Stock Exchange and an expected listing on the ASX in the form of CHESS Depositary Interests; and

Financially flexible with a large cash position, balance sheet strength, and enhanced access to capital markets.

At the special meeting, Coeur shareholders will be asked to vote on:

Proposal 1 an amendment to Coeur s articles of incorporation to increase the authorized number of shares of Coeur common stock from 500,000,000 to 750,000,000;

Proposal 2 the issuance of shares of Coeur common stock in the Transactions;

Proposal 3 authorization to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional votes to approve Proposals 1 and 2; and

such other matters as may be properly brought before the special meeting.

Coeur s Board of Directors has unanimously approved the Transactions and the issuance of Coeur common stock in the Transactions. **Accordingly, the Board of Directors unanimously recommends that Coeur shareholders vote FOR Proposals 1, 2 and 3.**

The effectiveness of Proposals 1 and 2 is conditioned upon the approval of both proposals. Coeur shareholders can cast separate votes on each proposal, but unless the Coeur shareholders approve both proposals, neither will take effect.

There are certain risks associated with the Transactions, which are described in the attached proxy statement under the heading Risk Factors, beginning on page 31.

The Board of Directors hopes that you will attend the special meeting. However, whether or not you plan to attend the meeting, please sign, date and return the accompanying proxy card in the enclosed postage paid pre-addressed envelope, or otherwise return your proxy in a manner described in the accompanying proxy card, as soon as possible. Your vote is important, regardless of the number of shares you own, so please return your proxy card TODAY.

Sincerely,

DENNIS E. WHEELER
Chairman of the Board and Chief Executive Officer

The proxy statement and accompanying proxy card are dated October 19, 2007, and are first being mailed or given to Coeur shareholders on or about October 23, 2007.

The Transactions described in the attached proxy statement have not been approved or disapproved by the Securities and Exchange Commission or any other securities commission or authority, nor has any such commission or authority passed upon the fairness or merits of the Transactions or upon the accuracy or adequacy of the information contained in the attached proxy statement. Any representation to the contrary is a criminal offense.

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COEUR D ALENE MINES CORPORATION
505 Front Avenue
Post Office Box I
Coeur d Alene, Idaho 83814

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON DECEMBER 3, 2007

COEUR D ALENE MINES CORPORATION

To the Shareholders of Coeur d Alene Mines Corporation:

Notice is hereby given that a special meeting of shareholders of Coeur d Alene Mines Corporation, an Idaho corporation (Coeur), will be held on December 3, 2007 at 9:30 am, local time at The Coeur d Alene Resort and Conference Center located at Second Street and Front Avenue, Coeur d Alene, Idaho, for the following purposes:

1. To consider and vote upon a proposal to amend and restate Coeur s articles of incorporation to increase the authorized number of shares of Coeur common stock from 500,000,000 to 750,000,000.

2. To consider and vote on the proposed issuance of new shares of Coeur common stock, par value $1.00 per share, to Bolnisi Gold NL (Bolnisi) shareholders in connection with the combination of Bolnisi with Coeur and the proposed issuance of new shares of Coeur common stock to Palmarejo Silver and Gold Corporation (Palmarejo) shareholders in connection with the combination of Palmarejo and Coeur. The final number of new shares issued in connection with the combination will depend on whether existing Palmarejo options and warrants are exercised.

3. To approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt any of the foregoing proposals.

4. To consider and vote upon any other matters that properly come before the special meeting.

Only holders of record of Coeur common stock at the close of business on October 19, 2007, the record date of the special meeting, are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the special meeting.

By Order of our Board of Directors,

KELLI C. KAST
Secretary

Your Vote Is Important

Your vote is important. Accordingly, please complete, sign and return the enclosed proxy card or submit your proxy by telephone or over the Internet following the instructions on the proxy card. If you have any questions or need assistance, please call D.F. King & Co., Inc., which is assisting Coeur, toll-free at 1-800-901-0068.

Proxy Statement

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Currency

The functional currency of Coeur is the U.S. dollar. Unless otherwise specified, all references to dollars, $, or US$ shall mean United States dollars. Bolnisi and Palmarejo use the Australian dollar (A$) and Canadian dollar (C$), respectively, as their functional currency.

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Summary Term Sheet

This summary term sheet highlights selected information contained in this proxy statement and may not contain all of the information that is important to you. You are urged to read this entire proxy statement carefully, including the annexes. In addition, we incorporate by reference important business and financial information about us in this proxy statement. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in the section entitled Where Shareholders Can Find More Information About Coeur. In this proxy statement, the terms we, us, our, Coeur and the Company refer to Coeur d Alene Mines Corporation. In t proxy statement, we refer to Bolnisi Gold NL as Bolnisi, Palmarejo Silver and Gold Corporation as Palmarejo, Coeur Sub Two, Inc. as Coeur Sub Two, and Coeur d Alene Mines Australia Pty Ltd as Australian Bidco.

The Companies. Coeur d Alene Mines Corporation is one of the world s leading primary silver producers and a growing gold producer. Coeur has mining interests in Alaska, Argentina, Australia, Bolivia, Chile, Nevada, and Tanzania. Bolnisi Gold NL is an Australia-based company listed on the Australian stock exchange under the symbol BSG and whose principal asset is its indirect 72.8% (as of August 23, 2007) shareholding in outstanding common shares of Palmarejo. Palmarejo is a Canadian company listed on the TSX Venture Exchange under the symbol PJO . Palmarejo is engaged in the exploration and development of silver and gold properties located in the state of Chihuahua, in northern Mexico. Through its indirectly owned Mexican subsidiary, Palmarejo owns or has entered into agreements to acquire concessions comprising the Palmarejo-Trogan project.

The Proposed Transactions. Coeur, Bolnisi and Palmarejo are proposing to combine the three companies in a series of mergers. Coeur will indirectly acquire all the shares of Bolnisi pursuant to a scheme of arrangement and Coeur will indirectly acquire all the shares of Palmarejo pursuant to a plan of arrangement, each in exchange for Coeur common stock and cash. On May 3, 2007, Coeur, Coeur Sub Two, Australian Bidco and Bolnisi entered into a merger implementation agreement, or MIA, for Coeur to acquire the outstanding shares of Bolnisi in accordance with a scheme of arrangement to be submitted for approval by the Federal Court of Australia. On the same day, Coeur and Palmarejo entered into a merger implementation agreement for Coeur to acquire the outstanding shares of Palmarejo not indirectly owned by Bolnisi in accordance with a plan of arrangement to be submitted for approval by the Ontario Superior Court of Justice.

Consideration to be Paid. Coeur has agreed to issue 0.682 shares of Coeur common stock (or, at the election of the Bolnisi shareholder, CHESS Depositary Interests representing Coeur shares) and A$0.004 in cash (or approximately US$0.9 million in aggregate) for each Bolnisi ordinary share held on or about 5 days after the effective date of the scheme of arrangement. Coeur has agreed to issue 2.715 shares of Coeur common stock and C$0.004 in cash (or approximately US$0.2 million in aggregate) for each Palmarejo common share held immediately prior to the consummation of the combination excluding shares held by Bolnisi. Palmarejo will also issue new options to purchase Coeur shares that will be exchanged for all outstanding options to purchase Palmarejo shares. It is anticipated that this will result in Coeur issuing a total of approximately 261.0 million new shares, which excludes up to 11.0 million new shares that will be issuable upon the exercise of existing Palmarejo options and assumes that none of the existing Palmarejo warrants will be exercised before their expiration on October 19, 2007.

Purpose of Coeur Shareholder Vote. Coeur s shareholders are being asked to consider and vote upon a proposal to amend our articles of incorporation to increase the authorized shares of Coeur common stock and to issue shares of common stock to shareholders of Bolnisi and Palmarejo. See The Special Meeting of Coeur Shareholders beginning on page 44.

Coeur s Special Meeting. The Coeur shareholders vote will take place at a special meeting to be held at 9:30 am local time on December 3, 2007, at The Coeur d Alene Resort and Conference Center located at Second Street and Front Avenue, Coeur d Alene, Idaho.

Required Vote of Coeur s Shareholders. The proposals must be adopted by the affirmative vote of a majority of the shares of Coeur common stock that are present or represented by proxy at the shareholder meeting. In addition, the total votes cast on the proposal to authorize the issuance of shares of Coeur common stock to shareholders of Bolnisi and Palmarejo must represent a majority of the shares of common stock outstanding on the date of the special meeting.

Record Date for Coeur s Shareholders. You are entitled to vote at the special meeting if you owned shares of Coeur common stock at the close of business on October 19, 2007.

Coeur Voting Information. You will have one vote for each share of Coeur common stock that you owned at the close of business on the record date. If your shares are held in street name by a broker, you will need to provide your broker with instructions on how to vote your shares. Before voting your shares of Coeur common stock you should read this proxy statement in its entirety, including its annexes, and carefully consider how the Transactions affect you. Then, mail your completed, dated and signed proxy card in the enclosed return envelope or submit your proxy by telephone or over the Internet as soon as possible so that your shares can be voted at the special meeting. For more information on how to vote your shares, please refer to The Special Meeting of Coeur Shareholders beginning on page 44.

Coeur s Board Recommendation. Coeur s board of directors unanimously recommends that Coeur s shareholders vote FOR the amendment to Coeur s articles of incorporation and the issuance of Coeur shares necessary to implement the Transactions.

Opinions of Coeur s Financial Advisor. On May 2, 2007 and July 2, 2007 Coeur s board of directors received a written opinion from CIBC World Markets Inc. each to the effect that, as of May 2, 2007 and July 2, 2007, respectively, and based upon and subject to the factors, assumptions, qualifications and limitations set forth in such opinion, the consideration to be paid by Coeur pursuant to the Transactions was fair, from a financial point of view, to Coeur.

Regulatory Approvals. Under the Corporations Act of 2001 (Cth) (Corporations Act), the Bolnisi Transaction requires court approval before it can become effective. The Corporations Act expressly prevents the Federal Court of Australia from granting approval unless: (1) a statement from the Australian Securities and Investments Commission (ASIC) that it has no objection to the Bolnisi Transaction is produced to the court; or (2) it is satisfied that the arrangement has not been proposed for the purpose of enabling any person to avoid the operation of any of the provisions of Chapter 6 of the Corporations Act (which relates to takeovers). Bolnisi intends to apply to ASIC for a statement that it has no objection to the Bolnisi Transaction and such no objection statement would be expected to be received on or about the Second Court Date, which we expect to occur on or about December 5, 2007. In addition to court approval, approval is also required from a majority of shareholders in each class of shares that are present and voting as well as 75% of the shareholders of Bolnisi present and voting. This meeting of Bolnisi shareholders is scheduled to occur on or about December 4, 2007. The Treasurer of the Commonwealth of Australia must also either issue a notice stating that the Commonwealth Government does not object to Coeur entering into and completing the Bolnisi Transaction or becomes, or be, precluded (any time before the Bolnisi Transaction becomes effective) from making an order in respect of the entry into or completion by Coeur of the Bolnisi Transaction under the Foreign Acquisition and Takeovers Act of 1975. In addition, permission must be obtained for the admission of Coeur Shares in the form of CDIs to quotation on the Australian Securities Exchange (ASX) by 8:00 am on the Second Court Date which is the day on which an application made to the Federal Court of Australia for orders under section 411(4)(b) of the Corporations Act approving the scheme of arrangement is heard. Any such approval may be subject to customary conditions and to the Scheme becoming Effective. Coeur also intends applying to ASX for a waiver of certain ASX Listing Rules.

Under the Canada Business Corporations Act, the Palmarejo Transaction requires court and shareholder approval. Palmarejo is expected to obtain an interim order from the Ontario Superior Court of Justice providing for the calling and holding of the Palmarejo special meeting and other procedural matters. Subject to the approval of the Palmarejo Transaction by two-thirds of the votes cast by Palmarejo shareholders represented in person or by proxy and by a majority of minority Palmarejo shareholders (being those shareholders other than Fairview (a wholly owned subsidiary of Bolnisi) and its affiliates and interested parties) at the Palmarejo special meeting and the approval of the Coeur share issuance and Coeur amendment to the articles of incorporation by the Coeur shareholders at the Coeur special meeting, the

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hearing in respect of a final order from the Ontario Superior Court of Justice is expected to take place on or about December 6, 2007.

Anticipated Closing of the Transactions. Coeur, Bolnisi and Palmarejo will complete the Transactions when all of the conditions to completion of the Transactions have been satisfied or waived. The parties are working toward satisfying these conditions and completing the Transactions as quickly as possible. The parties currently plan to complete the Transactions in the fourth quarter of 2007.

Additional Information. You can find more information about Coeur in the periodic reports and other information Coeur files with the Securities and Exchange Commission (the SEC). This information is available at the SEC s public reference facilities and at the website maintained by the SEC at www.sec.gov. For a more detailed description of the additional information available, see the section entitled Where Shareholders Can Find More Information About Coeur beginning on page 199. For a detailed description of the additional information available about Bolnisi, see the section entitled Where Shareholders Can Find More Information About Bolnisi beginning on page 200. Palmarejo files reports and other information with Canadian provincial securities commissions. These reports and information are available to the public free of charge on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators (SEDAR) at www.sedar.com.

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Questions and Answers about the Transactions and the Special Meeting

The following questions and answers are for your convenience only, and briefly address some commonly asked questions about the Transactions and the special meeting. You should still carefully read this entire proxy statement, including the attached Annexes.

Q: What are Coeur, Bolnisi and Palmarejo proposing?

A: Coeur, Bolnisi and Palmarejo are proposing to combine the three companies in a series of mergers. Coeur will acquire all the shares of Bolnisi pursuant to a scheme of arrangement and Coeur will acquire all the shares of Palmarejo pursuant to a plan of arrangement, each in exchange for Coeur common stock and cash. On May 3, 2007, Coeur, Coeur Sub Two, Australian Bidco and Bolnisi entered into a merger implementation agreement for Coeur to acquire the outstanding shares of Bolnisi in accordance with a scheme of arrangement to be submitted for approval by the Federal Court of Australia. On the same day, Coeur and Palmarejo entered into a merger implementation agreement for Coeur to acquire the outstanding shares of Palmarejo not indirectly owned by Bolnisi in accordance with a plan of arrangement to be submitted for approval by the Ontario Superior Court of Justice. Under the terms of the Bolnisi Transaction, Bolnisi shareholders will receive 0.682 Coeur shares (or, at the election of the Bolnisi shareholder, CHESS Depositary Interests representing Coeur shares) and a cash payment equal to A$0.004 (or approximately US$0.9 million in aggregate) for each Bolnisi ordinary share they own. In addition, new Palmarejo options to purchase Coeur shares will be exchanged for all outstanding options to purchase Palmarejo shares. Under the terms of the Palmarejo Transaction, Palmarejo shareholders will receive 2.715 Coeur shares and a cash payment equal to C$0.004 (or approximately US$0.2 million in aggregate) for each Palmarejo common share they own. It is anticipated that this will result in Coeur issuing a total of approximately 261.0 million new shares, which excludes up to 11.0 million new shares that will be issuable upon the exercise of existing Palmarejo options and assumes that none of the existing Palmarejo warrants will be exercised before their expiration on October 19, 2007.

Q: How does the board of directors recommend that I vote?

A: Coeur s board of directors unanimously recommends that Coeur s shareholders vote **FOR** the amendment to Coeur s articles of incorporation and the issuance of Coeur shares necessary to implement the Transactions.

Q: Why are Coeur, Bolnisi and Palmarejo proposing to combine?

A: We believe that following commencement of production at the Palmarejo Project the combination of Coeur, Bolnisi and Palmarejo will create the world s leading primary silver company in terms of growth rate, production costs, exploration potential, and silver resources. Once production commences for the Palmarejo Project, the combined company expects to become the largest primary silver producer in the world. The combined company is expected to be diversified geographically, with mining operations in North America, South America and Australia, ranging from exploration stage properties to development and operating properties, and will be highly leveraged to commodity prices with unhedged production. The combined company is expected to be one of the world s most liquid publicly-traded silver mining companies with listings on the NYSE and the Toronto Stock Exchange and an expected listing on the ASX in the form of CHESS Depositary Interests. The combined company is expected to be financially flexible with a large cash position, balance sheet strength, and enhanced access to capital markets. Following the Transactions, the combined company is expected to have the scope, scale and financial strength to more efficiently develop existing opportunities and assets and to capitalize quickly on new growth and other opportunities within the mining industry.

Q: Are there risks I should consider in deciding whether to vote for the proposed Transactions?

A: Yes. The proposed transactions are subject to a number of risks and uncertainties. Coeur may not realize the benefits it currently anticipates due to the challenges associated with integrating the companies and other risks inherent in its mining business. See Risk Factors beginning on page 31.

Q: How does Coeur intend to finance the Transactions?

A: Coeur has agreed to issue 0.682 shares of Coeur common stock (or, at the election of the Bolnisi shareholder, CHESS Depositary Interests representing Coeur shares) and A$0.004 (or US$0.9 million in aggregate) in cash for each

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Bolnisi ordinary share held immediately prior to the consummation of the combination. Coeur has agreed to issue 2.715 shares of Coeur common stock and C$0.004 (or US$0.2 million in aggregate) in cash for each Palmarejo common share held immediately prior to the consummation of the combination. It is anticipated that this will result in Coeur issuing a total of approximately 261.0 million new shares, which excludes up to 11.0 million new shares that will be issuable upon the exercise of existing Palmarejo options and assumes that none of the existing Palmarejo warrants will be exercised before their expiration on October 19, 2007.

Q: When do Coeur, Bolnisi and Palmarejo expect to complete the Transactions?

A: Coeur, Bolnisi and Palmarejo will complete the Transactions when all of the conditions to completion of the Transactions have been satisfied or waived. The parties are working toward satisfying these conditions and completing the Transactions as quickly as possible. The parties currently plan to complete the Transactions in the fourth quarter of 2007.

Q: What will the share ownership, board of directors and management of Coeur look like after the combination?

A: We estimate that upon completion of the Transactions, former shareholders of Bolnisi and Palmarejo will own approximately 48.29% of the outstanding common stock of the combined company. Assuming that all existing Palmarejo options are exercised before or after the consummation of the Transactions, former shareholders of Bolnisi and Palmarejo will own approximately 49.32% of the outstanding stock of the combined company. We do not expect any change in our board of directors or management following completion of the Transactions.

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement and enclosed proxy card because, as of October 19, 2007, the record date for the special meeting, you owned shares of Coeur common stock. Only holders of record of shares of Coeur common stock as of the close of business on October 19, 2007, will be entitled to vote those shares at the special meeting. Our Board of Directors is providing these proxy materials to give you information to determine how to vote in connection with the special meeting of our shareholders.

This proxy statement describes the issues on which we would like you, as a shareholder, to vote. It also provides you with important information about these issues to enable you to make an informed decision as to whether to vote your shares of Coeur common stock for the matters described herein.

As more fully described herein, Coeur has agreed to acquire Bolnisi pursuant to a merger implementation agreement, made and entered into as of May 3, 2007, between Coeur, Coeur d Alene Mines Australia Pty Ltd, Coeur Sub Two, Inc. and Bolnisi and Coeur has agreed to acquire Palmarejo pursuant to a merger implementation agreement, made and entered into as of May 3, 2007, between Coeur and Palmarejo.

We are holding a special meeting of shareholders in order to obtain the shareholder approval necessary to amend our articles of incorporation to increase the authorized shares of Coeur common stock and to issue shares of our common stock to shareholders of Bolnisi and Palmarejo. We will be unable to complete the Transactions unless the shareholders approve the proposals described in this proxy statement at the special meeting. We have included in this proxy statement important information about the Transactions and the special meeting. You should read this information carefully and in its entirety. We have attached a copy of the Bolnisi merger implementation agreement and the Palmarejo merger implementation agreement to this proxy statement as Annex A-1 and Annex B-1, respectively. The enclosed voting materials allow you to vote your shares without attending the special meeting.

Your vote is very important and we encourage you to complete, sign, date and mail your proxy card, as soon as possible, whether or not you plan to attend the special meeting. Convenient telephone and Internet voting options also are available. This proxy statement describes the issues on which we would like you, as a shareholder to vote.

Q: When and where is the special meeting?

A: The special meeting will be held at The Coeur d Alene Resort and Conference Center, Second Street and Front Avenue, Coeur d Alene, Idaho at 9:30 am, local time, on December 3, 2007.

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Q: Who is entitled to vote at the special meeting?

A: Holders of Coeur common stock at the close of business on October 19, 2007, the record date for the special meeting, may vote in person or by proxy at the special meeting.

Q: What am I being asked to vote upon?

A: You are being asked to consider and vote upon a proposal to increase the authorized shares of Coeur common stock from 500,000,000 to 750,000,000 in order to provide sufficient shares to issue to Bolnisi and Palmarejo shareholders in the Transactions and a proposal to authorize the issuance of shares of Coeur common stock to Bolnisi and Palmarejo s shareholders. You are also being asked to consider and vote upon a proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt such proposals. None of the proposed amendment to the existing articles of incorporation or the proposed share issuance will be implemented unless all are approved and the Transactions are completed.

Q: What vote is required to approve the proposals?

A: The proposals must be adopted by the affirmative vote of a majority of the shares of Coeur common stock that are present or represented by proxy at the shareholder meeting. In addition, the total votes cast on Proposal 2 must represent a majority of the shares of common stock outstanding on the date of the special meeting.

Q: How many votes do I have?

A: You have one vote for each share of Coeur common stock that you own as of the record date.

Q: How are votes counted?

A: Votes will be counted by the inspector of election appointed for the special meeting, who will separately count FOR and Against votes, abstentions and broker non-votes. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not receive instructions with respect to the proposals from the beneficial owner.

Q: How do I vote my Coeur common stock?

A: Before you vote, you should read this proxy statement in its entirety, including its Annexes, and carefully consider how the Transactions affect you. Then, mail your completed, dated and signed proxy card in the enclosed return envelope or submit your proxy by telephone or over the Internet as soon as possible so that your shares can be voted at the special meeting. For more information on how to vote your shares, see the section entitled The Special Meeting Record Date and Voting Information.

Q: What happens if I do not vote?

A: The presence, in person or by proxy, of a majority of the shares of common stock outstanding on the date of the special meeting is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum, but will not be counted as present for purposes of determining whether a proposal has been approved. In addition, the total votes cast on Proposal 2 must represent a majority of the shares of common stock outstanding on the date of the special meeting. If you do not vote, your shares will not be counted towards the approval requirement.

Q: What happens if I don t indicate how to vote on my proxy?

A: If you are a record holder of Coeur common stock and sign and send in your proxy card, but do not include instructions on how to vote, your shares will be voted **FOR** approval of the Coeur articles of incorporation amendment and the Coeur share issuance.

Q: What happens if I sell my shares of Coeur common stock before the special meeting?

A: The record date for shareholders entitled to vote at the special meeting is earlier than the expected date of the mergers. If you transfer your shares of Coeur common stock after the record date but before the special meeting you will, unless special arrangements are made, retain your right to vote at the special meeting.

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Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will vote your shares only if you provide instructions to your broker on how to vote. You should instruct your broker to vote your shares by following the directions provided to you by your broker.

Q: Will my shares held in street name or another form of record ownership be combined for voting purposes with shares I hold of record?

A: No. Because any shares you may hold in street name will be deemed to be held by a different shareholder than any shares you hold of record, any shares so held will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity. Shares held in an IRA must be voted under the rules governing the account.

Q: What does it mean if I receive more than one set of materials?

A: This means you own shares of Coeur common stock that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. You must vote, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards that you receive in order to vote all of the shares you own. Each proxy card you receive comes with its own prepaid return envelope. If you vote by mail, make sure you return each proxy card in the return envelope that accompanies that proxy card.

Q: What if I fail to instruct my broker?

A: Without instructions, your broker will not vote any of your shares held in street name. Broker non-votes will be counted for purposes of determining the presence or absence of a quorum, but will not be counted as present for purposes of determining whether a proposal has been approved.

Q: May I vote in person?

A: Yes. You may attend the special meeting and vote your shares in person whether or not you sign and return your proxy card. If your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the special meeting, you must contact your broker or bank and obtain a legal proxy from the record holder.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. You may revoke and change your vote at any time before your proxy card is voted at the special meeting. You can do this in one of three ways:

First, you can send a written notice to the Coeur corporate secretary stating that you would like to revoke your proxy;

Second, you can complete and submit a new proxy in writing, by telephone or over the Internet; or

Third, you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions.

Q: Who can help answer my questions?

A: If you have questions about the Transactions and the special meeting, including the procedures for voting your shares, you should contact our proxy solicitor D.F. King & Co., Inc. toll-free at 1-800-901-0068 (banks and brokers may call collect at (212) 269-5550).

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Introduction

This proxy statement and the accompanying form of proxy are being furnished to Coeur shareholders in connection with the solicitation of proxies by Coeur s Board of Directors for use at the special meeting to be held at The Coeur d Alene Resort and Conference Center located at Second Street and Front Avenue, Coeur d Alene, Idaho, on December 3, 2007 at 9:30 am local time.

You are being asked to vote upon a proposal to increase the authorized shares of Coeur common stock from 500,000,000 to 750,000,000 in order to provide sufficient shares to issue to Bolnisi and Palmarejo shareholders in the Transactions and a proposal to authorize the issuance of shares of Coeur common stock to Bolnisi and Palmarejo s shareholders.

The Companies

Coeur d Alene Mines Corporation

Coeur d Alene Mines Corporation is one of the world s leading primary silver producers and a growing gold producer. Coeur has mining interests in Alaska, Argentina, Australia, Bolivia, Chile, Nevada, and Tanzania.

Additional information about Coeur s business is set forth in Coeur s Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is available on the SEC s website at www.sec.gov. See Where Shareholders Can Find More Information About Coeur on page 199.

Coeur d Alene Mines Corporation
505 Front Avenue
Coeur d Alene, Idaho 83814

Coeur d Alene Mines Australia Pty Ltd

Coeur d Alene Mines Australia Pty Ltd, an Australian corporation (Australian Bidco), was formed solely for the purpose of acquiring Bolnisi. Australian Bidco is a wholly-owned direct subsidiary of Coeur Sub Two and a wholly-owned indirect subsidiary of Coeur and has not engaged in any business except in anticipation of the Bolnisi Transaction.

Coeur d Alene Mines Australia Pty Ltd
c/o CDE Australia Pty Ltd
Suite 1003
3 Spring Street
Sydney NSW 2000

Coeur Sub Two, Inc.

Coeur Sub Two, Inc., a Delaware corporation, was formed solely for the purpose of acquiring Bolnisi. Coeur Sub Two is a wholly-owned indirect subsidiary of Coeur and has not engaged in any business except in anticipation of the Bolnisi Transaction.

Coeur Sub Two, Inc.
c/o Coeur d Alene Mines Corporation

505 Front Avenue
Coeur d Alene, Idaho 83814

Bolnisi Gold NL

Bolnisi Gold NL is an Australia-based company listed on the Australian Stock Exchange under the symbol BSG and who is engaged in mining and exploration for gold and silver. Bolnisi s principal asset is its indirect 72.8% (as of August 23, 2007) shareholding in the outstanding common shares of Palmarejo. Bolnisi also has a

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portfolio of Mexican-based exploration projects, which include the Yecora Gold-Silver project, Sonora, and the El Realito Gold-Silver project, Chihuahua.

Bolnisi Gold NL
Level 8
261 George Street
Sydney NSW 2000
Australia

Palmarejo Silver and Gold Corporation

Palmarejo Silver and Gold Corporation is engaged in the exploration and development of silver and gold projects, and is listed on the TSX Venture Exchange under the symbol PJO . Through its indirectly owned Mexican subsidiary, Palmarejo owns or has entered into agreements to acquire concessions comprising the Palmarejo-Trogan project. Additional information about Palmarejo s business is set forth in Palmarejo s Annual Information Form dated October 12, 2006, which is available under Palmarejo s profile on SEDAR at www.sedar.com.

Palmarejo Silver and Gold Corporation
199 Bay Street, Suite 5300
Commerce Court West
Toronto, Ontario M5L 1B9
Canada

Cautionary Statements Concerning Forward-Looking Information

This proxy statement contains numerous forward-looking statements relating to Coeur s, Bolnisi s and Palmarejo s gold and silver mining business, including estimated production data, expected operating schedules, expected operating and capital costs and other operating data and permit and other regulatory approvals. Such forward-looking statements are identified by the use of words such as believes, intends, expects, hopes, may, should, plan, projected, anticipates or similar words. Actual production, operating schedules, results of operations, ore reserve and resource estimates and other projections and estimates could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ materially from those projected in the forward-looking statements include (i) the risk factors set forth below under Risk Factors , (ii) the risks and hazards inherent in the mining business (including environmental hazards, industrial accidents, weather or geologically related conditions), (iii) changes in the market prices of gold and silver, (iv) the uncertainties inherent in Coeur s, Bolnisi s and Palmarejo s production, exploratory and developmental activities, including risks relating to permitting and regulatory delays, (v) the uncertainties inherent in the estimation of gold and silver ore reserves, (vi) changes that could result from Coeur s future acquisition of new mining properties or businesses, (vii) the effects of environmental and other governmental regulations, and (viii) the risks inherent in the ownership or operation of or investment in mining properties or businesses in foreign countries. Readers are cautioned not to put undue reliance on forward-looking statements. Coeur disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

All subsequent written and oral forward-looking statements attributable to Coeur or persons acting on Coeur s behalf are expressly qualified in their entirety by the cautionary statements contained throughout this proxy statement.

All information contained in this proxy statement concerning Bolnisi has been supplied by Bolnisi and all information contained in this proxy statement concerning Palmarejo has been supplied by Palmarejo and in neither case has been independently verified by Coeur.

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Selected Historical Financial Data of Coeur

The following table summarizes certain selected consolidated financial data with respect to Coeur and its subsidiaries and should be read in conjunction with Coeur s historical consolidated financial statements and related notes attached as Annex C to this proxy statement.

Shareholders also should read this summary data with the unaudited pro forma condensed combined financial statements beginning on page 16.

	Six Months Ended June 30,		Year Ended December 31,				
Income Statement Data:	**2007**	**2006**	**2006**	**2005**	**2004**	**2003**	**2002**
			(In thousands except per share data)				
Revenues:							
Sales of metal	$ 102,524	$ 98,895	$ 216,573	$ 156,284	$ 109,047	$ 93,620	$ 67,117
Costs and expenses:							
Production costs applicable to sales	47,760	41,687	92,378	88,232	63,715	64,970	65,654
Depreciation and depletion	12,774	13,307	26,772	18,889	16,833	15,107	10,150
Administrative and general	11,884	9,618	19,369	20,624	17,499	12,264	8,806
Exploration	5,430	3,901	9,474	10,553	8,031	4,277	3,849
Pre-development				6,057	11,449	1,967	2,606
Other holding costs						4,478	3,608
Litigation settlements	507	469	2,365	1,600			
Total costs and expenses	78,355	68,982	150,358	145,955	117,527	103,063	94,673
Other income (expense)							
Interest and other income	8,866	7,314	18,654	8,385	3,165	2,064	4,080
Interest expense, net	(170)	(888)	(1,224)	(2,485)	(2,831)	(12,851)	(21,948)
Merger expenses					(15,675)		
Loss on early retirement of debt						(41,564)	(19,061)
Total other income (expense)	8,696	6,426	17,430	5,900	(15,341)	(52,351)	(36,929)
Income (loss) from continuing operations before income taxes	32,865	36,339	83,645	16,229	(23,821)	(61,794)	(64,485)
Income tax (provision) benefit	(6,928)	(2,481)	(8,226)	(1,483)	5,785	7	
Income (loss) from continuing operations	25,937	33,858	75,419	14,746	(18,036)	(61,787)	(64,485)

Income (loss) from discontinued operations		1,968	1,935	(4,195)	1,178	(2,139)	(16,334)
Gain on sale of net assets of discontinued operation		11,159	11,132				
Cumulative effect of accounting change						(2,306)	
Net income (loss)	$ 25,937	$ 46,985	$ 88,486	$ 10,551	$ (16,858)	$ (66,232)	$ (80,819)
Other comprehensive income (loss)	516	1,740	2,391	447	(908)	(556)	(1,470)
Comprehensive income (loss)	$ 26,453	$ 48,725	$ 90,877	$ 10,998	$ (17,766)	$ (66,788)	$ (82,289)

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Income Statement Data:	Six Months Ended June 30, 2007	2006	Year Ended December 31, 2006	2005	2004	2003	2002
			(In thousands except per share data)				
Basic and Diluted Income (Loss) Per Share Data:							
Basic Income (Loss) Per Share:							
Income (loss) from continuing operations	$ 0.09	$ 0.13	$ 0.28	$ 0.06	$ (0.08)	$ (0.37)	$ (0.82)
Income (loss) from discontinued operations		0.05	0.05	(0.02)	0.00	(0.01)	(0.21)
Cumulative effect of accounting change						(0.01)	
Net income (loss)	$ 0.09	$ 0.18	$ 0.33	$ 0.04	$ (0.08)	$ (0.39)	$ (1.03)
Diluted Income (Loss) Per Share:							
Income (loss) from continuing operations	$ 0.09	$ 0.12	$ 0.26	$ 0.06	$ (0.08)	$ (0.37)	$ (0.82)
Income (loss) from discontinued operations		0.04	0.04	(0.02)	0.00	(0.01)	(0.21)
Cumulative effect of accounting change						(0.01)	
Net income (loss)	$ 0.09	$ 0.16	$ 0.30	$ 0.04	$ (0.08)	$ (0.39)	$ (1.03)
Weighted average number of shares of common stock							
Basic	277,720	265,049	271,357	242,915	215,969	168,186	78,193
Diluted	302,205	289,832	296,082	243,683	215,969	168,186	78,193

Balance Sheet Data:	June 30, 2007	2006	December 31, 2006	2005	2004	2003	2002
			(In thousands except per share data)				
Total assets	$ 883,912	$ 794,083	$ 849,626	$ 594,816	$ 525,777	$ 259,467	$ 173,491
Working capital	$ 311,379	$ 425,626	$ 383,082	$ 281,977	$ 345,894	$ 96,994	$ 2,661
Long-term debt	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 9,563	$ 66,797
Long-term liabilities	$ 211,844	$ 207,955	$ 210,117	$ 206,921	$ 198,873	$ 29,461	$ 81,200
Shareholders equity	$ 609,163	$ 537,290	$ 580,994	$ 341,553	$ 293,454	$ 197,478	$ 47,687

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Selected Historical Financial Data of Bolnisi

The following selected historical financial data of Bolnisi is derived from Bolnisi s audited financial statements for each of the years in the five year period ended June 30, 2007. As of August 23, 2007 Bolnisi owns approximately 72.8% of Palmarejo whose separate selected financial data is shown separately hereafter. The consolidated amounts shown below include the accounts of Palmarejo. This summary data should be read together with Bolnisi s financial statements and the accompanying notes, included in Annex D to this proxy statement. Bolnisi s financial statements are prepared in accordance with Australian Accounting Standards (AASBS), which differs from US GAAP in certain respects. A discussion of these differences is presented in the notes to Bolnisi s financial statements contained in Annex D to this proxy statement. Selected historical financial data presented under US GAAP is also shown below. The following selected financial data is presented in Australian dollars. Historical results are not indicative of the results to be expected in the future.

Shareholders also should read this summary data with the unaudited pro forma condensed combined financial statements beginning on page 16.

	Bolnisi Historical Financial Data Year Ended June 30,				
Australian Accounting Standards(1)	**2007**	**2006**	**2005**	**2004**	**2003**
	(Australian $ in thousands except per share data)				
Revenue from sale of gold and silver	$	$	$	$ 24,446	$ 49,487
mining and treatment costs				(14,173)	(22,494)
Gross profit from the sale of gold and silver				10,273	26,993
Other revenues from ordinary activities	2,458	3,253	809	6,834	126
Expenses from ordinary activities	7,124	6,452	3,824	10,623	6,339
Profit from ordinary activities before related income tax expense	(4,666)	(3,199)	(3,015)	6,484	20,780
Income tax (expense)/benefit related to ordinary activities		(420)	(493)	(2,424)	(6,380)
Profit/(loss) after tax but before profit and loss of discontinued operation and gain on sale of discontinued operation	(4,666)	(3,619)	(3,508)	4,060	14,400
Profit and loss from discontinued operations and gain on sale of discontinued operations, net of tax		10,693	6,423		
Profit/(loss) for the year	$ (4,666)	$ 7,074	$ 2,915	$ 4,060	$ 14,400
Net profit (loss) attributable to outside equity interests	$ (300)	$ 3,209	$ 574	$ (3,449)	$ (7,824)
Net profit (loss) attributable to members of the parent entity	$ (4,366)	$ 3,865	$ 2,341	$ 611	$ 6,576
	$ (.016)	$ (.01)	$ .013	$ .004	$ .04

Basic earnings (loss) per share from continuing operations										
Diluted earnings (loss) per share from continuing operations	$	(.016)	$	(.01)	$	.013	$	.004	$	.04

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	Bolnisi Historical Financial Data June 30,				
	2007	2006	2005	2004	2003
	(Australian $ in thousands)				
Balance sheet data					
Total assets	$ 137,999	$ 144,111	$ 88,246	$ 50,886	$ 44,599
Working capital	16,056	91,387	45,015	21,869	19,355
Long-term debt	9,877		2,196	9,588	9,525
Shareholders equity	119,335	138,170	66,932	33,226	29,622

	Bolnisi Historical Financial Data Year Ended June 30,		
US GAAP	2007	2006	2005
	(Australian $ in thousands except per share data)		
Revenue from sale of gold and silver	$	$	$
mining and treatment costs			
Gross profit from the sale of gold and silver			
Other revenues from ordinary activities	2,458	3,253	809
Expenses from ordinary activities:	7,124	6,452	3,824
Exploration and predevelopment	18,328	21,636	12,776
Profit from ordinary activities before related income tax expense	(22,994)	(24,835)	(15,791)
Income tax (expense)/benefit related to ordinary activities		(420)	(493)
Profit/(loss) after tax but before profit and loss of discontinued operation and gain on sale of discontinued operation	(22,994)	(25,255)	(16,284)
Profit and loss from discontinued operations and gain on sale of discontinued operations, net of tax		10,693	6,423
Profit/(loss) for the year before outside equity interests	(22,994)	(14,562)	(9,861)
Net profit (loss) attributable to outside equity interests	5,292	1,945	8,097
Net profit (loss) attributable to members of the parent entity	$ (17,702)	$ (12,617)	$ (1,764)
Basic earnings (loss) per share from continuing operations	$ (.063)	$ (.046)	$ (.008)
Diluted earnings (loss) per share from continuing operations	$ (.063)	$ (.046)	$ (.008)

	Bolnisi Historical Financial Data June 30,		
	2007	2006	2005
	(Australian $ in thousands)		

Balance sheet data			
Total assets	$ 100,152	$ 114,410	$ 74,979
Working capital	16,056	91,387	45,015
Long-term debt	9,877		2,196
Shareholders equity	181,488	108,469	53,664

(1) The consolidated financial statements for the years ended June 30, 2007, 2006 and 2005 are general purpose financial statements which have been prepared in accordance Australian equivalents to International Financial Reporting Standards (AIFRS), comprising Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These consolidated financial statements of Bolnisi comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board. For the years ended June 30, 2004 and 2003, the consolidated financial statements have been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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Selected Historical Financial Data of Palmarejo

The following selected historical financial data of Palmarejo is derived from Palmarejo s audited financial statements for the years ended June 30, 2007 and 2006 and for the 248-day period from Palmarejo s inception to June 30, 2005. This summary data should be read together with Palmarejo s financial statements and the accompanying notes, included in Annex E to this proxy statement. Palmarejo s financial statements are prepared in accordance with Canadian GAAP, which differs from US GAAP in certain respects. A discussion of these differences is presented in the notes to Palmarejo s financial statements contained in Annex E to this proxy statement. Selected historical financial data presented under US GAAP is also shown below. The following selected historical financial data is presented in Canadian dollars. Historical results are not indicative of the results to be expected in the future.

Shareholders also should read this summary data with the unaudited pro forma condensed combined financial statements beginning on page 16.

	Palmarejo Historical Financial Data Year Ended June 30,		
Canadian GAAP	**2007**	**2006**	**2005(1)**
	(In thousands except per share data)		
Operating data			
Interest income	$ 1,805	$ 700	$ 73
Expenses and other	2,340	1,781	4,338
Net earnings (loss)	$ (535)	$ (1,081)	$ (4,265)
Basic and diluted earnings per share	$ (0.01)	$ (0.01)	$ (0.14)
Weighted average shares basic and diluted	90,739	75,403	31,052

	June 30,		
	2007	**2006**	**2005**
Balance sheet data			
Total assets	$ 129,674	$ 104,350	$ 15,493
Working capital	5,116	67,059	(1,603)
Long-term debt	8,918	752	
Shareholders equity	104,061	103,097	11,208

	Palmarejo Historical Financial Data Year Ended June 30,		
US GAAP	**2007**	**2006**	**2005(1)**
	(In thousands except per share data)		
Operating data			
Interest income	$ 1,805	$ 700	$ 73
Expenses and other	19,072	20,771	9,050
Net earnings (loss)	$ (17,267)	$ (20,071)	$ (8,977)

Basic and diluted earnings per share	$ (0.19)	$ (0.27)	$ (0.29)
Weighted average shares basic and diluted	90,739	75,403	31,052

	June 30, 2007	2006	2005
Balance sheet data			
Total assets	$ 81,694	$ 73,414	$ 10,781
Working capital	5,116	67,059	(1,603)
Long-term debt	8,918	752	
Shareholders equity	56,081	72,161	6,496

(1) The Company commenced operations during the year ended June 30, 2005. Operating data is provided for the 248-day period ended June 30, 2005.

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Unaudited Pro Forma Condensed Combined Financial Statements

On May 3, 2007, Coeur, Coeur Sub Two, Australian Bidco and Bolnisi entered into a merger implementation agreement for Coeur to acquire all of the shares of Bolnisi in accordance with a scheme of arrangement to be submitted for approval by the Federal Court of Australia. On the same day, Coeur and Palmarejo entered into a merger implementation agreement for Coeur to acquire the outstanding shares of Palmarejo not directly owned by Bolnisi in accordance with a plan of arrangement to be submitted for approval by the Ontario Superior Court of Justice. Pursuant to these agreements, Coeur will indirectly acquire all the shares of Bolnisi pursuant to a scheme of arrangement and Coeur will indirectly acquire all the shares of Palmarejo pursuant to a plan of arrangement, each in exchange for Coeur common stock and cash.

Under the terms of the Transactions, Bolnisi shareholders will receive 0.682 Coeur shares for each Bolnisi share they own (or, at the election of the Bolnisi shareholder, CHESS Depositary Interests representing Coeur shares), and Palmarejo shareholders 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, which excludes up to 11.0 million shares that are issuable in exchange for Palmarejo shares that may be issued upon the exercise of outstanding Palmarejo options. Upon closing, all unexercised Palmarejo options will be exchanged for options to acquire Coeur 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 in aggregate) and C$0.004/US$0.003 per Palmarejo share (or approximately US$0.2 million in aggregate), respectively.

All holders of Palmarejo options will receive Palmarejo Replacement Options (as defined below) under the plan of arrangement. A Palmarejo Replacement Option will entitle the holder thereof to acquire the number of Coeur shares equal to the product of (i) the number of Palmarejo shares subject to the Palmarejo option immediately prior to the consummation of the Transactions, and (ii) 2.715 Coeur shares plus the portion of a Coeur share that, immediately prior to the consummation of the Transactions, has a fair market value equal to C$0.004 for each Palmarejo share that the holder was entitled to receive, provided that if the foregoing would result in the issuance of a fraction of a Coeur share, then the number of Coeur shares otherwise issued shall be rounded down to the nearest whole number of Coeur shares. The exercise price per Coeur share subject to any such Palmarejo Replacement Option shall be an amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Palmarejo share subject to such Palmarejo Option immediately before the consummation of the Transactions divided by (B) 2.715 plus such portion of a Coeur share that, immediately prior to the consummation of the Transactions, has a fair market value equal to C$0.004 cash (provided that the aggregate exercise price payable on any particular exercise of Palmarejo Replacement Options shall be rounded up to the nearest whole cent). Except as set out above, the terms of each Palmarejo Replacement Option shall be the same as the terms of the Palmarejo option exchanged therefor pursuant to the Palmarejo Share Option Plan in the plan of arrangement and any agreement evidencing the grant thereof prior to the consummation of the Transactions.

The following unaudited pro forma condensed combined financial statements and notes have been prepared based on Coeur s, Bolnisi s and Palmarejo s historical financial statements to assist shareholders in analyzing the potential financial results of the combined company. The Transactions are accounted for as purchases of assets and not as business combinations since Bolnisi and Palmarejo are considered to be in the development stage. The unaudited pro forma condensed combined financial statements are prepared on that basis, and are presented to give effect to the following two alternative scenarios: (i) the acquisition of Bolnisi and Palmarejo by Coeur and (ii) the acquisition of Bolnisi only (and not Palmarejo) by Coeur. For each of the alternative scenarios, the following unaudited pro forma condensed combined financial statements represent the combined company s unaudited pro forma condensed combined balance sheet as of June 30, 2007, and unaudited pro forma condensed combined income statements for the six months ended June 30, 2007 and the year ended December 31, 2006. The unaudited pro forma condensed combined balance sheet gives effect to the acquisition(s) as if they occurred on the date of such balance sheet. The accompanying unaudited pro forma condensed combined income statements give effect to the acquisition(s) as if they occurred on January 1, 2006, the first day of Coeur s year ended December 31, 2006.

Coeur s historical information has been derived from its historical financial statements which were prepared and presented in accordance with U.S. GAAP. Bolnisi s historical consolidated financial statements are presented in Australian dollars and were prepared in accordance with AIFRS, which differs in certain respects from

U.S. GAAP. As described in the notes to Bolnisi s financial statements included in Annex D to this proxy statement and the notes to these unaudited pro forma condensed combined financial statements, Bolnisi s historical consolidated financial statements were adjusted to be presented under U.S. GAAP and were translated from A$ to US$. As presented in the notes to Palmarejo s financial statements included in Annex E to this proxy statement and the notes to these unaudited pro forma condensed combined financial statements, pro forma adjustments have been made to the consolidated financial statements of Bolnisi (including Palmarejo) to conform with Coeur s presentation under U.S. GAAP.

The pro forma adjustments are based upon available information and assumptions that management of Coeur believes are reasonable. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and are based on the estimates and assumptions set forth in the notes accompanying those statements. The companies might have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the combination. The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical financial statements of Coeur, Bolnisi and Palmarejo and the related notes included as annexes to this proxy statement.

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Coeur d Alene Mines Corporation

Unaudited Pro Forma Combined Consolidated Balance Sheet as of June 30, 2007
(Bolnisi and Palmarejo) (Note 1)

	Coeur	Bolnisi		Pro Forma Adjustments	Pro Forma Combined
		(In thousands except per share data)			
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 236,232	$ 16,646	(d)	$ (11,600)	$ 240,226
			(e)	(1,052)	
Short-term investments	36,270				36,270
Receivables	38,732	4,393			43,125
Ore on leach pad	32,729				32,729
Metal and other inventory	18,353				18,353
Deferred taxes	3,872				3,872
Prepaid expenses and other	8,096	48			8,144
Total current assets	374,284	21,087		(12,652)	382,719
PROPERTY, PLANT AND EQUIPMENT					
Property, plant & equipment, net	98,497	52,952			151,449
MINING PROPERTIES					
Operational mining properties, net	13,098				13,098
Mineral interests, net	64,891				64,891
Non producing and development properties	258,979		(c)	1,483,371	1,729,294
			(f)	(13,056)	
	435,465	52,952		1,470,315	1,958,732
OTHER ASSETS					
Ore on leach pad, non current portion	37,374				37,374
Restricted cash and cash equivalents	21,652				21,652
Debt issuance costs, net	4,999				4,999
Deferred income taxes	1,389				1,389
Other	8,749				8,749
Total non-current assets	74,163				74,163
Total Assets	$ 883,912	$ 74,039		$ 1,457,663	$ 2,415,614
LIABILITIES AND STOCKHOLDERS EQUITY					
CURRENT LIABILITIES					
Accounts payable	$ 35,967	$ 5,360		$	$ 41,327

Accrued liabilities and other	8,877				8,877
Accrued taxes	5,363				5,363
Accrued payroll and related benefits	7,005				7,005
Accrued interest payable	1,031				1,031
Current portion of reclamation and mine closure	4,662				4,662
Current portion of capital leases		2,098			2,098
Total current liabilities	62,905	7,458			70,363
LONG TERM LIABILITIES					
11/4% Convertible senior Notes due 2024	180,000				180,000
Long-term debt		8,384			8,384
Reclamation and mine closure	27,579				27,579
Deferred income taxes			(c)	453,701	440,645
			(f)	(13,056)	
Other long-term liabilities	4,265				4,265
Total non-current liabilities	211,844	8,384		440,645	660,873
STOCKHOLDERS EQUITY					
Common stock	279,507	47,751	(a)	(47,751)	540,483
			(b)	260,976	
Additional paid in capital	779,062	(6,730)	(a)	6,730	1,593,301
			(b)	782,930	
			(g)	31,309	
Accumulated deficit	(437,285)	3,997	(a)	(3,997)	(437,285)
Shares held in treasury	(13,190)		(b)		(13,190)
Minority interest		13,179	(a)	(13,179)	
Accumulated other comprehensive income	1,069				1,069
Total stockholders equity	609,163	58,197		1,017,018	1,684,378
Total liabilities and stockholders equity	$ 883,912	$ 74,039		$ 1,457,663	$ 2,415,614

See accompanying notes to these pro forma financial statements.

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Coeur d Alene Mines Corporation

Unaudited Pro Forma Combined Income Statement for the Six Months Ended June 30, 2007 (Bolnisi and Palmarejo) (Note 1)

	Coeur	Bolnisi	Pro Forma Adjustments		Pro Forma Combined
	(In thousands except per share data)				
REVENUES					
Sales of metals	$ 102,524	$		$	$ 102,524
COSTS AND EXPENSES					
Production costs applicable to sales	47,760				47,760
Depreciation and depletion	12,774				12,774
Administrative and general	11,884	1,808			13,692
Exploration	5,430	9,695			15,125
Litigation settlement	507				507
Other		1,863			1,863
Total costs and expenses	78,355	13,366			91,721
Operating income (loss)	24,169	(13,366)			10,803
OTHER INCOME AND EXPENSES					
Interest and other	8,866	654			9,520
Interest expense, net of capitalized interest	(170)				(170)
Total other income and expenses	8,696	654			9,350
Income (loss) before taxes	32,865	(12,712)			20,153
Income tax (provision) benefit	(6,928)				(6,928)
NET INCOME (LOSS)	$ 25,937	$ (12,712)		$	$ 13,225
BASIC AND DILUTED INCOME (LOSS) PER SHARE					
Basic income (loss) per share	$ 0.09				$ 0.03
Diluted income (loss) per share	$ 0.09				$ 0.02
Weighted average number of shares of common stock:					
Basic	277,720		(b)	260,976	536,696
Diluted	302,205		(b)	260,976	563,181

See accompanying notes to these pro forma financial statements.

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Coeur d Alene Mines Corporation

Unaudited Pro Forma Combined Income Statement for the Year Ended December 31, 2006 (Bolnisi and Palmarejo) (Note 1)

	Coeur	Bolnisi and Palmarejo	Pro Forma Adjustments		Pro Forma Combined
	(In thousands except per share data)				
REVENUES					
Sales of metals	$ 216,573	$	$		$ 216,573
COSTS AND EXPENSES					
Production costs applicable to sales	92,378				92,378
Depreciation and depletion	26,772				26,772
Administrative and general	19,369	3,155			22,524
Exploration	9,474	15,013			24,487
Litigation settlement	2,365				2,365
Other		538			538
Total costs and expenses	150,358	18,706			169,064
Operating income (loss)	66,215	(18,706)			47,509
OTHER INCOME AND EXPENSES					
Interest and other	18,654	1,957			20,611
Interest expense, net of capitalized interest	(1,224)	(440)			(1,664)
Total other income and expenses	17,430	1,517			18,947
Income (loss) from continuing operations before taxes	83,645	(17,189)			66,456
Income tax (provision) benefit	(8,226)				(8,226)
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 75,419	$ (17,189)	$		$ 58,230
BASIC AND DILUTED INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS					
Basic income (loss) per share	$ 0.28				$ 0.11
Diluted income (loss) per share	$ 0.26				$ 0.10
Weighted average number of shares of common stock:					
Basic	271,357		(b)	260,976	532,333
Diluted	296,082		(b)	260,976	557,058

See accompanying notes to these pro forma financial statements.

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Coeur d Alene Mines Corporation

Unaudited Pro Forma Combined Consolidated Balance Sheet as of June 30, 2007
(Bolnisi Only (and not Palmarejo)) (Note 2)

	Coeur	Bolnisi		Pro Forma Adjustments	Pro Forma Combined
		(In thousands except per share data)			
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 236,232	$ 16,646	(d)	$ (11,600)	$ 240,309
			(e)	(969)	
Short-term investments	36,270				36,270
Receivables	38,732	4,393			43,125
Ore on leach pad	32,729				32,729
Metal and other inventory	18,353				18,353
Deferred taxes	3,872				3,872
Prepaid expenses and other	8,096	48			8,144
Total current assets	374,284	21,087		(12,569)	382,802
PROPERTY, PLANT AND EQUIPMENT					
Property, plant & equipment, net	98,497	52,952			151,449
MINING PROPERTIES					
Operational mining properties, net	13,098				13,098
Mineral interests, net	64,891				64,891
Non producing and development properties	258,979		(c)	1,115,684	1,361,607
			(f)	(13,056)	
	435,465	52,952		1,102,628	1,591,045
OTHER ASSETS					
Ore on leach pad, non current portion	37,374				37,374
Restricted cash and cash equivalents	21,652				21,652
Debt issuance costs, net	4,999				4,999
Deferred income taxes	1,389				1,389
Other	8,749				8,749
Total non-current assets	74,163				74,163
Total Assets	$ 883,912	$ 74,039		$ 1,090,059	$ 2,048,010
LIABILITIES AND STOCKHOLDERS EQUITY					
CURRENT LIABILITIES					
Accounts payable	$ 35,967	$ 5,360		$	$ 41,327

Accrued liabilities and other	8,877				8,877
Accrued taxes	5,363				5,363
Accrued payroll and related benefits	7,005				7,005
Accrued interest payable	1,031				1,031
Current portion of reclamation and mine closure	4,662				4,662
Current portion of capital leases		2,098			2,098
Total current liabilities	62,905	7,458			70,363
LONG TERM LIABILITIES					
11/4% Convertible senior Notes due 2024	180,000				180,000
Long-Term Debt		8,384			8,384
Reclamation and mine closure	27,579				27,579
Deferred income taxes			(c)	366,846	353,790
			(f)	(13,056)	
Other long-term liabilities	4,265				4,265
Total non-current liabilities	211,844	8,384		353,790	574,018
Minority Interest			(g)	13,179	13,179
STOCKHOLDERS EQUITY					
Common stock	279,507	47,751	(a)	(47,751)	474,247
			(b)	194,740	
Capital surplus	779,062	(6,730)	(a)	6,730	1,365,609
			(b)	586,547	
Accumulated deficit	(437,285)	3,997	(a)	(3,997)	(437,285)
Shares held in treasury	(13,190)				(13,190)
Minority interest		13,179	(g)	(13,179)	
Accumulated other comprehensive income	1,069				1,069
Total stockholders equity	609,163	58,197		723,090	1,390,450
Total liabilities and stockholders equity	$ 883,912	$ 74,039		$ 1,090,059	$ 2,048,010

See accompanying notes to these pro forma financial statements.

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Coeur d Alene Mines Corporation

Unaudited Pro Forma Combined Income Statement for the Six Months Ended June 30, 2007 (Bolnisi only (and not Palmarejo)) (Note 2)

	Coeur	Bolnisi		Pro Forma Adjustments	Pro Forma Combined
	(In thousands except per share data)				
REVENUES					
Sales of metals	$ 102,524	$		$	$ 102,524
COSTS AND EXPENSES					
Production costs applicable to sales	47,760				47,760
Depreciation and depletion	12,774				12,774
Administrative and general	11,884	1,808			13,692
Exploration	5,430	9,695			15,125
Litigation settlement	507				507
Other		1,863			1,863
Total costs and expenses	78,355	13,366			91,721
Operating income (loss)	24,169	(13,366)			10,803
OTHER INCOME AND EXPENSES					
Interest and other	8,866	654			9,520
Interest expense, net of capitalized interest	(170)				(170)
Minority interest in loss of consolidated subsidiaries		3,606			3,606
Total other income and expenses	8,696	4,260			12,956
Income (loss) before taxes	32,865	(9,106)			23,759
Income tax (provision) benefit	(6,928)				(6,928)
NET INCOME (LOSS)	$ 25,937	$ (9,106)		$	$ 16,831
BASIC AND DILUTED INCOME (LOSS) PER SHARE					
Basic income (loss) per share	$ 0.09				$ 0.04
Diluted income (loss) per share	$ 0.09				$ 0.03
Weighted average number of shares of common stock					
Basic	277,720		(b)	194,740	472,460
Diluted	302,205		(b)	194,740	496,945

See accompanying notes to these pro forma financial statements.

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Coeur d Alene Mines Corporation

Unaudited Pro Forma Combined Income Statement for the Year Ended December 31, 2006
(Bolnisi only (and not Palmarejo)) (Note 2)

	Coeur	Bolnisi	Pro Forma Adjustments		Pro Forma Combined
	(In thousands except per share data)				
REVENUES					
Sales of metals	$ 216,573	$	$		$ 216,573
COSTS AND EXPENSES					
Production costs applicable to sales	92,378				92,378
Depreciation and depletion	26,772				26,772
Administrative and general	19,369	3,155			22,524
Exploration	9,474	15,013			24,487
Litigation settlement	2,365				2,365
Other		538			538
Total costs and expenses	150,358	18,706			169,064
Operating income (loss)	66,215	(18,706)			47,509
OTHER INCOME AND EXPENSES					
Interest and other	18,654	1,957			20,611
Interest expense, net of capitalized interest	(1,224)	(440)			(1,664)
Minority interest in loss of consolidated subsidiaries		3,417			3,417
Total other income and expenses	17,430	4,934			22,364
Income (loss) from continuing operations before taxes	83,645	(13,772)			69,873
Income tax (provision) benefit	(8,226)				(8,226)
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 75,419	$ (13,772)	$		$ 61,647
BASIC AND DILUTED INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS					
Basic income (loss) per share	$ 0.28				$ 0.13
Diluted income (loss) per share	$ 0.26				$ 0.13
Weighted average number of shares of common stock					
Basic	271,357		(b)	194,740	466,097
Diluted	296,082		(b)	194,740	490,822

See accompanying notes to these pro forma financial statements.

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Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Note 1. Pro Forma transaction adjustments for the acquisition of Bolnisi and Palmarejo as of June 30, 2007.

The unaudited pro forma condensed combined financial statements contained herein assume that the merger transaction had been completed on January 1, 2007 (for income statement purposes) and on June 30, 2007 (for balance sheet purposes).

The existing Coeur shareholders will hold the majority of the voting stock of the combined company. The existing members of the Coeur board of directors will be retained as directors of the combined company. Thereafter, the directors will be elected annually by the holders of the combined company s shareholders. The composition of the senior management of the combined company will consist of existing Coeur senior management. Accordingly, Coeur is deemed to be the accounting acquiror. As a result, Bolnisi s and Palmarejo s assets and liabilities are recorded at their estimated fair values. The purchase price is based upon Coeur issuing a total of 261.0 million new shares. The number of Coeur shares to be issued is determined by multiplying the outstanding shares of Bolnisi ordinary shares at June 30, 2007 of 285,542,321 by the Bolnisi conversion ratio of 0.682, and multiplying the outstanding shares of Palmarejo common stock at June 30, 2007 of 91,251,738, less the 66,855,237 Palmarejo shares held by Bolnisi, by the Palmarejo conversion ratio of 2.715. In addition, the purchase price includes the fair value of new Palmarejo options to purchase Coeur shares that will be exchanged for the outstanding vested options to purchase Palmarejo shares of $31.3 million, cash payments totaling $1.1 million and estimated transaction costs of approximately $11.6 million, resulting in total consideration of approximately $1.1 billion. The estimated Coeur share price of $4.00 on May 3, 2007, the date the merger was agreed to and announced, was used to estimate the fair value of the Coeur shares to be issued in the Transactions. The exact market price of Coeur common stock on the date of closing will be used to ultimately determine the fair value of the Coeur shares issued in the Transactions.

For purposes of preparing the unaudited pro forma condensed combined financial statements for the merger transactions, management has made certain assumptions. The book value of Bolnisi s and Palmarejo s assets and liabilities, excluding development properties, at June 30, 2007 are assumed to approximate fair value and, as such, the excess purchase price, including the impact of deferred income taxes, has been allocated to mining properties.

The following represents the preliminary allocation of the purchase price if the Bolnisi and Palmarejo transactions had occurred on June 30, 2007:

		(In thousands)
Consideration:		
Coeur stock issued (260,976,363 shares at $4.00)	$	1,043,905
Fair value of options issued		31,308
Cash payments		1,052
Transaction advisory fee and other transaction costs		11,600
Total purchase price	$	1,087,865
Fair value of net assets acquired:		
Cash	$	16,646
Other current assets		4,393
Property, plant and equipment, net		52,952
Non producing and development properties		1,470,315

Other assets		46
Total assets		1,544,352
Less:		
Current liabilities		7,458
Other long-term liabilities		8,384
Deferred tax liabilities		440,645
Total liabilities		456,487
Net assets	$	1,087,865

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Notes to Unaudited Pro Forma Condensed Combined Financial Statements (Continued)

The unaudited pro forma condensed combined financial statements for the Transactions include the following adjustments:

(a) To eliminate the Bolnisi s historical stockholders equity accounts.

(b) To record the issuance of an estimated 260,976,363 shares of Coeur common stock to be issued to Bolnisi and Palmarejo shareholders based on the outstanding shares of Bolnisi ordinary shares at June 30, 2007 of 285,542,321 multiplied by the exchange ratio of 0.682 and the estimated outstanding shares of Palmarejo common stock of 91,251,738, less the 66,855,237 Palmarejo shares held by Bolnisi, multiplied by the exchange ratio of 2.715.

(c) To record the portion of the purchase price allocated to Bolnisi s mining properties. In addition, deferred income taxes are recognized for the difference between the revised carrying amounts of Bolnisi s assets and their associated income tax bases which will not change as a result of the Transactions.

This allocation is preliminary and is subject to change due to several factors including: changes in the fair values of Bolnisi s assets and liabilities up to the closing date of the transaction; the actual merger costs incurred, the number of Palmarejo stock options outstanding at the closing date; valuations of assets and liabilities that may be required which have not been completed as of the date of this proxy statement. These changes will not be known until after the closing date of the merger transaction.

(d) To record the transaction advisory fees and estimated transaction costs to be incurred by Coeur as a result of the Bolnisi/Palmarejo-Coeur combination as follows:

	(In thousands)
Advisory fees	$ 5,425
Legal fees	2,750
Other	3,425
	$ 11,600

(e) To record the distribution of the cash consideration to be paid to Bolnisi and Palmarejo shareholders in the Transactions of $1,052,000.

(f) To record a deferred tax asset related to net operating losses in Mexico acquired in the transactions.

(g) To record the fair value attributable to Coeur share options to be issued in exchange for vested Palmarejo options.

Note 2. Pro Forma transaction adjustments for the acquisition of Bolnisi only (and not Palmarejo) as of June 30, 2007.

The unaudited pro forma condensed combined financial statements contained herein assume that the Bolnisi merger transaction had been completed on January 1, 2007 (for income statement purposes) and on June 30, 2007 (for balance sheet purposes).

The existing Coeur shareholders will hold the majority of the voting stock of the combined company. The existing members of the Coeur board of directors will be retained as directors of the combined company. Thereafter, the directors will be elected annually by the holders of the combined company s shareholders. The composition of the senior management of the combined company will consist of existing Coeur senior management. Accordingly, Coeur is deemed to be the accounting acquiror. As a result, Bolnisi s assets and liabilities are recorded at their estimated fair values. The purchase price is based upon Coeur issuing a total of 261.0 million new shares. The number of Coeur shares to be issued is determined by multiplying the outstanding shares of Bolnisi ordinary shares at June 30, 2007 of 285,542,321 by the conversion ratio of 0.682, and cash payments totaling $1.0 million and estimated transaction costs of approximately $11.6 million, resulting in total consideration of approximately $791.5 million. The estimated Coeur share price of $4.00 on May 3, 2007, the date the merger was agreed to and

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Notes to Unaudited Pro Forma Condensed Combined Financial Statements (Continued)

announced, was used to estimate the fair value of the Coeur shares to be issued in the Transactions. The exact market price of Coeur s common stock on the date of closing will be used to ultimately determine the fair value of Coeur shares issued in the Transactions.

For purposes of preparing the unaudited pro forma condensed combined financial statements for the Bolnisi Transaction, management has made certain assumptions. The book value of Bolnisi s assets and liabilities, excluding development properties, at June 30, 2007 are assumed to approximate fair value and, as such, the excess purchase price, including the impact of deferred income taxes, has been allocated to mining properties.

The following represents the preliminary allocation of the purchase price if the Bolnisi transaction had occurred on June 30, 2007:

		(In thousands)
Consideration:		
Coeur stock issued (194,739,863 shares at $4.00)	$	778,959
Cash payments		970
Transaction advisory fee and other transaction costs		11,600
Total purchase price	$	791,529
Fair value of net assets acquired:		
Cash	$	12,304
Other current assets		3,301
Property, plant and equipment, net		38,817
Non producing and development properties		1,102,628
Total assets		1,157,050
Less:		
Current liabilities		5,589
Other long-term liabilities		6,142
Deferred tax liabilities		353,790
Total liabilities		365,521
Net assets	$	791,529

The unaudited pro forma condensed combined financial statements for the Transactions include the following adjustments:

(a) To eliminate the components of Bolnisi s historical stockholders equity accounts.

(b) To record the issuance of an estimated 194,739,863 shares of Coeur common stock to be issued to Bolnisi shareholders based on the outstanding shares of Bolnisi ordinary shares at June 30, 2007 of 285,542,321 multiplied by the exchange rate of 0.682.

(c) To record the portion of the purchase price allocable to Bolnisi s mining properties. In addition, deferred income taxes are recognized for the difference between the revised carrying amounts of Bolnisi s assets and their associated tax bases which will not change as a result of the Transactions.

This allocation is preliminary and is subject to change due to several factors including: changes in the fair values of Bolnisi s assets and liabilities up to the closing date of the transaction; the actual merger costs incurred; valuations of assets and liabilities that may be required which have not been completed as of the date of these adjustments. These changes will not be known until after the closing date of the Transactions.

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(d) To record the transaction advisory fees and estimated transaction costs to be incurred by Coeur as a result of the Bolnisi/Coeur combination as follows:

		(In thousands)
Advisory fees	$	5,425
Legal fees		2,750
Other		3,425
	$	11,600

(e) To record the distribution of the cash consideration to be paid to Bolnisi shareholders in the Transaction of $969,000.

(f) To record a deferred tax asset related to net operating losses in Mexico acquired in the transaction.

(g) To record reclassification of minority interest balance to comply with US GAAP presentation.

Note 3. Non recurring charges resulting directly from the transaction.

The company expects to recognize compensation expense of approximately $14 million within the 12 months following consummation of the transaction. This expense is as a result of the conversion of options to purchase Palmarejo shares into options to purchase Coeur shares.

Note 4. Bolnisi and Bolnisi and Palmarejo Balances.

The Bolnisi and the Bolnisi and Palmarejo balances presented in the pro forma financial statements have been adjusted to reflect U.S. generally accepted accounting principles and to present the balances in U.S. dollars. The balances were translated to U.S. dollars at foreign exchange rates applicable for each of the periods presented. The balance sheets were translated using a rate of .8488 in effect at the balance sheet date as of June 30, 2007. Revenues and expenses reflected in the income statements were translated at an average exchange rate of .8488 for the six month period ended June 30, 2007 and .7893 for the year ended December 31, 2006, which rates approximate the average foreign exchange rates for these periods.

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Comparative Per Share Information

The following table summarizes unaudited per share information for Coeur, Bolnisi and Palmarejo separately on a historical basis and on an equivalent unaudited pro forma condensed combined basis. The unaudited pro forma condensed combined information is presented for illustrative purposes only. The companies might have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the combination. The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical financial statements of Coeur, Bolnisi and Palmarejo and the related notes included as annexes to this proxy statement as well as the unaudited pro forma condensed combined financial statements and the related notes beginning on page 16. The historical book value per share is computed by dividing total shareholders equity by the average number of shares outstanding during the applicable period. The unaudited pro forma condensed combined income per share is computed by dividing the unaudited pro forma condensed combined income from continuing operations available to holders of common stock by the unaudited pro forma condensed combined weighted average number of shares outstanding. The unaudited pro forma condensed combined book value per share is computed by dividing total unaudited pro forma condensed combined shareholders equity by the unaudited pro forma condensed combined average number of shares outstanding during the applicable period. The historical per share information of Coeur, Bolnisi and Palmarejo was derived from the historical financial statements of Coeur, Bolnisi and Palmarejo and the related notes included as annexes to this proxy statement.

Coeur - Historical		**Six Months Ended June 30, 2007**		**Year Ended December 31, 2006**
Historical per common share:				
Income per basic share	$	0.09	$	0.28
Income per diluted share	$	0.09	$	0.26
Dividends declared	$		$	
Book value per share	$	2.19		

Bolnisi - Historical (Australian Accounting Standards) (in Australian dollars)		**Year Ended June 30, 2007**
Historical per common share:		
(Loss) per basic share	A$	(0.016)
(Loss) per diluted share	A$	(0.016)
Dividends declared	A$	
Book value per share	A$	0.418

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Unaudited Bolnisi (US GAAP) **(in Australian dollars)**		**Year Ended** **June 30, 2007**
Historical per common share:		
(Loss) per basic share	A$	(0.063)
(Loss) per diluted share	A$	(0.063)
Dividends declared	A$	
Book value per share	A$	0.186

Palmarejo - Historical (Canadian GAAP) **(in Canadian dollars)**		
Historical per common share:		
(Loss) per basic share	C$	(0.01)
(Loss) per diluted share	C$	(0.01)
Dividends declared	C$	
Book value per share	C$	1.14

Unaudited Palmarejo (US GAAP) **(in Canadian dollars)**		
Historical per common share:		
(Loss) per basic share	C$	(0.19)
(Loss) per diluted share	C$	(0.19)
Dividends declared	C$	
Book value per share	C$	0.61

Unaudited Pro Forma Condensed **Combined (Bolnisi and Palmarejo)** **(US GAAP)**		**Six Months Ended** **June 30, 2007**		**Year Ended December 31, 2006**
Unaudited pro forma condensed combined per common share:				
Income per basic share	$	0.03	$	0.11
Income per diluted share	$	0.02	$	0.10
Dividends declared	$		$	
Book value per share	$	3.12		

Unaudited Pro Forma Condensed **Combined (Bolnisi Only (and not Palmarejo))**	**Six Months Ended**	**Year Ended**

(US GAAP)	**June 30, 2007**		**December 31, 2006**	
Unaudited pro forma condensed combined per common share:				
Income per basic share	$	0.04	$	0.13
Income per diluted share	$	0.03	$	0.13
Dividends declared	$		$	
Book value per share	$	2.94		

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Consolidated Capitalization

The following table shows: Coeur s capitalization on June 30, 2007 and Coeur s pro forma capitalization as of June 30, 2007, assuming the completion of the Bolnisi Transaction and assuming completion of the Bolnisi and Palmarejo Transactions.

	June 30, 2007		
	Actual	Pro Forma for the Bolnisi Transaction	Pro Forma for the Bolnisi and Palmarejo Transactions
	(In thousands except for per share data)		
Cash, cash equivalents and short term investments	$ 272,502	$ 276,579	$ 276,496
Long-term debt:			
11/4% convertible senior notes due January 2024	$ 180,000	$ 180,000	$ 180,000
Other long-term debt		8,384	8,384
Total long-term debt	180,000	188,384	188,384
Minority interest		13,179	
Stockholders equity:			
Common stock; par value $1.00 per share; 500,000,000 shares authorized and 279,506,709 shares issued and outstanding, actual; 750,000,000 shares authorized and 474,247,000 shares issued and outstanding, pro forma for the Bolnisi Transaction and 750,000,000 shares authorized and 540,483,000 shares issued and outstanding, pro forma as adjusted for the Bolnisi and Palmarejo Transactions(1)(2)	279,507	474,247	540,483
Additional paid in capital	779,062	1,365,609	1,593,301
Accumulated deficit	(437,285)	(437,285)	(437,285)
Shares held in treasury	(13,190)	(13,190)	(13,190)
Accumulated other comprehensive income	1,069	1,069	1,069
Total stockholders equity	609,163	1,390,450	1,684,378
Total capitalization	$ 789,163	$ 1,592,013	$ 1,872,762

(1) The number of shares of common stock as reflected in the table above does not include:

23,684,211 shares of common stock reserved for issuance upon conversion of Coeur s 11/4% convertible senior notes due January 2024 at the conversion price of $7.60, 5,780,157 shares of common stock reserved for issuance under Coeur s 2003 Long-Term Incentive Plan,

575,282 shares of common stock reserved for issuance under Coeur s 1989 Long-Term Incentive Plan,

369,486 shares of common stock reserved for issuance under Coeur s 2005 Non-Employee Directors Equity Incentive Plan, and

465,787 shares of common stock reserved for the issuance under Coeur s prior Non-Employee Directors Equity Incentive Plan.

(2) The number of pro forma shares issued and outstanding for the Bolnisi and Palmarejo transactions do not include up to 10,993,035 shares to be issued in exchange for Palmarejo shares that may be issued upon the exercise of outstanding Palmarejo options or shares reserved for issuance upon the exchange of Palmarejo options into new Palmarejo options to purchase Coeur shares upon closing, and assumes that none of the existing Palmarejo warrants will be exercised before their expiration on October 19, 2007.

Risk Factors

You should carefully consider the following risk factors related to the Transactions and the anticipated business of Coeur after the closing of the Transactions, as well as the other information contained in this proxy statement, including the attached annexes, in evaluating whether to approve the shareholder proposals.

Risks Related to the Transactions

Coeur may not realize the cost savings and other benefits it currently anticipates due to challenges associated with integrating operations, personnel and other aspects of the companies and due to liabilities that may exist at Bolnisi and Palmarejo.

The Transactions are being entered into with the expectation that their successful completion will result in increased metal production, earnings and cash flow for the combined company. These anticipated increases will depend in part on whether Coeur s, Bolnisi s and Palmarejo s operations can be integrated in an efficient and effective manner, and whether the project development in fact produces the benefits anticipated. Most operational and strategic decisions, and certain staffing decisions, with respect to the combined company have not yet been made and may not have been fully identified. These decisions and the integration of the three companies will present significant challenges to management, including the integration of systems and personnel of the three companies, and special risks, including possible unanticipated liabilities, significant one-time write-offs or restructuring charges, unanticipated costs, and the loss of key employees. There can be no assurance that there will be operational or other synergies realized by the combined company, or that the integration of the three companies operations, management and cultures will be timely or effectively accomplished, or ultimately will be successful in increasing earnings and reducing costs. In addition, the integration of Bolnisi and Palmarejo may subject Coeur to liabilities existing at one or both of Bolnisi and Palmarejo, some of which may be unknown. While Coeur has conducted due diligence on the operations of Bolnisi and Palmarejo, there can be no guarantee that Coeur is aware of any and all liabilities of Bolnisi and Palmarejo. These liabilities, and any additional risks and uncertainties related to the Transactions not currently known to Coeur or that Coeur may currently deem immaterial, could negatively impact Coeur s business, financial condition and results of operations.

Coeur will incur significant transaction, combination-related and restructuring costs in connection with the Transactions.

Coeur, Bolnisi and Palmarejo will be obligated to pay transaction fees and other expenses related to the Transactions of approximately $11.6 million, including financial advisors fees, filing fees, legal and accounting fees, soliciting fees, regulatory fees and mailing costs. Furthermore, Coeur expects to incur significant costs associated with combining the operations of the three companies. However, it is difficult to predict the amount of these costs before Coeur begins the integration process. The combined company may incur additional unanticipated costs as a consequence of difficulties arising from efforts to integrate the operations of the three companies. Although Coeur expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, can offset incremental transaction, combination-related and restructuring costs over time, Coeur cannot give any assurance that this net benefit will be achieved in the near term, or at all.

Coeur shareholders will suffer immediate and substantial dilution to their equity and voting interests as a result of the issuance of Coeur common stock to the Bolnisi and Palmarejo shareholders.

In connection with the Transactions, Coeur will issue approximately 261.0 million shares of common stock, which excludes up to 11.0 million new shares that will be issuable upon the exercise of existing Palmarejo options and assumes that none of the existing Palmarejo warrants will be exercised before their expiration on October 19, 2007. Bolnisi and Palmarejo shareholders will own approximately 48.35% of the total number of shares of Coeur s outstanding common stock following the completion of the Transactions. Assuming that all existing Palmarejo options are exercised before or after the consummation of the Transactions, former shareholders of Bolnisi and Palmarejo will own approximately 49.32% of the outstanding stock of the combined company. Accordingly, the issuance of Coeur common stock to the Bolnisi and Palmarejo shareholders will have the effect of reducing the percentage of equity and voting interest held by each of Coeur s current shareholders. Furthermore, some Bolnisi and Palmarejo shareholders may not intend to hold shares of Coeur common stock. If a significant number of Bolnisi and Palmarejo shareholders seek to sell their shares of Coeur common stock, this may adversely affect the trading price of Coeur common stock.

Risks Relating to the Businesses of Coeur, Bolnisi and Palmarejo and the Combined Company

After the completion of the Transactions, the business of the combined company, as well as the price of Coeur common stock, will be subject to numerous risks currently affecting the businesses of Coeur, Bolnisi and Palmarejo.

Palmarejo has incurred losses and Coeur expects to continue incurring losses related to the Palmarejo Project and other properties.

There can be no assurance that significant losses will not occur at the Palmarejo Project in the near future or that the Palmarejo Project will be profitable in the future. Coeur s operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Palmarejo Project and any other properties Coeur may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants analyses and recommendations, the rate at which operating losses are incurred, and Coeur s acquisition of additional properties and other factors, many of which are beyond Coeur s control. While Coeur expects production at the Palmarejo Project to commence in 2009, there can be no assurance that this timetable will be met and Coeur expects to incur losses related to the Palmarejo Project until such time as the Palmarejo Project and any other properties Coeur may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Palmarejo Project and any other properties Coeur may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that Coeur will generate any revenues or achieve profitability at the Palmarejo Project and any other properties Coeur may acquire.

Recently discovered settlement and subsidence issues at the Palmarejo Project may increase development costs and delay the start of production.

In early August 2007, Coeur representatives observed previously unnoticed ground settlement and subsidence in three main areas: the lower plant site, the upper plant site, and the site where the power plant is to be located. The initial engineering review conducted by Coeur technical personnel as well as third party engineering consultants concluded that the settlement and subsidence was occurring primarily due to issues with the original compaction and placement of fill material. This settlement became visible once heavy rainfall was experienced. Since that time, Coeur s third party engineering consultants have conducted more extensive on-site analysis and have provided Coeur with a detailed report based on its review, which recommends specific remedial actions that should be initiated. Coeur estimates that these remedial actions may cost up to $15 million, which is an estimate endorsed by Coeur s third party engineering consultants. Coeur anticipates production from the Palmarejo Project to commence in the first quarter of 2009, which takes into account the estimated time to complete these remedial activities. There can be no assurance that these preliminary estimates will prove accurate, and any inaccuracy in such estimates could materially adversely impact the development of the Palmarejo Project and Coeur s financial condition and results of operations.

Coeur may be required to incur additional indebtedness to fund Coeur s capital expenditures.

Coeur has historically financed its operations through the issuance of common stock and convertible debt, and may be required to incur additional indebtedness in the future. During 2004, Coeur commenced construction at the San Bartolome project and in 2005 Coeur commenced construction at the Kensington project. Construction of both projects could require a total capital investment of approximately $412 million of which approximately $142.0 million will be required in future periods. In addition, Coeur expects that the Palmarejo Project will require a total capital investment of approximately $1.3 billion of which approximately $200 million will be required in future periods. While Coeur believes that its cash, cash equivalents and short-term investments combined with cash flow generated from operations will be sufficient for it 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 Coeur is unable to generate enough cash to finance such additional capital expenditures through operating cash flow and the issuance of common stock, Coeur may be required to issue additional indebtedness. Any additional indebtedness would increase Coeur s debt payment obligations, and may negatively impact its results of operations.

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

As a result of Coeur s net losses prior to 2005, its 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 the three years 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. In addition, Coeur is required to make annual interest payments of approximately $2.25 million on the $180 million principal amount of its 11/4% Senior Convertible Notes due 2024 until their maturity.

Coeur expects to satisfy its fixed charges and other obligations in the future from cash flow from operations and, if cash flow from operations is insufficient, from working capital, which amounted to approximately $311.4 million at June 30, 2007. Prior to 2005, Coeur experienced negative cash flow from operating activities. The amount of net cash used in Coeur s operating activities amounted to approximately $8.5 million in 2002, $5.1 million in 2003 and $18.6 million in 2004. During the years ended December 31, 2006 and 2005, Coeur generated $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 Coeur s results of operations, silver and gold prices, levels and costs of production at Coeur s mining properties and the amount of Coeur s capital expenditures and expenditures for acquisitions, developmental and exploratory activities.

The market prices of silver and gold are volatile. If silver and gold prices decline, Coeur may experience a decrease in revenues, a decrease in net income or an increase in losses, and a negative affect on its business.

Silver and gold are commodities. Their prices fluctuate and are affected by many factors beyond Coeur s 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 Coeur currently derives approximately 69% of its revenues from continuing operations from sales of silver, Coeur s earnings are primarily related to the price of this metal.

The market prices of silver (Handy & Harman) and gold (London Final) on September 19, 2007 were $12.98 and $725 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 Coeur s net losses resume, Coeur may be forced to suspend mining at one or more of its 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 Coeur s results of operations.

Coeur may also suffer from declines in mineral prices. Since 1999, Coeur has not engaged in any silver hedging activities and is currently not engaged in any gold hedging activities. Accordingly, Coeur has no protection from declines in mineral prices or currency fluctuations.

Coeur may have to record additional write-downs, which could negatively impact its 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 Coeur s results of operations.

If silver or gold prices decline or Coeur fails to control production costs or realize the mineable ore reserves at its mining properties, Coeur may be required to recognize further asset write-downs. Coeur 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 liability reserves have to be increased in connection with the closure and reclamation of a property. Additional write-downs of mining properties could negatively impact Coeur s 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 Coeur 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 November 8, 2005, the Corps of Engineers filed a Motion for Voluntary Remand with the court to review the permit issued to Coeur under the CWA Section 404 and requested that the court stay the legal proceeding filed by the Plaintiffs pending the outcome of review. On November 12, 2005, the Federal District Court in Alaska granted the remand of the permit to the Corps of Engineers for further review. On November 22, 2005, the Corps of Engineers advised Coeur that it was suspending the CWA Section 404 permit pursuant to the Court s remand to further review the permit.

On March 29, 2006, the Corps of Engineers reinstated Coeur s CWA Section 404 permit. On April 6, 2006 the lawsuit challenging the permit was re-opened, and Coeur Alaska, Inc. filed its answer to the Amended Complaint and Motion to Intervene as a Defendant-Intervenor in the action. Two other parties, the State of Alaska and Goldbelt, Inc., a local native corporation, also filed Motions to Intervene as Defendant-Intervenors as supporters of the Kensington project as permitted. Coeur, the State of Alaska and Goldbelt, Inc. were granted Defendant-Intervenor status and joined the agencies in their defense of the permits as issued.

On August 4, 2006, the Federal District Court in Alaska dismissed the Plaintiffs challenge and upheld the CWA 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. The Circuit Court further ordered an expedited briefing schedule on the merits of the legal challenge. As of October 13, 2006, the parties filed their briefs in the Circuit Court and participated in an oral argument on December 4, 2006.

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. This Order further announced that the Circuit Court intended to reverse the District Court s upholding of the CWA Section 404 permit, vacate the permit authorizing the lake tailings facility and remand the order to the District Court with instructions to enter summary judgments in favor of the Plaintiffs. The Court stated that it planned to publish an opinion in the case that would explain the reasons for its holding in greater detail and directed that all tailings pond construction-related activities cease. On May 22, 2007, the Ninth Circuit Court of Appeals reversed the District Court s August 4, 2006 decision which had upheld Coeur s 404 permit and issued its opinion that remanded the case to the District Court with instructions to vacate Coeur 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 Department of Justice, acting on behalf of

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the federal agencies USFS, EPA and Corps of Engineers, additionally filed a limited Petition for Rehearing with the Ninth Circuit panel seeking reconsideration of the mandate of the May 22, 2007 panel. The Court ordered a reply briefing by the plaintiffs which were filed on October 11, 2007. The petitions are currently pending. Coeur cannot now predict the potential for obtaining an appeal or if it will prevail upon appeal if one is granted.

This litigation has contributed to an increase in capital costs. While Coeur believes it will ultimately prevail in the defense of the awarded permits, in the event that Coeur does not prevail, it could be necessary to seek an alternate site for the tailings disposal facility. Coeur 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. Based upon Coeur s estimates, an impairment writedown could be necessary should the expectation of the long-term price for gold decrease below approximately $535 per ounce. As of June 30, 2007, the carrying value of the long-lived assets associated with the Kensington project was $231 million.

Additionally, the value allocated to Bolnisi s long-lived assets will be subject to assessments of recoverability under SFAS 144 and these assessments could result in writedowns of carrying values in future periods.

Coeur s revenues and income (or loss) from its interest in the Endeavor and Broken Hill mines are dependent in part upon the performance of the operators of the mine.

In May and September 2005, Coeur acquired silver production and reserves at the Endeavor and Broken Hill mines in Australia, respectively. These mines are owned and operated by other mining companies. Coeur s revenues and income (or loss) from its interest in the silver production at these mines are dependent in part upon the performance of the operators of these mines. If the operators of these mines are not able to produce silver at the same rate as they have in the past, Coeur s revenues and income could decrease.

The estimation of ore reserves is imprecise and depends upon subjective factors. Estimated ore reserves may not be realized in actual production. Coeur s reported reserves and operating results may be negatively affected by inaccurate estimates.

The ore reserve figures presented in Coeur s public filings are estimates made by Coeur s technical personnel. Reserve estimates are a function of geological and engineering analyses that require Coeur to make assumptions about production costs and future silver and gold prices. Reserve estimation is an imprecise and subjective process and the accuracy of such estimates is a function of the quality of available data and of engineering and geological interpretation, judgment and experience. Assumptions about silver and gold market prices are subject to great uncertainty as those prices have fluctuated widely in the past. Declines in the market prices of silver or gold may render reserves containing relatively lower grades of ore uneconomic to exploit, and Coeur may be required to reduce reserve estimates, discontinue development or mining at one or more of its properties, or write down assets as impaired. Should Coeur encounter mineralization or geologic formations at any of its mines or projects different from those Coeur predicted, Coeur may adjust its reserve estimates and alter its mining plans. Either of these situations may adversely affect Coeur s actual production and its operating results.

Coeur based its ore reserve determinations as of December 31, 2006 on a long-term silver price average of $8.00 per ounce, with the exception of the San Bartolome mine which used $6.00 per ounce, the Endeavor mine which uses $10.00 per ounce and the Broken Hill mine which uses $10.12 per ounce of silver, and a long-term gold price average of $475 per ounce for all properties with the exception of the Kensington property which used a gold price of $550 per ounce. On September 19, 2007 silver and gold prices were $12.98 per ounce and $725 per ounce, respectively.

The estimation of the ultimate recovery of metals contained within the Rochester 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

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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.

Coeur uses 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. Coeur estimates the quantity of ore by utilizing global positioning satellite survey techniques. Coeur then processes 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. Coeur then transports the crushed ore to the leach pad for application of the leaching solution. As the leach solution is collected from the leach pads, Coeur continuously samples for assaying. Coeur measures 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. Coeur again weighs, samples and assays the doré. Finally, a third party smelter converts the doré and determines final ounces of silver and gold available for sale. Coeur then reviews this end result and reconcile it to the estimates Coeur developed and used throughout the production process. Based on this review, Coeur adjusts its estimation procedures when appropriate.

Coeur s reported inventories include metals estimated to be contained in the ore on the leach pads of $70.1 million as of June 30, 2007. Of this amount, $32.7 million is reported as a current asset and $37.4 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 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 non-current. The inventory of ore on the leach pads is stated at actual production costs incurred to produce and place ore on the leach pads 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 test work. Test work consists of 60-day leach columns from which Coeur projects 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 Coeur uses to measure metal content during each stage of the inventory conversion process includes estimated recovery rates based on laboratory testing and assaying. Coeur periodically reviews its estimates compared to actual experience and revises its estimates when appropriate. The length of time necessary to achieve Coeur s 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 Coeur began leach operations in 1986, based solely on laboratory testing, Coeur estimated the ultimate recovery of silver and gold at 50% and 80%, respectively. Since 1986, Coeur has 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, Coeur increased its 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.

If Coeur s estimate of ultimate recovery requires adjustment, the impact upon its inventory valuation and upon its 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	13,214	26,428	39,642
Positive impact on future cost of production per silver equivalent ounce for increases in recovery rates	$1.28	$2.20	$2.90	$ 0.54	$ 1.01	$ 1.43
Negative impact on future cost of production per silver equivalent ounce for decreases in recovery rates	$1.90	$4.99	$10.98	$ 0.63	$ 1.36	$ 2.24

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 Coeur s inventory valuations and correspondingly on Coeur s income statement would have an adverse impact on Coeur s results of operations.

Coeur s estimates of current and non-current inventories may not be realized in actual production and operating results, which may negatively affect Coeur s business.

Coeur uses estimates, based on prior production results and experiences, to determine whether heap leach inventory will be recovered more than one year in the future, and is non-current inventory, or will be recovered within one year, and is current inventory. The estimates involve assumptions that may not prove to be consistent with Coeur s actual production and operating results. Coeur cannot determine the amount ultimately recoverable until leaching is completed. If Coeur s estimates prove inaccurate, Coeur s operating results may be less than anticipated.

Silver mining involves significant production and operational risks. Coeur may suffer from the failure to efficiently operate its mining projects.

Silver mining involves significant degrees of risk, including those related to mineral exploration success, unexpected geological or mining conditions, the development of new deposits, climatic conditions, equipment and/or service failures, compliance with current or new governmental requirements, current availability of or delays in installing and commissioning plant and equipment, import or customs delays and other general operating risks. Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support, which results in the failure to achieve expected target dates for exploration or production activities and/or result in a requirement for greater expenditure. The right to export silver and gold may depend on obtaining certain licenses and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licenses and quotas leading to the income receivable by Coeur being adversely affected, and it is possible that from time to time export licenses may be refused. Many of these risks are outside of the ability of Coeur s management to control and may result in a materially adverse effect on Coeur s operations and Coeur s financial results.

Mineral exploration and development inherently involves significant and irreducible financial risks. Coeur may suffer from the failure to find and develop profitable mines.

The exploration for and development of mineral deposits involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Unprofitable efforts may result

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from the failure to discover mineral deposits. Even if mineral deposits are found, such deposits may be insufficient in quantity and quality to return a profit from production, or it may take a number of years until production is possible, during which time the economic viability of the project may change. Few properties which are explored are ultimately developed into producing mines. Mining companies rely on consultants and others for exploration, development, construction and operating expertise.

Substantial expenditures are required to establish ore reserves, extract metals from ores and, in the case of new properties, to construct mining and processing facilities. The economic feasibility of any development project is based upon, among other things, estimates of the size and grade of ore reserves, proximity to infrastructures and other resources (such as water and power), metallurgical recoveries, production rates and capital and operating costs of such development projects, and metals prices. Development projects are also subject to the completion of favorable feasibility studies, issuance and maintenance of necessary permits and receipt of adequate financing.

Once a mineral deposit is developed, whether it will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; government regulations including taxes, royalties, land tenure; land use, importing and exporting of minerals and environmental protection; and mineral prices. Factors that affect adequacy of infrastructure include: reliability of roads, bridges, power sources and water supply; unusual or infrequent weather phenomena; sabotage; and government or other interference in the maintenance or provision of such infrastructure. All of these factors are highly cyclical. The exact effect of these factors cannot be accurately predicted, but the combination may result in not receiving an adequate return on invested capital.

Significant investment risks and operational costs are associated with Coeur s exploration, development and mining activities, such as San Bartolome, Kensington and the Palmarejo Project. These risks and costs may result in lower economic returns and may adversely affect Coeur s business.

Coeur s ability to sustain or increase its present production levels depends in part on successful exploration and development of new ore bodies and/or expansion of existing mining operations.

Development projects, such as San Bartolome, Kensington and the Palmarejo Project, may have no operating history upon which to base estimates of future operating costs and capital requirements. Development project items such as estimates of reserves, metal recoveries and cash operating costs are to a large extent based upon the interpretation of geologic data obtained from a limited number of drill holes and other sampling techniques and feasibility studies. Estimates of cash operating costs are then derived based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the orebody, expected recovery rates of metals from the ore, comparable facility and equipment costs, anticipated climate conditions and other factors. As a result, actual cash operating costs and economic returns of any and all development projects may materially differ from the costs and returns estimated, and accordingly, Coeur s business results of operations may be negatively affected.

Coeur s marketing of metals concentrates could be adversely affected if there were to be a significant delay or disruption of purchases by its third party smelter customers. In particular, a significant delay or disruption in Coeur s sales of concentrates as a result of the unexpected discontinuation of purchases by Coeur s smelter customers could have a material adverse effect on Coeur s operations.

Coeur currently markets its silver and gold concentrates to third party smelters in Mexico, Japan and Australia. The loss of any one smelter customer could have a material adverse effect on Coeur in the event of the possible unavailability of alternative smelters. No assurance can be given that alternative smelters would be timely available if the need for them were to arise, or that delays or disruptions in sales would not be experienced that would result in a materially adverse effect on Coeur s operations and Coeur s financial results. Furthermore, the marketing of metals is dependent on market fluctuations and the availability of processing facilities and storage and transportation infrastructure at economic tariff rates over which Coeur may have limited or no control.

Coeur s silver and gold production may decline, reducing its revenues and negatively impacting its business.

Coeur s future silver and gold production may decline as a result of an exhaustion of reserves and possible closure of mines. It is Coeur s business strategy to conduct silver and gold exploratory activities at its existing mining and exploratory properties as well as at new exploratory projects, and to acquire silver and gold mining properties and businesses or reserves that possess mineable ore reserves and are expected to become operational in the near future. Coeur can provide no assurance that its silver and gold production in the future will not decline. Accordingly, Coeur s revenues from the sale of silver and gold may decline, negatively affecting its results of operations.

There are significant hazards associated with Coeur s mining activities, not all of which are fully covered by insurance. To the extent Coeur must pay the costs associated with such risks, its business may be negatively affected.

The mining business is subject to risks and hazards, including environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations, cave-ins, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, reduced production and delays in mining, asset write-downs, monetary losses and possible legal liability. Although Coeur maintains insurance in an amount that Coeur considers to be adequate, liabilities might exceed policy limits, in which event Coeur could incur significant costs that could adversely affect its results of operation. Insurance fully covering many environmental risks (including potential liability for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to Coeur or to other companies in the industry. The realization of any significant liabilities in connection with Coeur s mining activities as described above could negatively affect Coeur s results of operations.

Coeur is subject to significant governmental regulations, and its related costs and delays may negatively affect Coeur s business.

Coeur s mining activities are subject to extensive federal, state, local and foreign laws and regulations governing environmental protection, natural resources, prospecting, development, production, post-closure reclamation, taxes, labor standards and occupational health and safety laws and regulations including mine safety, toxic substances and other matters related to Coeur s business. Although these laws and regulations have never required Coeur to close any mine, the costs associated with compliance with such laws and regulations are substantial. Possible future laws and regulations, or more restrictive interpretations of current laws and regulations by governmental authorities could cause additional expense, capital expenditures, restrictions on or suspensions of Coeur s operations and delays in the development of its properties.

In addition, government approvals, approval of aboriginal people and permits are currently and may in the future be required in connection with the Palmarejo Project. To the extent such approvals are required and not obtained, Coeur may be curtailed or prohibited from planned mining operations or continuing its planned exploration or development of mineral properties at the Palmarejo Project.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Compliance with environmental regulations and litigation based on environmental regulations could require significant expenditures.

Environmental regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees.

To the extent Coeur is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the combined company. If Coeur is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect.

Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of Coeur s past and current operations, which could lead to the imposition of substantial fines, remediation costs, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including for restoring the environment after the closure of mines, are inherent in Coeur s operations. Although Coeur believes that it is in substantial compliance with applicable laws and regulations, Coeur cannot assure you that any such law, regulation, enforcement or private claim will not have a negative effect on its business, financial condition or results of operations.

Some of Coeur s mining wastes are currently exempt to a limited extent from the extensive set of federal Environmental Protection Agency (EPA) regulations governing hazardous waste under the Resource Conservation and Recovery Act (RCRA). If the EPA designates these wastes as hazardous under RCRA, Coeur would be required to expend additional amounts on the handling of such wastes and to make significant expenditures to construct hazardous waste disposal facilities. In addition, if any of these wastes causes contamination in or damage to the environment at a mining facility, such facility may be designated as a Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). Under CERCLA, any owner or operator of a Superfund site since the time of its contamination may be held liable and may be forced to undertake extensive remedial cleanup action or to pay for the government s cleanup efforts. Additional regulations or requirements are also imposed upon Coeur s tailings and waste disposal areas in Alaska under the federal Clean Water Act (CWA) and in Nevada under the Nevada Water Pollution Control Law which implements the CWA. Airborne emissions are subject to controls under air pollution statutes implementing the Clean Air Act in Nevada and Alaska. Compliance with CERCLA, the CWA and state environmental laws could entail significant costs, which could have a material adverse effect on Coeur s operations.

In the context of environmental permits, including the approval of reclamation plans, Coeur must comply with standards and regulations which entail significant costs and can entail significant delays. Such costs and delays could have a dramatic impact on Coeur s operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Coeur s operations. Coeur intends to fully comply with all applicable environmental regulations.

Mining companies are required to obtain government permits to expand operations or begin new operations. The costs and delays associated with such approvals could affect Coeur s operations, reduce Coeur s revenues, and negatively affect the combined company s 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 and the Palmarejo 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 Coeur s control. The governmental approval process may increase costs and cause delays depending on the nature of the activity to be permitted, and could cause Coeur to not proceed with the development of a mine. Accordingly, this approval process could harm Coeur s 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 Coeur may have to record additional write-downs, which could negatively impact its results of operations.

Meanwhile, although Palmarejo currently holds all consents that it requires in order to carry out its current drilling and development program on the Palmarejo Project, Coeur cannot be certain that it will receive the necessary permits on acceptable terms to conduct further exploration and to develop the Palmarejo Project in accordance with its pre-feasibility study. The failure to obtain such permits, or delays in obtaining such permits, could increase costs and delay activities, and could adversely affect the Palmarejo Project.

Coeur s business depends on good relations with its employees and key personnel.

Coeur could experience labor disputes, work stoppages or other disruptions in production that could adversely affect Coeur. As of June 30, 2007, unions represented approximately 22% of Coeur s worldwide workforce. On that date, Coeur had 135 employees at its Cerro Bayo mine and 96 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. Additionally, Coeur relies on its management team, and the loss of a key individual or Coeur s inability to attract qualified personnel in the future may adversely impact its business.

Coeur is an international company and is exposed to risks in the countries in which it has significant operations or interests. Foreign instability or variances in foreign currencies may cause unforeseen losses, which may affect Coeur s business.

Any foreign operations or investment is subject to political and economic risks and uncertainties. These risks and uncertainties may include exchange controls; extreme fluctuations in currency exchange rates; high rates of inflation; labor unrest; civil unrest; military repression; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation, and laws or policies in the U.S. affecting foreign trade investment and taxation. Further, foreign operations or investment is subject to changes in government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Chile, Argentina, Bolivia and Australia are the most significant foreign countries in which Coeur now directly or indirectly owns or operates mining properties or developmental projects. Coeur also conducts exploratory projects in these countries. With the acquisition of Palmarejo and Bolnisi, Coeur would also own a major mining operation in Mexico. Argentina, Bolivia, and Mexico, while currently economically and politically stable, have experienced political instability, provincial government pressures on mining operations, currency value fluctuations and changes in banking regulations in recent years. It is uncertain at this time how new mining or investment policies or shifts in political attitude may affect mining in these countries.

Coeur may enter into agreements which require Coeur to purchase currencies of foreign countries in which Coeur does business in order to ensure fixed exchange rates. In the event that actual exchange rates vary from those set forth in the hedge contracts, Coeur will experience U.S. dollar-denominated currency gains or losses. Future economic or political instabilities or changes in the laws of foreign countries in which Coeur has significant operations or interests and unfavorable fluctuations in foreign currency exchange rates could negatively impact its foreign operations and its business as a whole. Further, property ownership in a foreign country is generally subject to the risk of expropriation or nationalization with inadequate compensation.

Coeur is exposed to risks with respect to the legal systems in the countries in which it has significant operations or interests, and resolutions of any disputes may adversely affect its business.

Some of the jurisdictions in which Coeur currently and may in the future operate have less developed legal systems than would be found in more established economies like the United States. This may result in risks such as potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; a higher degree of discretion on the part of governmental authorities; the lack of judicial or administrative guidance on interpreting applicable rules and regulations;

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inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be uncertain, creating particular concerns with respect to licenses and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Any of Coeur s future acquisitions may result in significant risks, which may adversely affect its business.

An important element of Coeur s business strategy is the opportunistic acquisition of silver and gold mines, properties and businesses or interests therein. While it is Coeur s practice to engage independent mining consultants to assist in evaluating and making acquisitions, any mining properties or interests Coeur may acquire may not be developed profitably or, if profitable when acquired, that profitability might not be sustained. In connection with any future acquisitions, Coeur may incur indebtedness or issue equity securities, resulting in increased interest expense, or dilution of the percentage ownership of existing shareholders. Coeur intends to seek shareholder approval for any such acquisitions to the extent required by applicable law, regulations or stock exchange rules. Coeur cannot predict the impact of future acquisitions on its business or the price of its common stock. Unprofitable acquisitions, or additional indebtedness or issuances of securities in connection with such acquisitions, may impact the price of Coeur s common stock and negatively affect Coeur s results of operations.

Coeur is 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 Coeur s business, Coeur is continuously considering the possible acquisition of additional significant mining properties or interests therein that may be located in countries other than those in which Coeur now has 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, Coeur 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 affect Coeur s results of operations.

Coeur s ability to find and acquire new mineral properties is uncertain. Accordingly, Coeur s prospects are uncertain for the future growth of its business.

Because mines have limited lives based on proven and probable ore reserves, Coeur is continually seeking to replace and expand its ore reserves. Identifying promising mining properties is difficult and speculative. Furthermore, Coeur encounters strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing silver and gold. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labor to operate the properties; and the capital for the purpose of funding such properties. Many companies have greater financial resources than Coeur does. Consequently, Coeur may be unable to replace and expand current ore reserves through the acquisition of new mining properties or interests therein on terms Coeur considers acceptable. As a result, Coeur s revenues from the sale of silver and gold may decline, resulting in lower income and reduced growth.

Third parties may dispute Coeur s unpatented mining claims, which could result in the discovery of defective titles and losses affecting its business.

The validity of unpatented mining claims, which constitute a significant portion of Coeur s property holdings in the United States, is often uncertain and may be contested. Although Coeur has attempted to acquire satisfactory title to undeveloped properties, Coeur, in accordance with mining industry practice, does not generally obtain title

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opinions until a decision is made to develop a property. As a result, some titles, particularly titles to undeveloped properties, may be defective. Defective title to any of Coeur s mining claims could result in litigation, insurance claims, and potential losses affecting its business as a whole.

The acquisition of title to concessions and similar property interests is a detailed and time consuming process. Title to, and the area of, concessions and similar property interests may be disputed.

No assurances can be given that title defects to the Palmarejo Project do not exist. The Palmarejo Project may be subject to prior unregistered agreements, interests or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of any of the claims comprising the Palmarejo Project that, if successful, could impair development and/or operations. A defect could result in Coeur losing all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates. Also, while Coeur believes that the registration defects relating to certain non-material properties as described herein will be remedied; there can be no assurance as to timing or successful completion.

Coeur will not own all of the concessions comprising the Palmarejo Project, and Coeur s failure to comply with its contractual commitments on such properties may result in their loss.

Planet Gold, S.A. de C.V., a wholly-owned indirect subsidiary of Palmarejo, is the registered owner of most but not all of the concessions comprising the Palmarejo Project. If Coeur fails to meet payments or work commitments on these properties, Coeur may lose its interests in a portion of the Palmarejo Project or forfeit some of the concessions.

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The Special Meeting of Coeur Shareholders

The enclosed proxy is solicited on behalf of Coeur s Board of Directors for use at a special meeting of Coeur s shareholders to be held on December 3, 2007, at 9:30 am local time, or at any adjournments or postponements thereof, for the purposes set forth in this proxy statement and in the accompanying notice of special meeting. The special meeting will be held at The Coeur d Alene Resort and Conference Center, Second Street and Front Avenue, Coeur d Alene, Idaho. Coeur intends to commence mailing of this proxy statement and the accompanying proxy card to Coeur s shareholders on or about October 23, 2007.

At the special meeting, Coeur s shareholders are being asked to consider and vote on:

Proposal 1 an amendment to Coeur s articles of incorporation to increase the authorized number of shares of Coeur common stock from 500,000,000 to 750,000,000;

Proposal 2 the issuance of shares of Coeur common stock in the Transactions; and

Proposal 3 adjourn or postpone the special meeting to solicit additional votes to approve Proposals 1 and 2.

Coeur does not expect a vote to be taken on any other matters at the special meeting. If any other matters are properly presented at the special meeting for consideration, however, the holders of the proxies, if properly authorized, will have discretion to vote on these matters in accordance with their best judgment.

Coeur s Board of Directors has unanimously approved the Transactions, the amendment to Coeur s articles of incorporation and the issuance of Coeur common stock in the Transactions. Accordingly, the Board of Directors unanimously recommends that Coeur shareholders vote FOR Proposals 1, 2, and 3.

The effectiveness of Proposals 1 and 2 is conditioned upon the approval of both proposals. Coeur shareholders can cast separate votes on each proposal, but unless the Coeur shareholders approve both proposals, neither will take effect.

There are certain risks associated with the Transactions, which are described under the heading Risk Factors, beginning on page 31.

Record Date and Voting Information

Only holders of record of Coeur common stock at the close of business on October 19, 2007 are entitled to notice of and to vote at the special meeting. At the close of business on October 15, 2007, 278,465,840 shares of Coeur common stock were outstanding and entitled to vote. A list of Coeur s shareholders will be available for review at Coeur s executive offices during regular business hours after the date of this proxy statement and through the date of the special meeting. Each holder of record of Coeur common stock on the record date will be entitled to one vote for each share held. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Coeur common stock entitled to vote at the special meeting is necessary to constitute a quorum for the transaction of business at the special meeting.

All votes will be tabulated by the inspector of election appointed for the special meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. If a shareholder s shares are held of record by a broker, bank or other nominee and the shareholder wishes to vote in person at the special meeting, the shareholder must contact his or her broker or bank and obtain from the record holder a legal proxy issued in the shareholder s name. Brokers who hold shares in street name for clients typically have the authority to vote on routine proposals when they have not received instructions from beneficial owners. Absent specific instructions from the beneficial owner of the shares, brokers are not allowed to exercise their voting discretion with respect to the approval of non-routine matters, such as Proposals 1, 2, and 3. Proxies submitted without a vote by brokers on these matters are referred to as broker non-votes. Abstentions and broker non-votes are counted for purposes of determining whether a quorum exists at the special meeting.

Proxies received at any time before the special meeting and not revoked or superseded before being voted will be voted at the special meeting. If the proxy indicates a specification, it will be voted in accordance with the specification. If no specification is indicated, the proxy will be voted FOR the adoption of the amendment to Coeur s articles of incorporation, FOR the issuance of shares of Coeur common stock in the Transactions, FOR the approval of the proposal to adjourn the special meeting if there are not sufficient votes to adopt Proposals 1 and 2, and, in the discretion of the persons named in the proxy with respect to any other business that may properly come before the special meeting or any adjournment of the special meeting. You may also vote in person by ballot at the special meeting.

The proposals must be adopted by the affirmative vote of a majority of the shares of Coeur common stock that are present or represented by proxy at the shareholder meeting. In addition, the total votes cast on Proposal 2 must represent a majority of the shares of common stock outstanding on the date of the special meeting.

The approval of Proposal 3 to adjourn the special meeting if there are not sufficient votes to adopt Proposals 1 and 2 requires the affirmative vote of shareholders holding a majority of the shares present in person or by proxy at the special meeting. The persons named as proxies may propose and vote for one or more adjournments of the special meeting, including adjournments to permit further solicitations of proxies. No proxy voted against Proposal 1 or 2 will be voted in favor of any adjournment of the special meeting.

How You Can Vote

Each share of Coeur common stock outstanding on October 19, 2007, the record date for shareholders entitled to vote at the special meeting, is entitled to vote at the special meeting.

If you are a shareholder of record, you may vote your shares in any of the following ways:

Voting by mail. If you choose to vote by mail, simply mark your proxy, date and sign it, and return it in the postage-paid envelope provided.

Voting by telephone. You can vote your proxy by telephone by calling the toll free number 1-888-693-8683. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Voting by telephone is also available 24 hours a day, seven days a week, until 6:00 a.m. EDT on the morning of the special meeting. If you vote by telephone, do not return your proxy card(s).

Voting by Internet. You can also vote your proxy via the Internet. The website for Internet voting is www.cesvote.com, and voting is also available 24 hours per day, seven days a week, until 6:00 a.m. EDT on the morning of the special meeting. If you vote via the Internet, you should not return your proxy card(s). Instructions on how to vote via the Internet are located on the proxy card enclosed with this proxy statement. Have a your proxy card in hand when you access the web site and follow the instructions to obtain your records and create an electronic voting form.

Voting in Person. You can also vote by appearing and voting in person at the special meeting.

If your stock is held in street name by a bank or broker, please follow the instruction provided by your bank or broker.

If you vote your shares of Coeur common stock by submitting a proxy, your shares will be voted at the special meeting as you indicated on your proxy card, or Internet or telephone proxy. If no instructions are indicated on your signed proxy card, all of your shares of Coeur common stock will be voted FOR the adoption of the amendment to Coeur s articles of incorporation, the issuance of shares of Coeur common stock in the Transactions, and the approval of any proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the proposals. You should return a proxy by mail, by telephone, or via the Internet even if you plan to attend the special meeting in person.

Proxies; Revocation

Any person giving a proxy pursuant to this solicitation has the power to revoke and change it anytime before it is voted. It may be revoked and/or changed at any time before it is voted at the special meeting by:

giving written notice of revocation to Coeur s Corporate Secretary;

submitting another proper proxy via the Internet, by telephone, or a later-dated written proxy; or attending the special meeting and voting by paper ballot in person. Your attendance at the special meeting alone will not revoke your proxy.

If your Coeur shares are held in the name of a bank, broker, trustee or other holder of record, including the trustee or other fiduciary of an employee benefit plan, you must contact your bank or broker and obtain a legal proxy, executed in your favor from the holder of record to be able to vote in person at the special meeting.

Expenses of Proxy Solicitation

Coeur will pay the costs of soliciting proxies for the special meeting. Officers, directors and employees of Coeur may solicit proxies by telephone, mail, the Internet or in person. However, they will not be paid for soliciting proxies. Coeur will also request that individuals and entities holding shares in their names, or in the names of their nominees, that are beneficially owned by others, send proxy materials to and obtain proxies from, those beneficial owners, and will reimburse those holders for their reasonable expenses in performing those services. D.F. King has been retained by Coeur to assist it in the solicitation of proxies, using the means referred to above, and will receive a fee estimated not to exceed $125,000, plus reimbursement of out-of-pocket expenses.

Adjournments

Although it is not expected, the special meeting may be adjourned for any reason by either the Chairman of the meeting or the holders of a majority in voting power of the stock entitled to vote at the meeting. When a meeting is adjourned to another time or place, notice need not be provided of the place (if any), date and time, and the means of remote communications (if any) for shareholders and proxy holders to be deemed present in person and vote at such adjourned meeting if the adjournment is announced at the meeting. If, however, the date of the adjourned meeting is more than 30 days after the date for which the special meeting was originally called, or if a new record date is fixed, notice of place (if any), date and time, and the means of remote communications (if any) must be provided. Such notice will be mailed to you or transmitted electronically to you and will be provided not less than 10 days nor more than 60 days before the date of the adjourned meeting and will set forth the purpose of the meeting.

Other Matters

Coeur s Board of Directors is not aware of any business to be brought before the special meeting other than that described in this proxy statement.

Presence of Accountants

Representatives of KPMG LLP, Coeur s independent registered public accountants, are expected to attend the Coeur special meeting and will have an opportunity to make a statement if they desire to do so. Such representatives are also expected to be available to respond to appropriate questions.

Description of the Transactions

General

On May 3, 2007, Coeur, Coeur Sub Two, Australian Bidco and Bolnisi entered into a merger implementation agreement for Coeur to acquire all of the shares of Bolnisi in accordance with a scheme of arrangement to be submitted for approval by the shareholders of Bolnisi and, if approved, the Federal Court of Australia. On the same day, Coeur and Palmarejo entered into a merger implementation agreement for Coeur to acquire the outstanding shares of Palmarejo not indirectly owned by Bolnisi in accordance with a plan of arrangement to be submitted for approval by the Ontario Superior Court of Justice. Under the terms of the Bolnisi Transaction, Bolnisi shareholders will receive 0.682 Coeur shares (or, at the election of the Bolnisi shareholder, CHESS Depositary Interests representing Coeur shares) and a cash payment equal to A$0.004 (or US$0.9 million in aggregate) for each Bolnisi share they own. Under the terms of the Palmarejo Transaction, Palmarejo shareholders will receive 2.715 Coeur shares and a cash payment equal to C$0.004 (or US$0.2 million in aggregate) 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 excludes up to 11.0 million new shares that will be issuable upon the exercise of existing Palmarejo options and assumes that none of the existing Palmarejo warrants will be exercised before their expiration on October 19, 2007.

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Background of the Transactions

Coeur regularly reviews, as part of its strategic planning process, the acquisition of silver and gold mines, properties and businesses or interests therein in order to enhance shareholder value and its competitive and financial position. Coeur s criteria for identifying these acquisition opportunities include: significant production profile, low-cost production, highly-prospective land position that can lead to new discoveries and additions to resources and reserves, and the location of the asset in an attractive mining jurisdiction.

Mr. Dennis Wheeler, Coeur s chairman, president and chief executive officer, originally met with Mr. Norman Seckold, chairman of Bolnisi and Palmarejo, on October 10, 2005 to express Coeur s potential interest in acquiring the Palmarejo Project. No agreement of any type was reached between Coeur and Bolnisi at that time.

In September 2006, Coeur approached CIBC World Markets Inc. (CIBC World Markets), through its affiliate CIBC Australia Limited, to assist it in identifying and evaluating various strategic or financial alternatives relating to Bolnisi and/or Palmarejo. Coeur selected CIBC World Markets for this assignment based on CIBC World Market s qualifications, experience and reputation, its familiarity with Coeur and Coeur s business and the significance of the proposed transaction for Coeur. Coeur requested that CIBC World Markets approach Mr. Seckold to establish whether, and under what circumstances, Bolnisi and/or Palmarejo might be receptive to a transaction proposal from Coeur.

Representatives of CIBC World Markets met with Mr. Seckold on September 20, 2006. Mr. Seckold indicated that Bolnisi and Palmarejo would be receptive to a potential proposal from Coeur.

On November 17, 2006, Coeur, Bolnisi and Palmarejo executed a confidentiality agreement. From November 17, 2006 to and including the date that the definitive agreements were signed and thereafter as provided by the terms of the definitive agreements, Coeur conducted a due diligence review of public and non-public materials provided by Bolnisi and Palmarejo, met with certain members of Bolnisi and Palmarejo management and visited the Palmarejo Project site in Mexico.

Representatives of Coeur completed an initial due diligence visit to the Palmarejo Project site from December 7, 2006 to December 10, 2006. Representatives of Coeur completed a more detailed follow-up due diligence visit to the Palmarejo Project site as well as to the offices of Palmarejo s technical consultants, Mine Development Associates, between January 22, 2007 and January 26, 2007. During February 2007, Mr. Wheeler was briefed on the findings from the Palmarejo Project site visits by the Coeur due diligence team.

On March 1, 2007, Coeur formally appointed CIBC World Markets as its financial advisor.

On March 20, 2007, in connection with a regularly scheduled board of directors meeting, the Coeur board of directors discussed the possibility of a transaction involving Bolnisi and Palmarejo. Representatives of CIBC World Markets attended this meeting. Coeur management provided their preliminary perspectives with respect to a possible combination of Coeur with Bolnisi and Palmarejo. At this meeting, after discussion of the merits and risks of the transaction, the board of directors authorized senior management of Coeur to continue discussions with Bolnisi and Palmarejo regarding a possible combination.

On March 23, 2007, Mr. Wheeler called Mr. Seckold to schedule a meeting in Sydney. Mr. Wheeler and Mr. Seckold met in Sydney on April 3, 2007 to discuss the basis on which Bolnisi and Palmarejo would be receptive to discussions in respect of a transaction with Coeur and discussions continued.

On April 3, 2007, Coeur authorized its legal advisors to prepare and commence negotiation of the forms of definitive transaction documents.

On April 6, 2007, the parties ceased discussions based on an inability to move negotiations forward. On April 12, 2007, the parties agreed to resume discussions. Thereafter, the parties and their financial advisors also had further discussions regarding the appropriate method for determining the exchange ratios and other terms for the proposed transaction, and Mr. Wheeler periodically provided the Coeur board of directors with telephonic updates on the status of discussions with Bolnisi and Palmarejo and discussed with members of the Coeur board of directors potential benefits and risks of the proposed transaction.

On April 15, 2007, Bolnisi formally engaged Cormark Securities Inc. as its financial advisor.

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On April 16, 2007, a special meeting was held by the Palmarejo board of directors. The Palmarejo board of directors approved the creation of a special committee comprised of three independent directors. The special committee of the Palmarejo board of directors was to consider a potential transaction with Coeur as well as investigate other strategic alternatives, among other things. The engagement of Dundee Securities Corporation (Dundee) as financial advisor to the Palmarejo special committee was discussed and a draft engagement letter was presented to the Palmarejo board of directors.

At an April 19, 2007 meeting of the Palmarejo special committee, following a discussion of the scope of the Dundee engagement and the services to be provided, the Palmarejo special committee formally appointed Dundee to act as its financial advisor in connection with the potential transaction with Coeur. In addition, subsequently in April 2007, the Palmarejo special committee retained the services of Westwind Partners Inc., to provide a separate and independent valuation required under Canadian securities laws.

At meetings in Sydney from April 23 25, 2007, Mr. Wheeler met with both Mr. Seckold and Mr. James Crombie, Palmarejo s president and chief executive officer, during which certain preliminary indicative terms of the transaction were discussed, subject to resolution of a number of material issues.

Between April 25, 2007 and April 27, 2007, senior technical management of Coeur conducted an additional due diligence site visit to the Palmarejo Project.

Between April 25, 2007 and May 2, 2007, Bolnisi s and Palmarejo s legal and financial advisors conducted due diligence on Coeur and its business, including reviewing public and non-public documents, meeting with various members of Coeur management, visiting Coeur s offices in Santiago, Chile, visiting Coeur s Rochester Mine in Nevada and visiting Coeur s headquarters in Coeur d Alene, Idaho.

On May 2, 2007, at a special meeting of the Coeur board of directors, Mr. Wheeler reviewed for the board the status of negotiations and updated the board with the developments since his last communications and the last meeting. Coeur s legal advisors presented the final terms of the proposed Transactions and responded to questions by the board of directors members. The board discussed and reviewed with Coeur s advisors the post-signing diligence period and termination right. Members of Coeur s management provided a detailed summary of the results to that date of the technical diligence and of Coeur s plans with respect to the mine. In addition, CIBC World Markets provided the Coeur board of directors with its opinion to the effect that, as of May 2, 2007, and based upon and subject to the factors, assumptions, qualifications and limitations set forth in its opinion, the consideration to be paid by Coeur pursuant to the Transactions was fair, from a financial point of view, to Coeur. After discussion and deliberation of the merits and risks of the transaction, the Coeur board of directors unanimously approved the form of definitive agreements and the transactions contemplated by those agreements and authorized Coeur s management to finalize and execute the definitive agreements and other related agreements, subject to continuation of the due diligence as provided for in the definitive agreements.

On May 2, 2007 at a meeting of Palmarejo s special committee, Palmarejo s special committee financial advisor, Dundee Securities Corporation, reviewed with the Palmarejo special committee its financial analysis of the 2.715 exchange ratio provided for in the Palmarejo Transaction and delivered an opinion to the Palmarejo special committee to the effect that, as of May 2, 2007 and based on and subject to the matters described in its opinion, the 2.715 exchange ratio was fair, from a financial point of view, to the holders of Palmarejo shares. The special committee s separate and independent financial advisor, Westwind Partners Inc., also made a presentation to the special committee of its valuation report. Palmarejo s legal advisors presented the final terms of the proposed Transactions and responded to questions by the special committee members. After these presentations and further discussion, the Palmarejo special committee voted unanimously to approve the Palmarejo Transaction and the execution of the definitive agreement. The Palmarejo special committee subsequently recommended that the full Palmarejo board of directors approve the

Palmarejo Transaction.

On May 2, 2007 at a meeting of Palmarejo s board of directors, held immediately after the meeting of the Palmarejo special committee, the chairman of the Palmarejo special committee reported on the opinion received from Dundee, on the recommendation of the Palmarejo special committee and on the reasons for its recommendation. Presentations were made by Dundee Securities Corporation and Westwind Partners Inc. The full Palmarejo board of directors voted unanimously to approve the Palmarejo Transaction and the execution of the definitive agreement.

On May 3, 2007 at a meeting of Bolnisi s board of directors held in Australia, Bolnisi s legal advisors presented the final terms of the proposed transaction and responded to questions by the board of directors members. After this presentation and further discussion, the Bolnisi board of directors voted unanimously to approve the Bolnisi Transaction and to authorize the execution of the definitive agreements and other related agreements.

The definitive agreements were thereafter executed on behalf of each of the companies, and each of Bolnisi s directors entered into the call option agreements contemplated by the Bolnisi Transaction. See *The Transactions Option Deeds.* The Transactions were publicly announced on May 3, 2007.

The Merger Implementation Agreement with Bolnisi initially entitled Coeur to conduct additional diligence with respect to Bolnisi until June 8, 2007. From the period from May 3, 2007 through June 8, 2007, Coeur and its representatives conducted additional due diligence on Bolnisi and the Palmarejo Project. On June 8, 2007, Coeur and Bolnisi agreed to extend Coeur s additional due diligence period by 14 days, to June 22, 2007 to give Coeur further time to complete its review of Bolnisi and the Palmarejo Project. On June 22, 2007, Coeur and Bolnisi again agreed to extend Coeur s additional due diligence period for an additional period until July 3, 2007.

On June 29, 2007, representatives of Bolnisi and Bolnisi management and representatives of Coeur and Coeur management met in Sydney to discuss their due diligence findings and outlook for the Palmarejo Project, which included, without limitation, revisions to the operational and financial projections for the Palmarejo Project. On July 2, 2007, Coeur s board of directors met to discuss the results of the due diligence review and the outcome of the meeting between Coeur s management and representatives and Bolnisi. At this meeting, CIBC World Markets delivered an opinion, which was subsequently confirmed in writing, to the effect that, as of July 2, 2007, and based upon and subject to the factors, assumptions, qualifications and limitations set forth in its written opinion, the consideration to be paid by Coeur pursuant to the Transactions was fair, from a financial point of view, to Coeur. At the meeting, the Coeur board determined to proceed with the Transactions. Thereafter, upon the expiration of the additional due diligence period, Coeur, Bolnisi and Palmarejo announced that Coeur had completed its due diligence investigation pursuant to the Bolnisi Merger Implementation Agreement.

Coeur s Reasons for the Transactions; Recommendation of Coeur s Board of Directors

Coeur regularly reviews, as part of its strategic planning process, the acquisition of silver and gold mines, properties and businesses or interests therein in order to enhance shareholder value and its competitive and financial position. Because mines have limited lives based on proven and probable ore reserves, Coeur is continually seeking to replace and expand its ore reserves.

On May 2, 2007 and on July 2, 2007, following completion of due diligence, Coeur s board of directors, after an extensive review and thorough discussion of all facts and issues it considered relevant with respect to the proposed transactions, concluded unanimously that the Transactions are fair to, and in the best interests of, the shareholders of Coeur, and authorized Coeur s executive officers to enter into the definitive agreements and recommend to shareholders of Coeur that they vote in favor of the shareholder proposals contained herein.

The key strategic benefits identified by Coeur s board of directors for entering into the Transactions are summarized below:

- upon completion of the Transactions and following commencement of production at the Palmarejo Project, Coeur is expected to be positioned as the world s leading primary silver producer in terms of annual silver production;

Coeur expects to possess one of the largest silver resource bases among its peers, providing Coeur with the opportunity to convert these resource ounces into reserves over time and create a substantial production profile for many years;

the addition of the Palmarejo Project to Coeur s existing pipeline of new projects that are currently under construction is expected to result in a dominant production growth rate among its peers;

the Palmarejo Project s anticipated low operating costs are expected to materially reduce Coeur s overall cash costs per ounce of silver produced, making Coeur one of the lowest cost producers in its sector;

the addition of the Palmarejo Project to Coeur s portfolio will geographically diversify Coeur s asset mix and provide entry into a prolific mining area of Mexico, which is the world s second largest silver producing country;

the combination of Coeur s prospective exploration portfolio and the Palmarejo properties is expected to provide considerable exploration upside potential for Coeur s shareholders; and

Coeur expects to remain one of the world s most liquid publicly-traded silver mining companies based on average daily historical trading volume. Coeur is currently listed on both the NYSE and TSX, and, in connection with the Transactions, Coeur intends to seek listing of its shares on the ASX in the form of CHESS Depositary Interests.

In reaching their conclusion and making their recommendation, the members of Coeur s board of directors relied on their knowledge of Coeur and the industry in which it is involved, on the information provided by Coeur and its advisors and on the advice of its legal and financial advisors. The Coeur board of directors considered numerous other factors to be in favor of the Transactions, including among other things, the following:

the fairness opinion provided by CIBC World Markets on May 2, 2007, subsequently confirmed in writing, to the effect that, as of May 2, 2007, and based upon and subject to the factors, assumptions, qualifications and limitations set forth in such opinion, the consideration to be paid by Coeur pursuant to the Transactions was fair, from a financial poin